Enhancing Strategic Planning and Innovation Services

SUPPORTING ROMANIAN REGIONAL DEVELOPMENT AGENCIES

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Foreword

Romania's eight regions have vastly different economies, demographics, and industrial structures, and large regional disparities in investment, productivity, gross domestic product (GDP) per capita and employment, as well as citizen well-being – calling for a place-based approach to strategic planning. Innovation is a critical component of regional development overall, and strengthening innovation capacities can help to bridge regional disparities, not least given Romania's fairly modest innovation performance. Better innovation outcomes depend on sufficient regional capacity to design and implement strategic planning for innovation and for the region overall. They also depend on effective regional structures dedicated to advancing innovation. The need to improve strategic planning capacity and better identify innovation support opportunities is particularly urgent as Romania's Regional Development Agencies (RDAs) take on new responsibilities as regional Managing Authorities for European Union Cohesion Policy funds in the 2021-27 period.

This action was funded by the European Union via the Technical Support Instrument and implemented by the OECD in co-operation with the Directorate-General for Structural Reform Support (DG REFORM) of the European Commission. The OECD conducted the project with the Association of Regional Development Agencies of Romania (ROREG) and Romania's RDAs to enhance capacities in strategic planning and in providing innovation support services. This project was designed to assess these two responsibilities concurrently, in order to help explore the synergies between regional planning and innovation support and to better support place-based regional development. The regional development and innovation challenges facing Romania's RDAs and potential activities to overcome these were examined in three areas: strategic planning and performance measurement; finance and implementation; and communication and stakeholder engagement.

This report is a synthesis of the findings from several outputs over the course of the project. These include eight regional diagnostic profiles which reflect on each region's main socio-economic challenges and regional development opportunities; eight Strategic Planning and Innovation Support (SPIS) roadmaps with concrete actions for the RDAs to build capacity in SPIS services; and a 'train-the-trainer' workshop that provided agency staff with new techniques to design and deliver capacity-building training within their own agencies.

This report was developed as part of the Programme of Work of the OECD's Regional Development Policy Committee (RDPC), a leading international forum in the fields of regional, urban and rural development policy and multi-level governance, which is served by the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). The RDPC emphasises the importance of multi-level governance and place-based approaches that are tailored to regional and local needs. The report was approved by the RDPC through written procedure on 7 November 2023 [CFE/RDPC(2023)/28].

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Abbreviations and acronyms

BBSR	Federal Institute for Research on Building, Urban Affairs and Spatial Development (Germany)
DG REFORM	Directorate-General for Structural Reform Support of the European Commission
EU	European Union
EUR	Euro
GDP	Gross domestic product
MDPWA	Ministry for Development, Public Works and Administration
MEIP	Ministry of European Investments and Projects
NGO	Non-governmental organisation
NUTS	Nomenclature of Territorial Units for Statistics
NUTS	Nomenclature of territorial units for statistics
PFRR	*Podlaska Fundacja Rozwoju Regionalnego* (Podlaska Regional Development Foundation, Poland)
PPP	Purchasing power parity
RDA	Regional Development Agency
ROREG	Association of Regional Development Agencies of Romania
RSES	Regional Spatial and Economic Strategies (Ireland)
S3	Smart specialisation strategy
SMEs	Small- and medium-sized enterprises
SWOT	Strengths, weaknesses, opportunities and threats
USD	United States dollar

Executive summary

Romania's eight development regions are each composed of vastly different economies, demographics and industrial structures. In 2021, gross domestic product (GDP) per capita in the Bucharest-Ilfov region was EUR 28 300, more than double the national average of EUR 12 600 and over 3 times larger than the least-performing region (North-East), with a GDP per capita of EUR 8 300. The majority of Romanian regions also lag behind OECD averages, with lower GDP per capita and labour productivity, and the European Commission's Regional Innovation Scoreboard classified all eight regions as "emerging innovators" – the lowest performing category of the Scoreboard – in 2023. In addition, Romania's population has been shrinking since 2012, by around -0.6% per annum, and by more in the southern and western parts of the country. Only Bucharest-Ilfov has managed to avoid population loss in the last decade.

Romania's counties and municipalities – the two tiers of subnational government – are critical investors in their regions' development. In 2020, subnational government investment represented over half of the total public investment in Romania and 2.5% of its GDP, in line with the OECD average (54.6% and 1.9% respectively). However, many of them, especially small towns and communes (municipal level), have limited capacity to manage and implement public investment. Romanian municipalities are relatively small, averaging fewer than 7 000 inhabitants, and county councils are responsible for the overall co-ordination of their constituent local councils. The large number of municipalities in each county (over 75 municipalities per county on average) also places significant capacity demands on the counties. Stronger co-ordination among these subnational government units at the regional level could help address capacity gaps and optimise investment outcomes to advance regional development goals.

Romania's eight Regional Development Agencies (RDAs) are non-governmental, non-profit organisations accountable to their region's Regional Development Council, on which representatives from the relevant county and local councils sit. The RDAs are professional, well-established institutions respected by leaders and stakeholders, and with excellent knowledge of their respective regions. Among their diverse responsibilities are drafting regional development plans and smart specialisation strategies (S3), supporting innovation actors to design and implement innovation initiatives, and fostering partnerships among regional and local actors. For the 2021-27 EU programming period, the RDAs have taken on the role of Managing Authorities for European Union Cohesion Policy Regional Programmes. Each RDA will be responsible for managing over EUR 1 billion to advance development in its region and design investment programmes that are specifically tailored to its development needs.

Key findings

Romania's RDAs are well-positioned to take on additional regional development responsibilities, but their capacities will need to be further developed and expanded. Implementing regional-level strategies (i.e. regional development plans and Smart Specialisation Strategies) to advance regional priorities is complex and depends on mobilising a wide range of actors (e.g. counties, municipalities, businesses, civil society, academia, clusters and, to some extent, national actors that fund regional development and innovation initiatives) to deliver the initiatives proposed in the strategies. This complex environment, combined with

insufficient financial resources dedicated to regional development initiatives, calls into question the likelihood of regional development objectives being met. According to the various regional development plans, there is an estimated investment need of EUR 12.3 billion by 2027 in the Bucharest-Ilfov region, EUR 3.7 billion in the North-East region, EUR 5.5 billion in the West region and EUR 8.2 billion in the South-Muntenia region. However, there is no dedicated budget for regional development plans. Cohesion Policy funds for the 2021-2027 Regional Programme are the only funds which RDAs can fully dedicate to implementing the regional development plans. However, these funds provide, on average, EUR 1.4 billion per region. To address the funding shortfall, RDAs will need to mobilise the national government, regional and local actors to access the additional resources required to support regional development activities.

Strengthening innovation can also help address regional disparities. Innovation is a fundamental driver of productivity growth, and its role is likely to be strengthened as production becomes increasingly digitalised, and as countries and regions advance in their green and industrial transitions. However, the innovation ecosystem of each Romanian region varies widely and is not always fully understood by policy makers and stakeholders. Many stakeholders equate innovation with high-tech sectors and scientific research. This can limit the pool of innovation actors, lead to difficulties for the RDAs offering support to these actors, and impede the ability of regions to reach their innovation potential.

Key recommendations

The RDAs are well-established entities with a deep knowledge of their region's strengths and challenges, as well as longstanding relationships with these actors. Building on these assets the RDAs need to establish a renewed focus on ensuring the effective implementation of regional development strategies and a targeted approach to innovation services through two main areas:

1. Increase the quality and impact of their regional development plans and capitalise on the Regional Programmes and their close relationships with regional and local stakeholders.
   o Promote a vision for their region in a succinct manner among stakeholders, clearly link financial resources to regional initiatives, and set out robust monitoring and evaluation frameworks, which could be communicated to a wide range of stakeholders to demonstrate progress in achieving the regional vision.
   o Provide more input on major projects of strategic significance for their regions (e.g. infrastructure and those that support innovation ecosystems) and play a stronger co-ordination role among county and local authorities, such as initiating and facilitating cross-jurisdiction co-operation.
   o Use the Regional Programmes to demonstrate regional-local synergies and encourage local actors to invest in projects that could complement regional ones. This requires the RDAs to closely engage with stakeholders when designing calls for investment proposals, understand their capabilities and capacities, as well as offer them more tailored support related to technical expertise and project management.
   o Promote coherence between regional and local development strategies by, for example, conducting capacity-building initiatives with local governments on how to design local development plans based on needs while aligning with regional priorities.
2. Use region-specific, long-term innovation strategies to engage regional actors, improve their understanding of innovation's benefits and provide support services tailored to their unique circumstances. A long-term approach is particularly important because the potential benefits of innovation support will require several years to be realised.
   o Improve RDA employee knowledge and skills in innovation and innovation support by, for example, mapping and analysing the staff skills, experience and areas of expertise required to improve RDA capacity for regional innovation support.

- o Map the existing innovation ecosystem to better understand its precise makeup and identify opportunities for collaboration. For example, RDAs could develop an online survey of quadruple helix actors to gather information on regional innovation ecosystems, their needs and challenges. This could lead to an inventory of the specific characteristics and needs of all quadruple helix actors in the region, including their distribution across different sub-regions. It could also help identify the innovation mix that could best help advance development in each region.

- o Enhance the RDAs' position as network leaders and reinforce their position, improve connectivity and strengthen existing innovation partnerships and collaborations. A regional survey of the current population of innovation actors and their dynamics is an important first step that all RDAs could undertake to better understand regional innovation needs.

- o Develop and strengthen an innovation brand for the region through repeated, targeted and easily digestible messages. Doing so will require RDAs to pursue continuous interactions with innovation stakeholders to build and solidify productive relationships, as well as design, organise and facilitate events and discussions to help improve knowledge and trust across quadruple helix actors.

Beyond the RDAs – Key recommendations to higher-level bodies

RDAs need support from both ROREG and the national government to succeed. ROREG should work with the RDAs to strengthen capacity, particularly in stakeholder engagement, monitoring and evaluation. It is in a good position to facilitate deeper and more regular exchanges to help RDAs overcome knowledge and capacity gaps through mutual learning and the sharing of good practices, both from other regions as well as countries. By doing so, ROREG itself would gain valuable insights on the key challenges, skills gaps, needs and requirements that span across the RDAs and thus be able to better support RDAs with initiatives designed and delivered in a more effective and targeted way. ROREG is also in an ideal position to champion common RDA needs and initiate greater assistance from the national government. Many of the barriers faced by RDAs, such as a cumbersome strategic planning methodology and poor access to local and regional data, have roots at the national level and are similar across regions. ROREG could leverage its experience more strongly as an advocate for all RDAs to have greater influence in technical matters affecting RDA performance and regional development. For example, ROREG could work with the RDAs, the Ministry for Development, Public Works and Administration, Ministry of European Investment and Projects, and the National Institute of Statistics to develop an updated methodology for regional planning, as well as to identify regional data gaps.

In conjunction with more active support from ROREG, Romania's RDAs could benefit from stronger investment co-ordination by the national government to promote synergies between regional development plans and funding decisions made by national ministries. The national government could collect and publish a wide range of regional and local data, which would contribute strongly to addressing identified regional data gaps. It can also consult RDAs and ROREG more actively on major new policies and investments. Many national initiatives have specific regional implications. A better understanding of upcoming projects can help in drafting long-term plans and provide better services and information to stakeholders. Ultimately, RDAs can help support national government programmes and projects but require information about their potential impacts and opportunities.

In the medium- and long-terms, ROREG and the national government could further support RDAs to access additional resources and fund projects that can advance regional development in addition to those associated with Regional Programmes. This could include creating a central fund dedicated to regional development, supporting RDAs in exploring of new investment partnerships or contracts with the private sector, and facilitating the pooling of resources for public investment among county and municipal authorities within each region.

1 Recommendations for Romania and considerations for regional planning and innovation

This chapter highlights key insights into the Romanian system for regional strategic planning and innovation support. It summarises the main recommendations emanating from this work with concrete examples of actions proposed for the eight Romanian Regional Development Agencies, the Association of Romanian Regional Development Agencies, as well as Romania's national government. Based on lessons learned from the Romanian experience, the chapter also consolidates elements that policy makers could consider when designing and delivering regional development and innovation policies, particularly in regions seeking to build planning and innovation capacity.

Key insights

Romania's Regional Development Agencies (RDAs) are non-governmental, non-profit organisations, not linked to a national level ministry but accountable to their region's Regional Development Council (RDC), on which sit representatives from the relevant county and local councils. Among the RDAs' responsibilities is the drafting of a regional development plan, the region's smart specialisation strategy (S3) and other regional strategic documents, all of which are approved by the RDC. Implementation, however, is more complex and the division of responsibilities for meeting the objectives set out in the regional plans are not well-established. Furthermore, the RDAs have no authority to ensure that county or local planning documents align and support regional objectives. The RDAs' leverage to ensure objectives are met is tied to their role, first as Intermediate Bodies, and now also as Managing Authorities for European Union (EU) Cohesion Policy funds, and to their relationship with local authorities and other stakeholders. This disconnect with respect to responsibility within the system dilutes the authority of the plans themselves and brings into question the likelihood of the objectives being met. Two aspects could be addressed to help narrow this gap: i) mobilising financial resources and optimising the use of funds; and ii) strengthening the implementation power of the RDAs.

The ability of Romanian RDAs to implement regional development and innovation policy could be further reinforced

Romania's RDAs are well positioned to take on additional regional development responsibilities. They are professional, well-established institutions, respected by leaders and stakeholders, and with excellent knowledge of their respective regions. Yet, the capacities of Romania's RDAs need to be further developed and expanded. This would include, for example, providing more input on major projects of strategic significance for their regions (e.g. infrastructure and projects that support innovation ecosystems) and playing a stronger co-ordination role among county and local authorities, such as initiating and facilitating cross-jurisdiction co-operation. The RDAs are also well positioned to build the links between priority setting, implementation, monitoring and evaluation. Combined, this could help achieve the objectives set in the regional development plans and other regional strategic documents.

The RDAs' new position as Managing Authorities is likely to provide significant opportunities for improvements in organisational capacity to support regional development and innovation initiatives since the RDAs need to set up a dedicated structure to manage the investment funds as well as acquire new competencies in priority setting, investment management and evaluating the impact of projects. In addition, RDAs are also intermediate bodies for the national health programme 2021-27; and five RDAs (South-East, Centre, South-Muntenia, South-West Oltenia and West) also act as the intermediate bodies for the Just Transition Fund. These EU funds that RDAs manage and implement, and therefore the projects they can support, are likely to boost their profile and strengthen their relationships with major regional stakeholders.

A wide range of resources can be mobilised to implement regional plans

Encouraging the development of strategic plans that prioritise regional needs but also adhere to an agreed-upon cascading of plans, from a higher level or higher orders to lower, as well as an agreed-upon set of complementary objectives, would greatly improve co-ordination and implementation. Planning undertaken at the county and municipal levels should reflect regional plans, which should, in turn, be drafted to support high-level national government development priorities. At the same time, plans must reflect actual needs and support realistic goals identified by each place. Providing financial incentives, for example by prioritising funding for projects that clearly align with strategic planning documents at all levels and support place-based development, could help encourage greater alignment or convergence of development objectives.

The 2021-2027 Regional Programmes designed and managed by the RDAs and funded by EU Cohesion Policy funds are a strong pathway for generating multi-level coherence and providing incentives to advance projects in the regional development plans. Yet, these funds are far from sufficient since a significant portion of the regional plans rely on projects funded through local budgets. Thus, apart from the Regional Programme, exploring additional resources for projects that advance regional development goals in the medium- and long-terms would be beneficial. There are diverse ways to meet the need for additional resources, such as a central fund dedicated to supporting cross-jurisdiction or collaborative projects that advance regional development aims: examples include the National Fund for Regional Development in Costa Rica and the Local Investment Support Grant in France; contracts between the national government and RDAs to support regional projects, a practice seen in Iceland, Poland and the United Kingdom; and pooling resources from county and municipal authorities for regional public investment, which is common in many countries including Bulgaria, France, Italy, Slovenia and Spain, among others.

Greater consideration should also be given to using the Regional Programmes more strategically to achieve regional development goals. One way to do so is to use the Regional Programmes to demonstrate regional-local synergies and encourage local actors to invest in projects that could complement the regional ones – for example, if the Regional Programme funds the construction of a small and medium-sized enterprise (SME) support centre, the RDA could mobilise a university to develop an entrepreneurship education programme with ties to the centre and counties to invest in developing an SME database for their territories. They could also showcase these projects, especially highlighting regional projects that could directly address local issues (e.g. innovation in enhancing agricultural productivity in rural areas). Encouraging cross-jurisdiction projects is another way to use the funds strategically, as it fosters a regional perspective and encourages investments that benefit beyond individual localities.

Innovation remains undeveloped and widely misunderstood in Romania

Classified as an "emerging innovator", Romania's innovation ecosystem is less mature and less widespread than many neighbouring economies and advanced international competitors (European Commission, 2023[1]). As a driving force of productivity and economic growth, improving innovation performance should be a high priority for policy makers at both the national and regional levels.

Misconceptions about innovation are widely held among innovation stakeholders in Romania. For some regional stakeholders, innovation is perceived as being only applicable to high-technology industries and to research and development requirements and is of little practical use for their industry, business size or local development needs. This misunderstanding also influences the types of support offered and the types of projects supported by RDAs. For example, innovation in social services, education, public service delivery and agriculture has the potential to drive quality and efficiency improvements through innovative collaborations and processes, but this broader applicability of innovation is poorly understood throughout Romania.

The innovation ecosystems of each Romanian region are disconnected and imperfectly understood by policy makers. Enhancing the RDAs' position as brokers and network leaders would reinforce their position to improve connectivity and strengthen existing innovation partnerships and collaborations. A regional survey of the current population of innovation actors and their dynamics is an important first step that all RDAs could undertake to better understand regional innovation needs.

The Association of Regional Development Agencies of Romania (ROREG) could play a greater role in co-ordinating and speaking for Romania's RDAs

Each RDA's collective knowledge, experience and expertise could be shared more widely across regions to help overcome common policy challenges and capacity gaps. These include areas such as stakeholder engagement, data management, funding application processes and beneficiary support. ROREG is in a

good position to facilitate deeper and more regular exchanges to help RDAs overcome these gaps through mutual learning and sharing good practices. As a result of this facilitation, ROREG would gain valuable knowledge on the key challenges, skills gaps, needs and requirements that span across RDAs.

ROREG is in an ideal position to lead on and champion common RDA needs and issues to initiate greater assistance from the national government. Many of the barriers faced by RDAs, such as a cumbersome strategic planning methodology and poor access to local and regional data, have roots at the national level and are similar across regions. ROREG could leverage its experience more strongly as an advocate for all RDAs to have greater influence in technical matters affecting RDA performance and regional development.

Recommendations for Romanian RDAs

This report has highlighted three areas where Romanian RDAs could concentrate on reinforcing their strategic planning and innovation support capacities for regional development, specifically in: i) strategy, planning, and performance measurement; ii) finance and implementation; and iii) communication and stakeholder engagement. Recommendations are presented following this framework in the tables below, with some followed by examples of concrete actions which substantiate the recommendations. These recommendations and proposed actions were developed based on the information shared by the RDAs, their key stakeholders and relevant case studies from other jurisdictions.

Table 1.1. Key recommendations for Romanian RDAs on strategic planning and performance measurement for regional development and innovation support

Recommendations	Examples of concrete actions
To increase the quality and impact of regional development plans	
Produce a high-level, concise summary of detailed plans to engage stakeholders with the defined succinct vision for the region	Develop a brochure or webpage highlighting the region's development objectives and priorities, supported by evidence/data to justify the priorities identified
Clearly link budget and/or other financial resources to all regional initiatives	Organise dedicated work meetings (e.g. per development priority) with local authorities, businesses and non-governmental organisations to identify potential applicable financial resources for key initiatives
Set out robust monitoring and evaluation frameworks with clearly defined output, outcome and impact indicators and realistic targets	Convene a task force within the RDA to refine the monitoring and evaluation frameworks based on regional development objectives; consult with stakeholders regarding the indicators
To promote coherence between regional and local development strategies and between regional innovation strategies	
Conduct capacity-building initiatives with county and municipal governments on how to develop their strategic plans that are aligned to RDA regional development plans	Deliver training, organise peer learning groups and/or networks of exchange; develop strategic planning manuals/brochures with good practices and techniques on identifying and building regional and sub-regional development linkages
Convene more representative innovation consortia with a clear objective to identify regional strengths, weaknesses and innovation priorities	Use stakeholder mapping to engage with the "usual suspects" in the innovation ecosystem in workshops and meetings
Deepen collaboration across innovation actors and help forge a coherent innovation strategy	Establish focus groups, roundtables and innovation camps
To strengthen the regional innovation ecosystem	
Map the existing innovation ecosystem to better understand its precise makeup and identify opportunities for collaboration	Develop and launch an online survey of quadruple helix actors to gather information on regional innovation ecosystems, their needs and challenges

Recommendations	Examples of concrete actions
Develop an inventory of the specific characteristics and needs of all quadruple helix actors in the region, including their distribution across different sub-regions	
To improve knowledge of innovation and innovation support services in the RDA and in the regional innovation ecosystem	
Improve RDA employee knowledge and skills in innovation and innovation support	Map and analyse the staff skills, experience and areas of expertise required to improve RDA capacity for regional innovation support; design an internal plan
Develop a comprehensive innovation network with key innovation actors in different sectors and industries that can contribute knowledge of innovation needs and challenges	Work with regional businesses through surveys, focus group meetings, workshops, etc., to build and maintain an active network of innovation ecosystem actors
Actively align regional S3 with evolving EU priorities to better understand emerging international trends and developments in innovation	Identify and monitor key information channels or platforms (e.g. website, social media, newsletters); organise periodical informal and formal discussions on the synergies between the S3 and emerging regional development and innovation trends
Monitor EU policy and investment opportunities that might complement national and regional efforts to improve innovation indicators	
To improve the monitoring and evaluation of regional strategies, including for innovation	
Train existing staff on developing and using monitoring and evaluation frameworks and consider new hires to boost monitoring and evaluation experience within the RDA	
Embed an outcome-oriented monitoring and evaluation culture in the RDA	Set up a team to design and implement rigorous evaluation methodology and practices; organise regular learning sessions within the RDA regarding monitoring and evaluation techniques and tools

Table 1.2. Key recommendations for Romanian RDAs on finance and implementation for regional development and innovation support

Recommendations	Examples of concrete actions
To help stakeholders make the best use of available funding	
Expose local stakeholders to new types of projects and alternative sources of funding	Organise project and funding showcases and peer-to-peer support sessions
Develop catalogues of funding sources, categorised by development objective and stakeholder type	Develop a dedicated webpage to help stakeholders navigate among various funding sources
Provide beneficiaries with tailored support for complex projects	Help some stakeholders engage with the relevant external consultants to tackle specific challenges (e.g. needs assessment, cost-benefit analysis, etc.)
To build expertise and capacity for effective call design and execution as Managing Authorities	
Engage with potential applicants to understand their capabilities and capacities	Test applicant guides with beneficiaries before final issuance
Undertake a first-stage internal review of RDA strengths and emerging challenges related to innovation support and services	
Draft a framework of the RDA innovation skills and capacities required to deliver long-term innovation support	
Map all existing and potential sources of funding for innovation projects at the local, national and EU levels	Develop a dedicated section of innovation funding in the overall catalogue of funding sources
Explore new options to speed up the application approval process	Publish online guidance that is clear and easy to follow; regularly collect beneficiary feedback to improve the quality of the guidance
To build beneficiary capacity to absorb and utilise support for regional development and innovation	

Recommendations	Examples of concrete actions
Develop and implement a support process to simplify project application and funding processes	Select one call and carry out a pilot support process to experiment to what extent and how it can contribute to increasing efficiency
Offer beneficiaries more tailored support related to technical expertise and project management	Carry out a beneficiary survey; develop different materials, information-sharing sessions and training for different groups of beneficiaries based on survey results
Provide a formal role for innovation intermediaries to partner RDAs on the provision of support services	
Improve beneficiary understanding and promote S3	Invest in an information and awareness-raising campaign to improve knowledge and understanding of innovation across their regions

Table 1.3. Key recommendations for Romanian RDAs on communication and stakeholder engagement for regional development and innovation support

Recommendations	Examples of concrete actions
To increase ownership of the regional development plan among implementing actors	
Develop an institutional brand for the RDA with a clear message for how the RDA's leadership and activities can accelerate development in the region	
Engage stakeholders in the development of a shared regional vision through flagship events and workshops	Organise a multi-stakeholder vision-setting workshop; carry out a broad stakeholder-base survey regarding development visions and priorities
Showcase the benefits of "soft" investments projects, such as those investing in skills or competitiveness	Work with project owners to develop targeted communication plans that demonstrate the benefits for local communities
To increase the effectiveness of their communications and stakeholder engagement	
Undertake a stakeholder mapping process to develop targeted engagement strategies for diverse stakeholders with different priorities and capacities, requiring tailoring both the message and the medium to suit different audiences	Undertake a mapping exercise to identify relevant stakeholders and potential links between them; draft a stakeholder engagement plan to define the type of relationship and relative involvement that the RDA wishes to have with its stakeholders
Engage with stakeholders multilaterally, as well as bilaterally, in order to foster connections and partnerships between local actors	Organise multi-stakeholder workshops with breakout sections
Make greater use of online tools to reach a wider number of stakeholders, including through hybrid meetings	Learn skills and techniques to moderate online meetings, including using interactive tools
Design and deliver a comprehensive consultation exercise to identify the preferred methods of communication among innovation actors and use these to deepen engagement	
Develop and strengthen an innovation brand for the region through repeated, targeted and easily digestible messages	Draft a long-term communications plan, including principles and techniques in writing key messages that can help with innovation branding
Collect and monitor communications data quarterly, with the aim of monitoring the impact of communication processes and their outcomes	Identify and analyse audience reach and engagement with RDA communications
Seek more accountable relationships with innovation stakeholders	Communicate whether stakeholder suggestions have been taken into account by the RDA and provide updates on the progress of commitments
Pursue continuous interactions with innovation stakeholders to build and solidify productive relationships	
To better co-ordinate innovation actors and foster higher levels of co-operation	
Share case studies and reports detailing successful collaborative efforts that have been facilitated by RDAs with businesses and research organisations throughout the region	

Recommendations	Examples of concrete actions
Design, organise and facilitate events and discussions to help improve knowledge and trust across quadruple helix actors	

Recommendations for ROREG

ROREG could further promote alignment between regional and national investments for regional development and innovation. The development of a repository of national funding sources for regional development, the sharing of common concerns with the relevant ministry and the co-ordination of national government input into regional development planning can help better align projects initiated at the regional and national levels. For example, ROREG could:

- Work across RDAs to provide the national government with consolidated updates on regional development plans.
- Advocate for RDAs where they need additional support from the national government to deliver their regional objectives.
- Help RDAs position themselves as strategic bodies steering regional development by setting up a cross-RDA working group that includes managers and technical staff to agree upon a consistent message on the role of RDAs as regional development actors and their value-added relative to national and local actors.

ROREG could play a larger role in producing centralised guidance and facilitating peer learning among RDAs to support regional development capacities. Periodically updated case studies, examples of good practice and manuals for common processes, such as funding applications or the operation of a project tender, can promote the adoption of more sophisticated programme management techniques and practices. This guidance could be applied to planning, funding and financing, implementation and communication and engagement. For example, ROREG could:

- Actively work with the Ministry for Development, Public Works and Administration and the Ministry of European Investment and Projects of Romania to update the strategic planning methodology for regional development plans, aiming to ensure that it is tailored to RDA planning needs and capacities.
- Collate case studies from Romanian RDAs, as well as internationally, of how to actively engage local stakeholders in regional planning processes.
- Actively work with the Ministry of European Investment and Projects to develop and maintain a repository of funding sources for different types of projects.
- Develop a digital matchmaking platform to help stakeholders find potential partners for joint projects.
- Offer RDAs guidance on the pros and cons of different call designs and tendering mechanisms.
- Collect and share examples of high-quality applicant guides.
- Set up a cross-RDA working group where RDAs can share the challenges they face and discuss common solutions. Although there are existing exchanges across RDAs for various topics, these exchanges could be formalised and the outcomes could be further disseminated so as to build institutional memory of all RDAs. For example, these working groups could build training modules, develop guidance and manuals that all RDAs could use.
- Support the building of digital communication capacity within RDAs through training to improve the effectiveness of RDA communications and stakeholder engagement.

In particular, ROREG can also play a greater role in supporting monitoring and evaluation of regional strategies. Many RDAs have little or no dedicated resources to evaluate their region's strategic documents, other than the Regional Programmes. In addition, many RDAs identified the limited availability or accessibility of regional data, as well as information on investments in their regions that are not funded by Regional Programmes, as barriers to effective monitoring and evaluation of their regional plans. Establishing a set of agreed-upon performance measurement principles, delivering training on common evaluation methodologies and addressing information gaps across regions can significantly boost monitoring and evaluation capacity within RDAs. ROREG could explore the following actions:

- Consolidate and communicate the regional data requirements of RDAs to national statistics organisations and government ministries. ROREG could also initiate meetings with relevant national actors to develop a concrete plan to address regional data gaps.
- Work with the Ministry for Development, Public Works and Administration and Ministry of European Investment and Projects to develop the regional planning methodology and make sure that methodology covers monitoring and evaluation.
- Develop cross-RDA guidance and training on monitoring and evaluation for overall regional development and innovation policy outcomes, but also for specific projects and initiatives.
- Set up a cross-RDA working group on monitoring and evaluation to identify shared challenges and good practices.
- Align innovation data collection across regions to provide a greater depth of evidence about needs and performance.
- Together with all RDAs, explore capacity and interest across respective regional innovation ecosystems for the establishment of an inter-regional, online monitoring and evaluation committee.

Recommendations for Romania's national government

To improve the quality of RDA regional development plans, the Ministry for Development, Public Works and Administration and Ministry of European Investment and Projects could collaborate with ROREG to develop an updated strategic planning methodology. Updates could seek to ensure that plans:

- Are tailored to the planning needs of the RDAs.
- Are concise, comparable and easily readable.
- Clearly link financial resources and budgets to regional priorities and initiatives.
- Set out robust evaluation strategies with clearly defined output, outcome and impact indicators.

Data gaps, publication delays and poor accessibility can limit the effectiveness of strategic planning for regional development policy and innovation support initiatives. In addition to the release of more frequent and more granular data, consideration should also be given to the actual data needs for regional and innovation planning and for monitoring and evaluation. Data collection methodologies should be adapted to these needs. This could help improve the quality and depth of the regional data collected by national statistical authorities. This is critical if policy makers in Romania wish to understand how the decentralised Regional Programmes support the development of each region. The Ministry for Development, Public Works and Administration, Ministry of European Investment and Projects, and the National Institute of Statistics and other relevant actors can also collect and publish a wide range of regional and local data, as well as partner with ROREG and the RDAs to support improved access to data, establishing an open data platform that enables easy access to regional-level statistics.

The government could more actively and regularly engage with ROREG and RDAs on major new policies and investments in given regions. Many national initiatives have specific regional implications. A better understanding of upcoming projects can help in drafting long-term strategies and plans – at the national

and subnational levels – and provide better services and information to their stakeholders. Ultimately, RDAs can help support national government projects and programmes but they require information about the likely impacts and opportunities. Meanwhile, engagement should be two-way: to promote alignment between regional and national investments, the national government could also and provide guidance on strategic planning for regional development and innovation, especially on how greater alignment with national priorities might be achieved.

In the medium and long terms, the national government could develop a central government fund for regional development that provides dedicated funding for projects that contribute to the objectives of regional development plans that are not covered by existing funding sources.

Governance considerations for RDAs and policy makers

Ensuring lines of responsibility for reaching regional development goals are clearly established and sufficient resources are in place to do so is of utmost importance. This does not mean developing a monitoring and evaluation report but clearly identifying who is responsible for what and ensuring they have the necessary resources to do so. Clear lines of responsibilities should not only be established among levels of government but also across all related bodies, associations and other organisations involved in regional development policy (such as the Regional Development Councils and RDAs in the case of Romania). Once the foundation is set with clear lines of responsibility and sufficient resources, other mechanisms to advance regional development goals would be more effective, such as engaging stakeholders in the process of designing and implementing regional plans, financial and non-financial incentives for involved actors to deliver projects in the strategies and accountability frameworks, including to citizens.

Tackling regional data gaps for planning requires effort from all levels of government. Regional data are essential for the formulation of development indicators that can be used to measure disparities, identify priorities and evaluate impact. A repository of the most important economic, social and policy outcome data, covering the regional and, ideally, sub-regional levels, should be proactively collected and made available. Addressing the regional data gap, however, often requires systematic changes in the data gathering and reporting system at all levels of government. For example, national statistical agencies may need to adjust their methods and increase their data collection capacity. Adjustments to the reporting obligations of counties and local governments may also need to be made in consultation with these bodies to ensure feasibility. Equally important is to build the regional capacity in analysing the data and using the insights to support policy making.

More advanced innovation capacity requires the building of knowledge through continuous engagement and communication, **as well as** investment in digital infrastructure and education. This is particularly true for less developed innovation ecosystems, such as those in Romania. Before offering innovation support services, opening applications for project proposals, or undertaking consultations, it is important to recognise the limited experience of regional businesses and other stakeholders, and to the additional time required to understand and apply innovation concepts, especially the more advanced and newer ones (e.g. social innovation). Common terminology and processes associated with innovation, including the term "innovation" itself, may be complicated and overwhelming for some organisations. When engaging with innovation actors, it is important to first take stock of the general understanding of the term and its applications throughout the region. Some localities, industries or social groups with less advanced knowledge may require more contextual information on the topic to take advantage of its application. Innovation support services will only be effective if appropriately matched with the experience, expertise and knowledge of innovation among potential beneficiaries. Therefore, it is critical to identify business needs and capacities within the specific locality before designing new services. If the uptake of service is lower than projected, then a review and adjustment of engagement methods may be necessary.

Investment in digital infrastructure and education to support innovation uptake may also be required before local actors are able to take advantage of more sophisticated support.

Stakeholder engagement for regional development and innovation does not always need to be creative but it needs to be effective. Many Romanian RDAs have extensive experience engaging with stakeholders but find it challenging to design new, creative methods to increase engagement. Engaging in new ways also requires building engagement skills and allocating sufficient resources. Thus, in addition to aiming for "new" in a first step, it could be equally important and effective to review the impact of existing engagement tools and make small adjustments that could yield large benefits. For example, one can adjust communication emails or guidance to be jargon-free, online and more user-friendly and collect evidence on the number of additional audiences reached. Clear guidance can also minimise misunderstandings: thus, one can also observe whether enhanced guidance leads to fewer questions or complaints. By the same token, one can test how often and on which topics providing bespoke support is the most necessary and effective. Creativity can be changed in the "last mile" rather than creating new measures from scratch. Small adjustments could yield significant improvement and optimise the use of resources and time.

Reference

European Commission (2023), *European Innovation Scoreboard*, European Commission, https://research-and-innovation.ec.europa.eu/statistics/performance-indicators/european-innovation-scoreboard_en.   [1]

2 Overview of regional development and innovation in Romania

This chapter provides an overview of regional development and innovation in Romania's eight regions. It explores recent economic trends, provides an overview of Romania's territorial arrangements, and demonstrates the significant differences in demography, productivity, and well-being in evidence among its regions. These include measures of economic and social development, as well as analysis of the policy, institutional and funding structures that are currently in place. The chapter also introduces the role of Romania's Regional Development Agencies and provides an overview of their strategic planning and innovation support responsibilities.

Over the last two decades, Romania has converged rapidly towards the OECD average income per capita, reducing the gap by half. Its economy has also proved resilient: after a deep contraction in 2020 triggered by the COVID-19 pandemic, activity has rebounded fast. However, regional disparities in economic opportunities and living standards are large and widening (OECD, 2022[1]). The Bucharest-Ilfov capital region has grown rapidly over the last decade, has a sophisticated service-based economy and remains an attractive destination for migrants. However, many other regions in Romania have suffered from population decline over the last decade and recorded slower economic growth than the capital region. The majority of Romanian regions significantly lag behind the OECD and European Union (EU) averages, with lower gross domestic product (GDP) per capita and weaker labour productivity (OECD, 2023[2]). The high regional disparities come with pockets of poverty in rural areas and the COVID-19 crisis has aggravated poverty risks, especially in marginalised communities (OECD, 2022[1]). Overcoming the regional development disparities confronting Romania will require a well-targeted suite of policies.

Counties and municipalities in Romania play a critical role in tackling regional development disparities but many small municipalities face capacity constraints. County and municipal governments are key investors, accounting for over half of total public investment in Romania and 2.5% of its GDP. They thus play a strong role in implementing regional development policies by investing in a wide range of sectors, from housing, local transport to social welfare, education, and community amenities. Meanwhile, over 90% of municipalities are communes in rural areas, most of which have fewer than 5 000 inhabitants. These small municipal governments have limited administrative and strategic capacity to effectively design and deliver investment. Institutional and systematic support to these municipal governments is necessary to reach their potential in advancing regional development.

To help address regional inequality, the Romanian government established eight Regional Development Agencies (RDAs) in 1999. These agencies are tasked with strategic planning (e.g. regional development plan, smart specialisation strategy) and providing innovation support, in addition to other responsibilities, such as supporting the implementation of national programmes for regional development (European Association of Development Agencies, 2016[3]). The RDAs work closely with regional and local actors in their activities through serving the Regional Development Councils that consist of local government representatives, as well as various committees and working groups related to regional development. In 2021, RDAs were made the Managing Authorities for EU Cohesion Policy Regional Programmes in Romania (European Commission, n.d.[4]). Therefore, the RDAs and the strategies they pursue to accelerate regional development have a unique opportunity to contribute to mitigating territorial disparities and boosting Romania's long-term well-being, starting from the regional level.

This report focuses on strategic planning and innovation support activities in the RDAs. It aims to explore how building RDAs' capacities around these two areas could help contribute to regional economic growth, attract investment and provide new employment opportunities for residents in their regions. Romanian RDAs have great potential to leverage planning and innovation support, with their long experience in regional planning, close relationship with regional and local innovation actors, and their role in managing investments under the 2021-27 Regional Programmes. Yet, they need the capacity to do so, including strengthening a more systematic, place-based and outcome-oriented approach to these activities in order to yield better results in regional development.

Romania faces significant and growing regional disparities

Romania has eight NUTS 2 statistical regions[1] (Figure 2.1), each of which have vastly different economies, demographics and industrial structures. The Bucharest-Ilfov region, which includes the capital city of Bucharest, 8 smaller towns and 32 communes, has the largest economy, the most highly educated labour force and the smallest geographic area (1 754 km^2). It is an almost entirely urban region with good transport connections. Romania's other seven regions are much larger, containing multiple counties and

a mix of urban, rural and remote areas. In terms of population size, the regions, including Bucharest-Ilfov, are broadly comparable, averaging around 2.4 million inhabitants in 2022. The North-East, with 3.2 million residents, is the most populous, while the West, with 1.7 million inhabitants, has the smallest population.

Figure 2.1. Statistic regions and counties in Romania
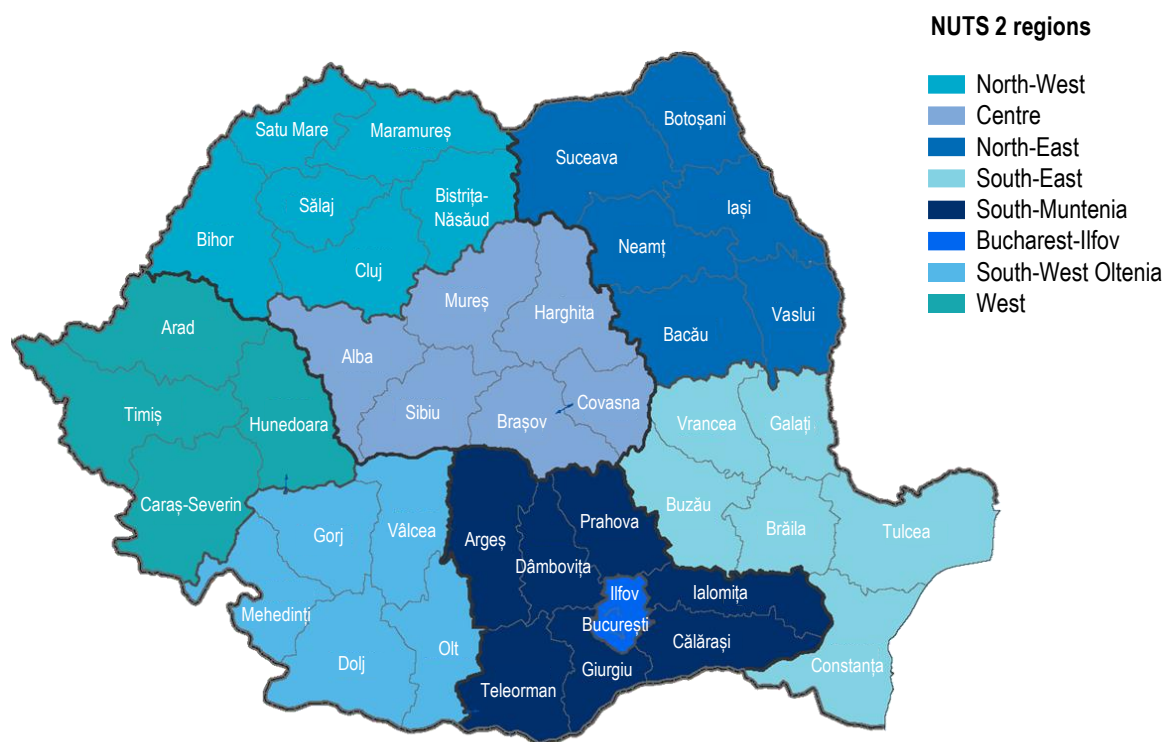
Notes: Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat; Cartography: Eurostat-GISCO, 10/2020

Source: OECD adapted from European Commission (2022[5]), *Statistical regions in the European Union and partner countries NUTS and statistical regions 2021 - re-edition 2022*, https://doi.org/10.2785/321792.

Economic disparities between regions are large and growing larger

In addition to variations in urbanisation, geographic size and population density, there are major economic differences between regions. Most strikingly, the GDP per capita in Bucharest-Ilfov is more than double that recorded in all other regions and is almost four times larger than that of the North-East. The region with the second-highest GDP per capita is the West, followed by the North-West and Centre. In comparison with both the EU and OECD average, the economies of all Romanian regions, except for Bucharest-Ilfov, are smaller when measured at the per capita level (Figure 2.2).

Figure 2.2. GDP per capita in Romanian regions, 2012-21
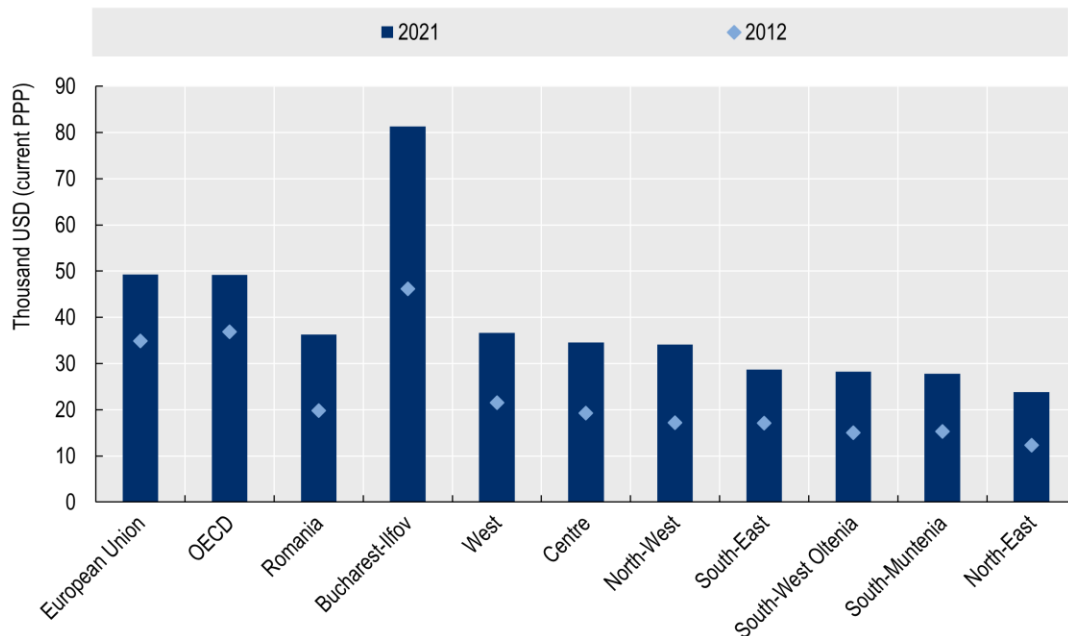
Note: Data for the 8 Romanian regions in 2021 are provisional.
Source: Data for OECD, European Union and Romania are from OECD (2023[6]), *Gross domestic product (GDP)* (indicator), https://doi.org/10.1787/dc2f7aec-en (accessed on 6 November 2023); data for the 8 Romanian regions are from European Commission (2023[7]), Eurostat: Gross domestic product (GDP) at current market prices by NUTS 2 regions [nama_10r_2gdp], https://ec.europa.eu/eurostat/databrowser/view/NAMA_10R_2GDP__custom_8298461/default/table?lang=en (accessed on 6 November 2023). Purchasing power parities conversion is based on OECD (2023[8]), *Purchasing power parities (PPP)* (indicator), https://doi.org/10.1787/1290ee5a-en (accessed on 6 November 2023).

Despite the large differences in GDP between Bucharest-Ilfov and the remaining seven regions, there is no strong evidence that the gap is narrowing. Between 2015 and 2021, Bucharest-Ilfov was the fastest-growing regional economy in Romania, averaging 7.6% real GDP growth. In 2020, as the economies of all other regions contracted, Bucharest-Ilfov still managed to grow by 1.3%. The relatively high-income regions of the West and North-West also recorded significantly faster economic growth than the relatively low-income regions. The three regions with the lowest GDP per capita – North-East, South-Muntenia and South-West Oltenia – have achieved near-zero real GDP growth since 2015 (see Figure 2.3). These recent trends suggest that economic inequality across the regions is widening, not only between Bucharest-Ilfov and all other regions, but also between the middle-income and lowest-income regions.

Figure 2.3. Real GDP growth in Romanian regions, 2015-21
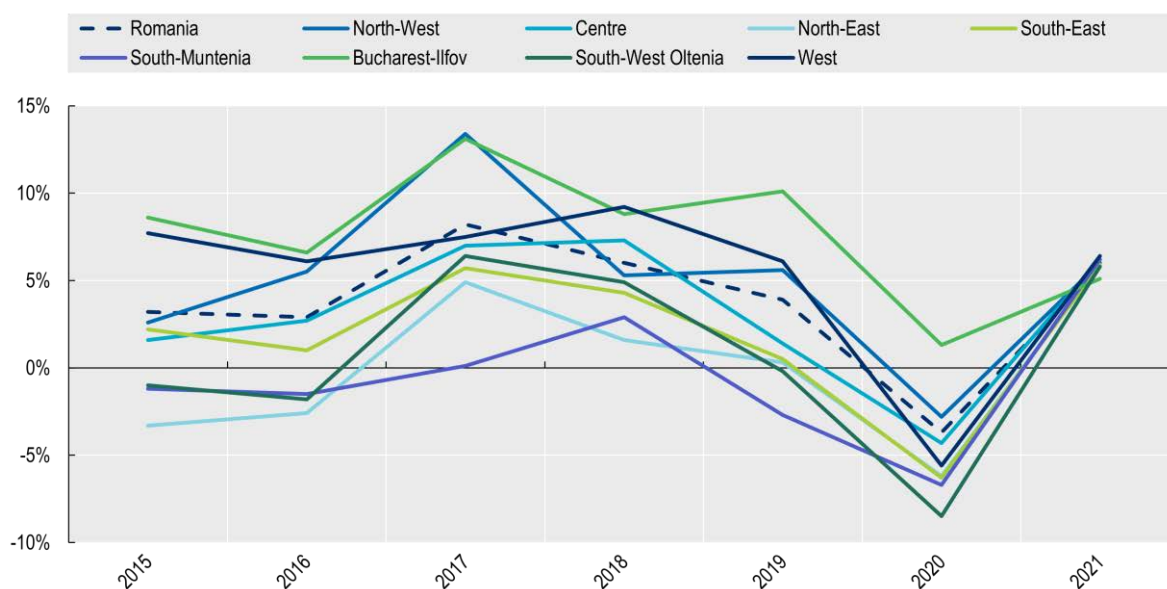
Source: European Commission (2023[9]), Eurostat: Gross domestic product (GDP) and Gross value added (GVA) in volume by NUTS 2 regions (nama_10r_2gvagr), https://ec.europa.eu/eurostat/databrowser/product/view/nama_10r_2gvagr

Figure 2.4. Average annual real GDP growth in Romanian regions, 2015-21
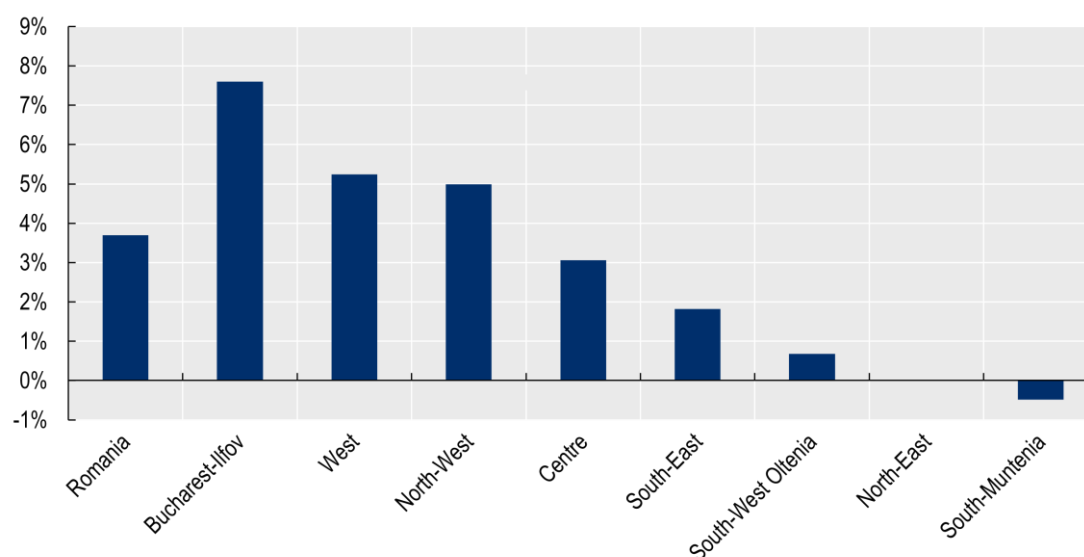
Source: European Commission (2023[9]), Eurostat: Gross domestic product (GDP) and Gross value added (GVA) in volume by NUTS 2 regions (nama_10r_2gvagr), https://ec.europa.eu/eurostat/databrowser/product/view/nama_10r_2gvagr

One contributing factor to Bucharest's exceptional economic growth and high level of GDP per capita is labour productivity. In comparison to other Romanian regions, the average worker in Bucharest is significantly more productive, albeit at levels below the EU average (see Figure 2.5). This high rate of productivity, EUR 52 500 per person in 2021, is partially driven by higher rates of education. Not only is Bucharest-Ilfov the location of many of Romania's highest-ranking universities and technical colleges, it has also been able to attract skilled migrants from across Romania and overseas. The high density of

Bucharest and the agglomeration that it enables is a further contributing factor. Skilled workers have the potential to match with thousands of potential employers, face fewer barriers moving between organisations and can identify potential collaborators and partners much more easily than their counterparts in other regions.

Figure 2.5. Nominal labour productivity of Romanian regions, 2021
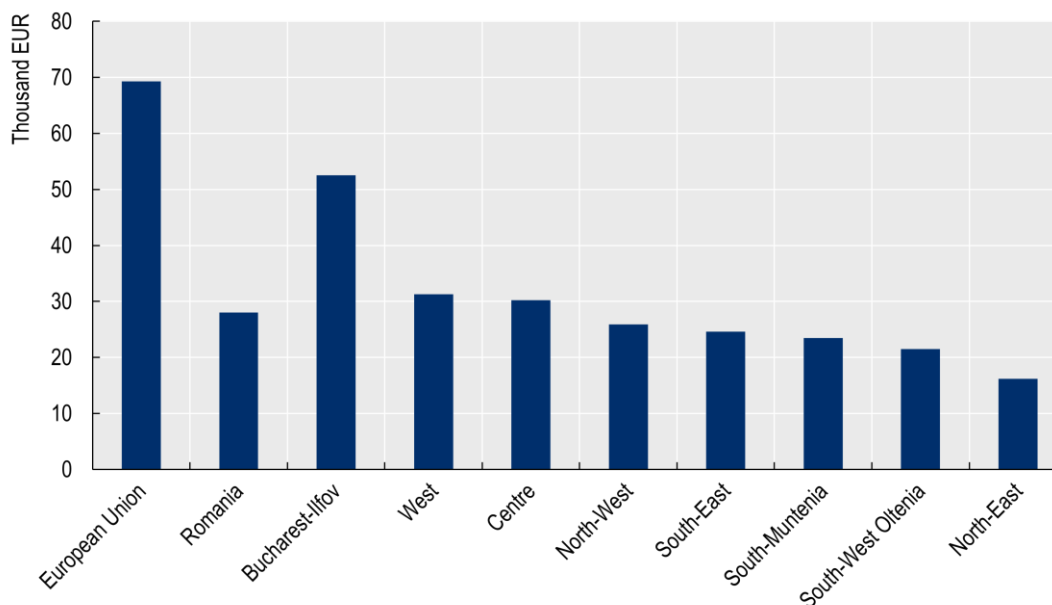
Note: Provisional data.
Source: European Commission (2023[10]), Nominal Labour productivity by NUTS 2 regions [nama_10r_2nlp], Eurostat, https://ec.europa.eu/eurostat/databrowser/view/nama_10r_2nlp/default/table?lang=en.

Disparities are visible in other regional development areas

Since 2012, Romania's population has been steadily shrinking. This decline is concentrated in the south and western parts of the country, with South-West Oltenia decreasing the fastest, at an average annual rate of -1%. Only Bucharest-Ilfov, with its fast-growing economy, has managed to avoid population loss in the last decade. In the same period, the EU population has increased by 6.2 million at an annual average rate of 0.1%.

Table 2.1. Regional population and decline, 2012-22

Region	Population (2022)	Average annual rate of population growth (%)
North-East	3 221 819	-0.2
South-Muntenia	2 854 809	-0.9
North-West	2 523 549	-0.3
South-East	2 361 624	-0.7
Centre	2 273 344	-0.4
Bucharest-Ilfov	2 268 268	0.0
South-West Oltenia	1 869 563	-1.0
West	1 669 479	-0.9

Source: European Commission (2023[11]), Eurostat: Population on 1 January by NUTS 2 region (demo_r_d2jan), https://ec.europa.eu/eurostat/databrowser/product/view/demo_r_d2jan

The cause of regional population loss is largely structural, with the birth rate falling gradually over the past three decades throughout Romania. Emigration has also played an important role, with many Romanians choosing to live and work in other countries. Between 2017 and 2021, for example, approximately 1.1 million Romanian residents temporarily emigrated (National Institute of Statistics, 2021[12]), the vast majority to other EU economies. In addition to a declining population, several regions in Romania remain at high risk of poverty. The North-East, South-West Oltenia and South-East all recorded at-risk poverty rates of over 30% in 2020, compared to Bucharest-Ilfov, where poverty only affects a small proportion of the population.

Figure 2.6. Risk of poverty in Romanian regions, 2020
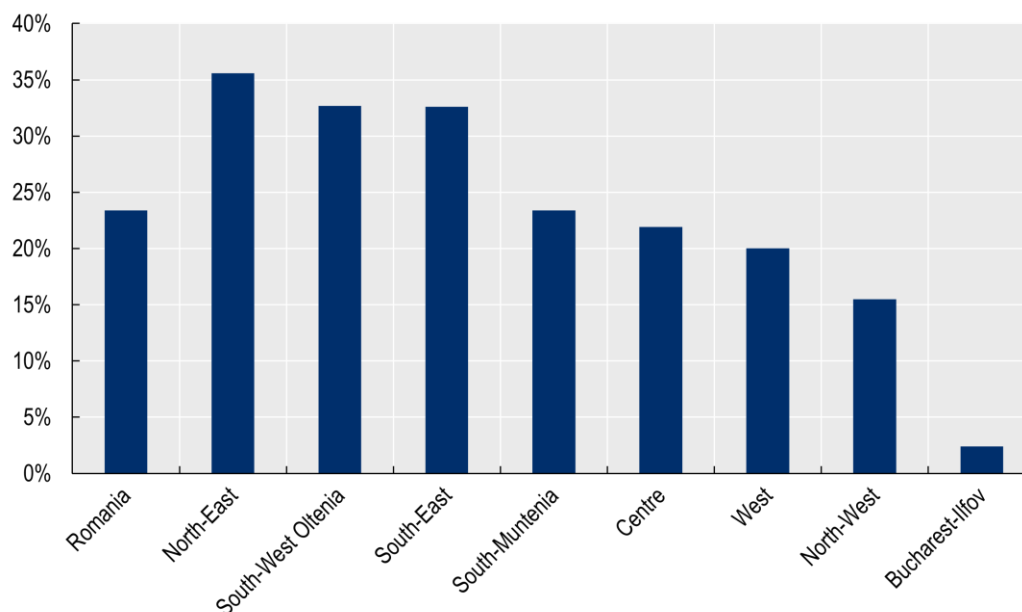
Source: European Commission (2023[13]), Eurostat: At-risk-of-poverty rate by NUTS regions (ILC_LI41__custom_2484856), https://ec.europa.eu/eurostat/databrowser/view/ILC_LI41__custom_2484856/default/table?lang=en

A further indicator of regional development is the wide availability of broadband Internet. Broadband Internet allows households to access government services, undertake more diverse employment activities, complete educational courses and communicate more regularly with their communities. Throughout Romania, significant progress has been made since 2017, with all regions demonstrating increases in the number of households with a broadband connection. Bucharest-Ilfov remains the best connected, with 93.8% of households having access to broadband but the gap has narrowed significantly. Although the lowest in Romania, the South-East is rapidly improving, recording 84.3% in 2021 compared to 71.2% in 2017.

Life expectancy is also unevenly distributed across Romania. In Bucharest-Ilfov, residents can expect to live, on average, 73.9 years. The North-East, which has the lowest life expectancy of all regions, is almost 2 years lower at 72.0. These differences suggest that health services and individual well-being are better in some regions of the country, and it is notable that life expectancy is longer in regions with higher average incomes. Compared to the EU average of 80.1 years, all Romanian regions are underperforming, suggesting that there is significant room for improvement in access to and the quality of health services across the country.

Figure 2.7. Household access to broadband in Romanian regions, 2017-21
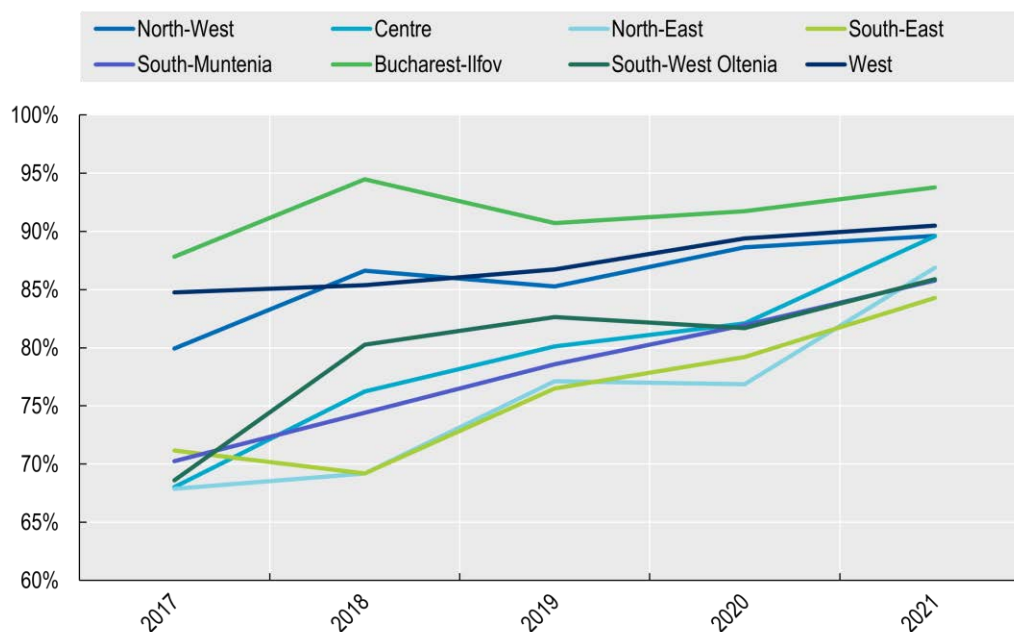
Source: European Commission (2023[14]), Eurostat: Households with broadband access (isoc_r_broad_h), https://ec.europa.eu/eurostat/databrowser/view/isoc_r_broad_h/default/table?lang=en

Figure 2.8. Life expectancy in Romanian regions, 2021
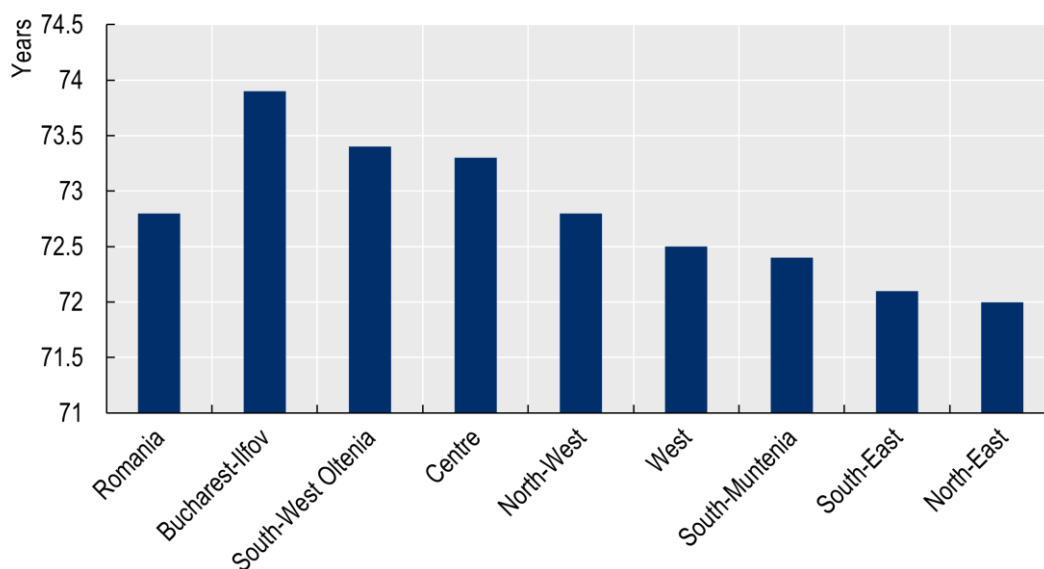
Source: European Commission (2023[15]), Eurostat: Life expectancy by age, sex and NUTS 2 region (demo_r_mlifexp), https://ec.europa.eu/eurostat/databrowser/view/demo_r_mlifexp/default/table?lang=en

Educational attainment is also highly unequal across the eight Romanian regions. In Bucharest-Ilfov, approximately 42.2% of residents aged 25-64 have attained a tertiary qualification. This level of education is significantly higher than the EU average of 34.3% and is evidence of a highly skilled and diverse workforce. Across Romania, however, the average rate of attainment is only 19.7%. The three regions with

the lowest level of tertiary education are the North-East, South-East and South Muntenia. Despite the large disparities, there is little evidence to suggest convergence has occurred over the last five years. The number of adults with a tertiary education has grown in all regions, but only marginally, and at a comparable speed across the entire country. Accelerating this rate of growth and boosting the level of educational attainment would greatly assist Romania's regions in meeting their regional development objectives.

Figure 2.9. Proportion of adults aged 25-64 in Romanian regions with a tertiary education
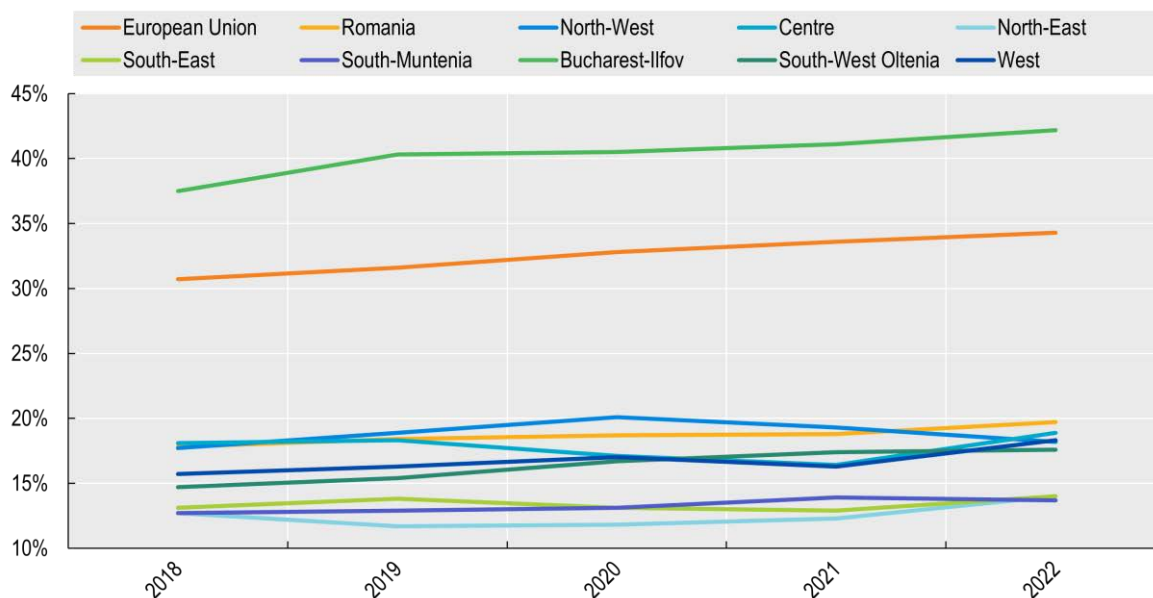
Source: European Commission (2023[16]), Eurostat: Population by educational attainment level, sex and NUTS 2 regions (%) (edat_lfse_04), https://ec.europa.eu/eurostat/databrowser/view/EDAT_LFSE_04/default/table?lang=en

Innovation is concentrated in Bucharest-Ilfov

All of Romania's eight NUTS 2 regions were deemed "emerging innovators" in 2023 by the European Commission Regional Innovation Scoreboard (European Commission, 2023[17]). The scoreboard, which uses 21 indicators, provides a composite innovation score and a comparative assessment of the performance of innovation systems across 239 regions of 22 EU countries. At the national level, according to the European Innovation Scoreboard which assess a broader set of 32 indicators, Romania was also considered an emerging innovator, alongside Bulgaria, Croatia, Latvia, Poland, and the Slovak Republic, and was the lowest-ranked country in the European Union (European Commission, 2023[18]).

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Box 2.1. Benchmarking innovation in Romania, the European Union and internationally

The depth and frequency of innovation activity in Romania are much lower than both the EU average and several other large, advanced economies. The European Innovation Scoreboard, which was last updated in 2023, demonstrates a significant gap between Romania and its immediate neighbours, ranking it last out of the 27 EU member countries. The highest-ranking member countries, deemed "innovation leaders", included Belgium, Denmark, Finland, the Netherlands, and Sweden, and all scored over 125% above the EU average. A selection of non-EU advanced economies was also included in the study. Australia, Canada, Korea, and the United States, for example, scored above the EU average and comfortably outperformed Romania. These countries generally scored higher than the EU on tertiary education, research and development expenditure and intellectual property indicators.

Source: European Commission (2023[17]), *European Innovation Scoreboard 2023*, Directorate-General for Research and Innovation, https://data.europa.eu/doi/10.2777/119961

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The level and sophistication of innovation could also be further improved upon at the regional level. Among Romanian regions, Bucharest-Ilfov achieved the highest score, with 59.5 (Figure 2.10). Indicators it scored well on, compared to the other seven regions, include trademark applications, innovative small and medium-sized enterprises (SMEs) collaborating with others, innovation expenditures per person employed, and SMEs introducing product innovations. The North-East, North-West, and West were the next best-performing regions but their scores were only fractionally higher than those of Romania. The poorest performing regions were South-West Oltenia and South-East. Nonetheless, the innovation performance in most Romanian regions has improved since 2016, most strongly North-West and South-West Oltenia region (4.0 and 3.5 increase of the Regional Innovation Index, respectively) (European Commission, 2023[19]).

Figure 2.10. Regional Innovation Index 2023 of Romanian regions
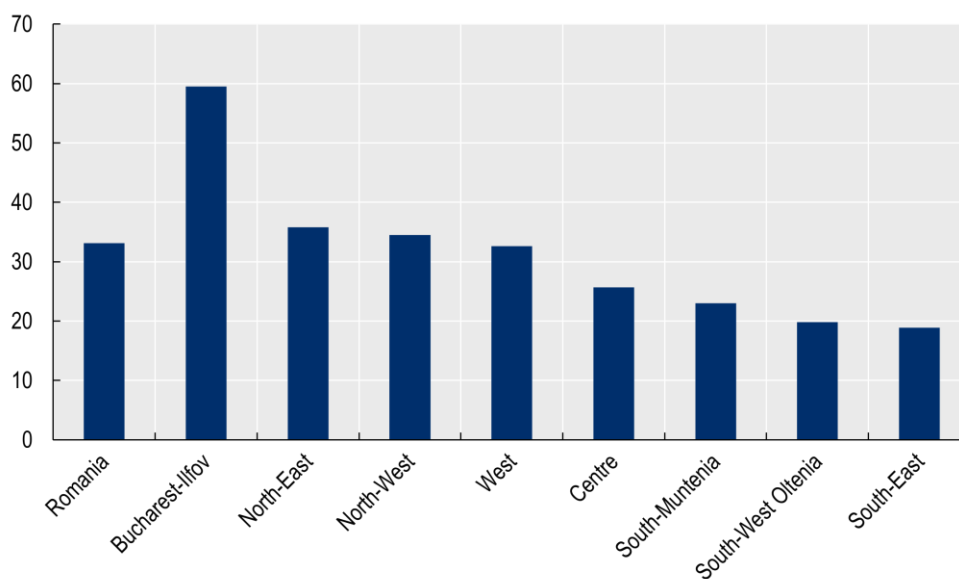
Source: European Commission (2023[20]), Regional Innovation Scoreboard 2023 – Regional profiles Romania, https://ec.europa.eu/assets/rtd/ris/2023/ec_rtd_ris-regional-profiles-romania.pdf

Romania's overall low innovation performance cannot be attributed to a single factor. However, Romania scored the lowest on several of the 32 innovation indicators, which could shed light on areas requiring priority attention. These include measures of intellectual assets, international scientific co-publications, research and development expenditure in the public sector and the use of information technologies (European Commission, 2023[19]).

The relative strengths of Romania from an innovation perspective include high rates of broadband penetration, exports of knowledge-intensive services, high numbers of publication citations and the export of medium- and high-technology goods. However, areas that have decreased significantly since 2016 include the number of doctorate graduates and non-research and development innovation spending (European Commission, 2023[19]). Innovation support, therefore, has a wide range of potential areas to focus on but several relative strengths and careful prioritisation will be necessary if Romania is to improve its overall innovation performance.

Subnational governments are key players in delivering regional development policy

Reducing regional imbalances is one of the key objectives of regional development policy in Romania. Other policy objectives include linking sectoral policies at the regional level and stimulating inter-regional, national, cross-border and international co-operation (Government of Romania, 2004[21]). While regional development policy is administered by the Ministry for Development, Public Works and Administration at the national level, its design and effective delivery relies on all levels of government – national, county and municipal. In Romania, there are 41 counties and the city of Bucharest, which has both status as a city and a county. At the municipal level, there are 102 cities, 216 towns and 2 862 communes. All counties and municipalities have their own elected councils (OECD-UCLG, 2022[22]). For each of the eight NUTS 2 development regions, there is no regional government but a Regional Development Council, which consists of representatives of counties and municipalities in the respective region[2]. The RDA in each region, which is an NGO with a legal personality and of public interest, serves as the secretariat of the Regional Development Council, among other responsibilities.

Counties and municipalities are key investors in Romania. They are generally responsible for the provision of public services, including housing, community amenities, local transport, social welfare, preschool, primary and secondary education, as well as healthcare and local police. Increasingly, county councils are also in charge of the overall co-ordination of the efforts and actions of local councils. In 2020, county- and municipal-level investment represented over half of total public investment in Romania and 2.5% of its GDP. Investment is a key function of subnational governments in Romania, representing 26.0% of their expenditure (vs. 11.3% in OECD countries and 9.9% in the EU27 in 2020). Municipal and county investment is primarily dedicated to transport and road infrastructure (45.6% of subnational government investment in 2020), followed by housing and community amenities (18.0%) and education (9.7%) (OECD-UCLG, 2022[22]).

Nevertheless, Romanian municipalities are relatively small, which may affect their capacity to design and deliver investment projects and provide public service. Among the municipalities, the majority are communes established in rural areas and comprise one or more villages. The average municipal size is fewer than 7 000 inhabitants. This is above the EU average (5 960) but below the OECD average (10 250). Around 75% of municipalities have fewer than 5 000 inhabitants and 25% have fewer than 2 000 inhabitants (OECD-UCLG, 2022[22]). These small municipal governments have limited administrative and strategic capacity to effectively design and deliver investment. Institutional and systematic support to these municipalities is necessary to materialise their potential in advancing regional development.

Setting the scene: The important role of Romanian RDAs in regional development

Place-based regional development policy can help support economic growth, resident well-being and environmental sustainability, as well as help to reduce territorial income disparities, but often requires joint efforts among all levels of government. The OECD has developed recommendations around ten pillars for regional development policy, from defining strategy and territorial scales to ensuring integrity and performance measurement, which is highly relevant for Romania in its quest to address regional disparities through well-designed and implemented regional development policy (Box 2.2). While there is no regional tier of government in Romania, the Regional Development Councils and RDAs play a critical role in supporting the design and implementation of regional development policy, including mobilising regional and local actors to develop and implement regional development strategies.

At the same time, innovation is a known contributor to regional development and a place-based regional development policy could help regions leverage their unique innovation assets to support growth (OECD, 2020[23]). The 2022 OECD Economic Survey for Romania highlights that the country needs to find new growth drivers, including supporting the transition to a knowledge-based economy and the expansion of high-value-added goods and services production (OECD, 2022[1]). To achieve this aim and unlock growth potential across the country, all regions and localities need to identify and invest in their inherent innovation assets.

Box 2.2. OECD Recommendation on Regional Development Policy

The Recommendation on Regional Development Policy (OECD, 2023[24]), adopted on 8 June 2023 by the OECD Council at the ministerial level, provides countries with a comprehensive policy framework to support the design and implementation of effective regional development policies. It considers that regional development policy is long-term, cross-sectoral and multi-level, with the aim of improving the contribution of all regions to national performance and reducing inequalities between places and between people.

The recommendation includes ten pillars, from defining strategy and territorial scales to ensuring integrity and performance measurement. For example, it recommends that governments:

- Design and implement an integrated and balanced regional development strategy tailored to different places.
- Actively engage with regional and local communities and stakeholders throughout the policy-making cycle to gather and co-produce the knowledge needed to identify a region's needs and leverage its specific assets.
- Strengthen administrative, strategic and technical capacities for regional development policy design and implementation at the national and subnational levels of government.

Source: OECD (2023[24]), *Recommendation of the Council on Regional Development Policy*, https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0492.

Romanian RDAs are key actors in advancing regional development

Romanian RDAs, despite having the legal status of an NGO, are responsible for a wide range of activities related to delivering regional development policy, encouraging territorial development and boosting regional attractiveness. They are charged with drafting and implementing their region's development strategies, plans and programmes. These regional strategic documents are reviewed and approved by

their Regional Development Councils. RDAs also support the implementation of regional development projects financed by the EU, as well as contribute to attracting foreign investment, offer business support services and promote innovation.

In fact, having separate legal status and a certain degree of independence from the government is not unique to Romanian RDAs. The core idea behind the "agency model" is to have a certain degree of separateness from the central or regional government, i.e. separate certain functions from a given public ministry or department by transferring them to a different legal entity at the regional level (OECD, 2022[25]). Overall, RDAs and similar entities are common in OECD and EU countries (Box 2.3). One advantage of RDAs is their ability to co-ordinate greater understanding and stronger working relationships between national and subnational actors and across policy sectors. RDAs are also sometimes better able to engage with the private sector, for example, as a development partner or co-investor.

Box 2.3. RDAs in OECD countries

Among OECD countries, RDAs are complementary to government departments responsible for regional policy and, in many cases, contribute to the design and implementation of national development programmes. The legal status of RDAs varies across OECD countries. For instance, RDAs in Switzerland are organised either as public sector corporations (e.g. "regions" in the canton of Grisons or "regional conferences" in the canton of Bern), as stock corporations (e.g. Region Oberwallis AG), and others. They may have an "exclusive" membership, consisting entirely of public entities (usually municipalities) or an "inclusive" membership, bringing together public and private entities (e.g. interest groups, local businesses, local inhabitants).

In countries with distinct statistical or planning regions, it is common for RDAs to play the role of administrative, professional, and technical agencies supporting the work of the regional development councils or other regional bodies, such as county councils or state/provincial governments. The European Union's creation of RDAs – or structures of a similar purpose – has been driven by the EU accession process, notably for countries in Eastern Europe without elected regional governments.

Source: OECD (2022[25]), *Regional Governance in OECD Countries: Trends, Typology and Tools*, https://doi.org/10.1787/4d7c6483-en.

RDAs can leverage strategic planning and innovation to advance regional development

Two key functions of Romania's RDAs are to provide strategic planning and innovation support services. High-quality strategic planning is particularly important to forming and attaining long-term development goals and priorities. These priorities can, in turn, help guide future investment in government services, infrastructure and targeted development programmes, such as innovation, considering also RDAs' role as Managing Authorities of the Regional Programmes.

Innovation has the potential to advance regional development ambitions and contribute to regional well-being. Innovation support provided by the RDAs can focus on the nurturing of new approaches from businesses, universities and other non-government actors but should also align with innovations pursued within governments that can improve the way that government services are provided. The benefits of innovation are primarily economic, leading to higher productivity, lower costs and new employment opportunities. But the benefits can also be social. Improved products, greater accessibility, new infrastructure and better-targeted support services can all result from innovation.

Strategic planning and innovation are also complementary if carefully co-ordinated. In particular, strategic planning can help RDAs to identify objectives and establish practical steps to achieve them. Innovation

and innovation support, meanwhile, is a policy intervention that can help realise the development objectives set out in a strategic regional development plan. It is, therefore, critical for RDAs to consider how and what form of innovation can help them achieve their specific development goals – for example economic growth, social inclusion or reduced income inequality.

Innovation policy can incorporate different types of innovation, including those that depart from current technologies and practices. These can include:

- **Technological innovation** refers to the development of technologically new or substantially changed goods or services or the use of a technologically new or substantially changed process.
- **Social innovation** refers to the design and implementation of new solutions that imply conceptual, process, product or organisational change and which aim to improve the welfare and well-being of individuals and communities.
- **Business model innovation** seeks to change an organisation's value proposition and its underlying operating model by changing the rationale of how an organisation creates, delivers and captures value in economic, social, cultural or other contexts.
- **Policy innovation** aims to find novel processes, tools and practices used for policy design, development and implementation, resulting in better problem-solving of complex issues.
- **Public-sector innovation** refers to the design and implementation by a public-sector organisation of new or significantly improved processes, methods or services – from data analytics to prototyping and design thinking – aimed at improving its operations or outcomes.

All of Romania's RDAs have drafted regional development plans for 2021-27, which are funded through a combination of national, regional and local resources. The regional development plans include an analysis of regional demographic, economic and social trends, as well as in-depth consideration of the region's natural resources, industrial structure and transport infrastructure. In addition to long-term policy objectives, several of the regional development plans drafted by RDAs also include potential projects that could be funded to accelerate regional development.

The regional development plans also include a series of indicators that will provide valuable benchmarks for future evaluations. Indicators in the regional development plans primarily consist of outcome indicators, such as the employment rate, the number of households connected to the water supply network and life expectancy, that can be used to measure actual improvements in the quality of life for residents. The regional development plans also included a sample of output indicators, for example, the length of the regional road network, the number of technological transfers amongst innovation entities and the number of medical consultations completed within the regional area, which are useful measures of whether government actions and investments are having the desired impact.

Despite the drafting of regional development plans and the commencement of innovation support services, the impact of RDAs could be enhanced by addressing a series of barriers. These include limited access to funding, poor stakeholder engagement, skills gaps among RDA staff and the inconsistent use of evaluation. These issues and how they affect strategic planning and innovation support services will be explored more comprehensively in Chapters 3 and 4.

New opportunities and challenges: Becoming Managing Authorities in the 2021-27 programming period

In 2021, the RDAs became regional Managing Authorities. As such, the eight agencies are entrusted with the task of designing and implementing the EU-funded Regional Programme 2021-27. In practical terms, this shifts the responsibility for managing EU funds from the Ministry for Development, Public Works and Administration to the eight RDAs. Concretely, this means the RDAs are responsible for the administration and investment of EU funds of over EUR 1 billion per development region (Figure 2.11). The shift also

provides the RDAs with the opportunity to distribute funds and support investments that are tailored to their regional development needs, as well as leveraging on their proximity with regional and local actors to facilitate effective investment implementation. In addition, RDAs are also intermediate bodies for the national health programme 2021-27; and five RDAs (South-East, Centre, South-Muntenia, South-West Oltenia, and West) also act as the intermediate bodies for the Just Transition Fund.

Figure 2.11. Planned investment of Romanian Regional Programmes 2021-27
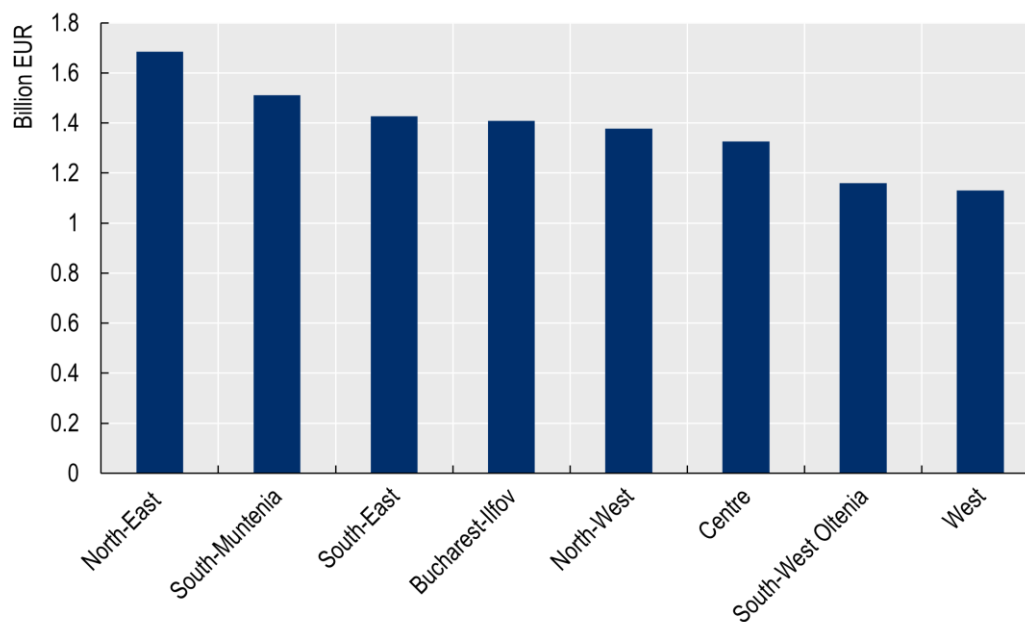
Source: European Commission (2023[26]), Cohesion Open Data Platform, https://cohesiondata.ec.europa.eu/countries/RO/21-27

Like other EU countries, Romania has adopted the Recovery and Resilience Plan, which consists of 107 investment measures and 64 reforms. The Romanian Recovery and Resilience Plan will be supported by an estimated EUR 14 billion in grants and EUR 15 billion in loans. Around 41% of the Plan will support the green transition and 20% will support the digital transition. The role of the RDAs in supporting the implementation of this Plan is still under discussion. Nevertheless, many priorities in the Plan have a strong territorial dimension, including green and digital transition (European Commission, 2022[27]).

Conclusion

With the exception of Bucharest-Ilfov, Romania's regions are underperforming economically compared to the EU average and will require a suite of well-targeted regional development policies in order to catch up. Among Romania's regions, there is also significant variation in productivity, educational attainment and broadband access, which will also require substantial time and investment to correct. The approaches required for each region, however, with their unique geography, demographics, industrial structure and infrastructure, will differ significantly. Due to their strong understanding of local conditions, and roles as Managing Authorities, RDAs have a critical role to play in the development of effective regional development policies. However, existing approaches and capabilities within RDAs are limited and a renewed focus on long-term strategic planning, alongside a more rigorous and targeted approach to innovation support services, is urgently required.

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Notes

[1] The NUTS classification (Nomenclature of territorial units for statistics) is a hierarchical system for dividing up the economic territory of the EU and the United Kingdom. NUTS 2 statistical regions are basic regions for the application of regional policies.

[2] According to the Law for regional development 315/2004 Art. 7 al. 6 (6), the Regional Development Council is made up of the presidents of the county councils and one representative of each category of local municipal, city and communal councils from each county of the region; in the case of the Bucharest-Ilfov region, the Regional Development Council is made up of the president of the Ilfov County Council, the general mayor of Bucharest, one representative of each local sector council and representatives of the local councils of Ilfov county, on par with representatives of the sectors of the city of Bucharest.

3 Strategic planning in Romanian Regional Development Agencies

This chapter identifies and assesses the major challenges for Romania's Regional Development Agencies (RDAs) in strategic planning for regional development. The analysis covers three dimensions: i) strategy, planning and performance measurement; ii) finance and implementation of regional development strategies; and iii) communication and stakeholder engagement. It highlights strengths, successes, limitations, and priority areas for future improvement under these three dimensions. The chapter also includes relevant examples from outside Romania and identifies new opportunities that its RDAs could potentially pursue in the coming years.

Romania's Regional Development Agencies (RDAs) are responsible for territorial development and regional attractiveness across the country's eight regions. The RDAs develop regional development plans and have recently taken on the role of Managing Authorities for the European Union (EU) Cohesion Policy Regional Programmes in Romania. In many ways, RDAs are well placed to fulfil these roles: they are well-established entities with a deep knowledge of their region's strengths and challenges, as well as longstanding relationships with local governments, businesses, academia, and non-governmental organisations (NGOs). Moreover, as former intermediary bodies for EU funds, the RDAs have plenty of experience in utilising European funding to support regional development.

Despite these foundations, the RDAs face some important challenges when undertaking strategic planning for their regions. Foremost among these is that while the RDAs draft the regional development plans, no actor is held accountable for the implementation of the plans. The Regional Development Councils are responsible for approving the regional development plan, for example, but are not accountable for implementation. Stakeholders including local governments, businesses, NGOs, among others, are not obligated to align their activities with the regional plans. Many RDAs report that stakeholders do not always have the motivation, funding, or capacity to actively contribute to regional strategic planning, nor to develop projects to deliver regional goals (OECD, 2022[1]).

The challenge of co-ordinating local stakeholders to contribute to regional development objectives as identified in the regional development plans is exacerbated by capacity gaps within the RDAs themselves. Stakeholder engagement is not always well co-ordinated among the different departments in the RDA and communications can be poorly targeted and overly formal. At the same time, limited staff and expertise for monitoring and evaluation prevents RDAs from verifying how local initiatives contribute to regional objectives. Regional data gaps in nationally collected data further reduce the RDAs' ability to develop high-quality strategic plans and hamper their monitoring and evaluation efforts. Moreover, RDAs are tied to a national planning methodology which has not been updated since 2012 and tends to result in lengthy, dense and technocratic regional development plans.

This chapter examines the status of strategic planning for regional development across RDAs. It is divided into three parts in line with the OECD analytical framework used to assess strategic planning of each RDA. The first section assesses the strategy, planning and performance measurement processes for the RDAs' regional development plans. The second section explores the finance and implementation challenges encountered by RDAs. Finally, the chapter reviews how the RDAs undertake communication and stakeholder engagement. It also looks at RDAs as a whole, considering how both the national government and the Romanian Association of Regional Development Agencies (ROREG) could support the RDAs to improve their strategic planning processes.

Strategy, planning and performance measurement

Robust strategic planning mechanisms and practices are fundamental to the work of RDAs. Strategic planning involves conducting diagnostics that enable the agencies to pinpoint specific development challenges as well as areas of potential growth. This requires skills in areas such as data gathering and analysis. Moreover, strategic planning entails establishing a vision for territorial development, setting development objectives, determining priorities and designing actions to help meet the identified objectives. Subsequently, it requires setting up and carrying out performance measurement activities to track the achievement of territorial development objectives to help policy makers make evidence-informed decisions on how to improve the efficiency and effectiveness of regional development policy and actions. Finally, it depends on a deep understanding of relevant public (e.g. counties and towns) and non-governmental (e.g. academia, businesses, civil society organisation and citizens) stakeholders and how they can contribute to regional and local development efforts.

Romania's RDAs have been responsible for territorial development and boosting regional attractiveness for over 20 years. As such, they have been responsible for drafting and implementing different territorial development strategies, plans and programmes, gradually honing their strategic planning skills and expertise. In 2021, the RDAs took on an additional role, that of Managing Authorities for the Regional Programmes under the EU Cohesion Policy 2021-2027. In order to capitalise on the opportunity this new role generates for advancing the objectives of their regional development plans, the RDAs should address the issues they already face when undertaking strategic planning and performance measurement in their regions. This will require RDAs, ROREG and the Ministry for Development, Public Works and Administration (MDPWA) to rethink the structure of regional development plans so that they provide a clear and succinctly communicated vision for each region, increase the alignment between regional and local development plans, tackle outstanding regional data gaps and improve the monitoring and evaluation of development initiatives.

The RDAs' longstanding experience can help them deliver as regional Managing Authorities

Romania's eight RDAs have been responsible for developing regional development plans, smart specialisation strategies (S3) and a host of other sectoral plans since their creation in 1999. This longstanding experience has equipped the RDAs with a good understanding of their respective region's development assets, opportunities and constraints, as well as good relationships with many of the key local stakeholders. RDAs have leveraged their experience, knowledge and relationships to create a series of regional development plans, which, since 2007, have time periods aligned to the Multiannual Financial Frameworks of the European Union.

The oversight of each RDA falls under a Regional Development Council, composed of counties and local governments. The councils are responsible for reviewing and approving the RDAs' regional development planning documents (OECD, 2022[2]; OECD/UCLG, 2021[3]).

For the current planning exercise, regions have set themselves a variety of high-level goals, including reducing intraregional disparities, transitioning to a knowledge-based digital economy, reducing carbon dioxide (CO_2) emissions and increasing resilience to climate change. Within these aims, RDAs have set more precise objectives, which will help each region achieve its unique ambitions, such as: boosting the retention of older workers in the labour market (e.g. Centre RDA); improving security in public spaces (e.g. Bucharest-Ilfov RDA); and the protection of natural heritage and biodiversity (e.g. North-West RDA).

For the 2021-27 period, Romania will receive a combined total of EUR 31.5 billion in 2021-27 to "promote the economic, social and territorial cohesion of its regions and its green and digital transition" as well as to "support the development of a competitive, innovative and export-oriented Romanian economy" (European Commission, 2022[4]). As Managing Authorities, the RDAs are responsible for designing the Regional Programmes and distributing funding, designing, and disseminating project calls, appraising fund applications, selecting projects for funding, managing administrative verifications, authorising payments, monitoring the implementation of the projects by beneficiaries and the overall implementation of their programmes. RDAs will also provide guidance and support to beneficiaries, such as businesses, local government authorities, civil society organisations and universities, on how to prepare relevant project proposals. The eight Regional Programmes 2021-27 prioritise investments focusing on increasing the level of competitiveness through innovation and digitalisation, energy efficiency measures for public and residential buildings, exchanging green infrastructure, promoting sustainable urban and regional mobility, improving access to education services and investments in sustainable territorial development with a focus on tourism (OECD, n.d.[5]).

Managing the Regional Programmes presents RDAs with a significant opportunity to further position Romania's eight development regions as the locus of territorial development planning – providing the agencies with a powerful tool to drive the implementation of their regional development plans and

strengthen stakeholder buy-in for their regional visions. However, new responsibilities come with new challenges. RDAs will need to expand their know-how and expertise to meet the demands of acting as a regional Managing Authority and all of them could benefit from upgrading their skills across the strategic planning cycle to better shape and drive their region's development (OECD, 2022[6]). RDAs are motivated to learn and upgrade their capacity, and several have already or intend to expand the number of staff involved in strategic planning. The rest of this section examines the strategic planning challenges faced by RDAs in providing suggestions on how they could be overcome. In many cases, these are not challenges that a single RDA can address alone: guidance and support from MDPWA, Ministry of European Investments and Projects (MEIP) and other relevant national actors will be essential, as well as peer-to-peer collaboration under the auspices of ROREG.

An updated methodology and increased national support could improve strategic plans

The RDAs have invested significant time and effort in developing the current iterations of regional development plans, which are publicly available on each RDA's website. To develop their plans, the RDAs currently rely on the general planning methodology developed by the MDPWA in 2012. This general methodology for all eight regions provides a minimal set of common elements for the content, the elaboration and approval process. Each plan follows a consistent structure, starting with a socio-economic analysis of the region, followed by strengths, weaknesses, opportunities, and threats (SWOT) analyses for selected sectors, the RDA's development strategy for the region (which includes regional objectives), an implementation plan, a monitoring plan, details on the stakeholder engagement conducted to inform the plan and finally a list of priority projects suggested by regional stakeholders. Most but not all regions also include a section estimating the financial needs to deliver the plan (calculated based on the list of proposed projects) and some regions include sub sections setting out the connections between the region's plan and the priorities of the European Union and the national government.

The regional development plans are dense and technocratic, with most plans running over 300 pages (and, in the case of South Muntenia, over 600 pages). They do not contain executive summaries and a significant portion of the plan is dedicated to data-heavy socio-economic summaries of the region. Such lengthy documents do not provide RDA staff, local elected leaders or local officials with a clear reference to drive decision making for regional development initiatives. They also make it harder to communicate an RDA's vision and objectives for its region's development to local citizens, businesses, academia, civil society and NGOs. Not only does this make it less likely that local stakeholders will develop initiatives to help deliver the regional development plan but it also makes it harder for anyone to hold the RDA and local governments accountable for delivering the plan.

The uniformity in the overall structure of regional development plans is welcome as it makes it easy for stakeholders to find information within them. However, when digging deeper into the plans, it becomes clear that the socio-economic summaries and the SWOT analyses included do not use consistent categories or structures. While this allows plans to focus on the specific issues that affect a given region, this, in places, results in long sections of superfluous detail. For example, some plans include lengthy discussions of the flora and fauna found in the region (e.g. South-Muntenia). It also reduces the comparability across different plans, making it difficult for ROREG to assess the quality of all plans across regions. Each region provides SWOT analyses of several topics, some of which focus on specific sectors (e.g. agriculture, tourism), while others explore cross-cutting issues (e.g. human capital, connectivity) without a clear description of how they all come together to influence the relevant region's development. Moreover, the SWOT analyses and regional objectives which follow them are not set in the context of the RDA's stakeholder engagement. While there is a section on stakeholder partnerships and working groups in each plan, it is short, focused on process and at the end of the document. As a result, stakeholder perspectives are not explicitly integrated into or communicated through the plan.

Every plan contains a section on monitoring, proposing indicators to track progress against the plan and setting out reporting processes and timelines. For example, the Centre region's plan proposes a report be undertaken after three years to review achievements and implementation challenges and propose potential modifications to indicators and targets if current ones are no longer applicable. However, the form this section takes is inconsistent across plans and its usefulness to guide performance measurement activities is not always clear. For example, a few RDAs simply provide a list of metrics to track, others provide data on the base year and base value of these metrics, and some provide specific targets for the metrics. Across plans, many of these sections are about monitoring while leaving out a more comprehensive evaluation of projects, with a focus on output indicators (e.g. number of companies supported or kilometres of road improved) rather than an assessment of outcome indicators or even the impact of the initiatives on the region's development (Box 3.1). Finally, plans do not detail how the region intends to evaluate the impact of the combined suite of measures contained in the plan on the region overall.

Box 3.1. Distinguishing among different types of indicators

An indicator is a measure that can capture different types of information and provides insight for evidence-informed decision making. Indicators are generally divided into four categories:

1. **Input indicators** reveal what resources (e.g. people, money, time) are used in what amounts to produce and deliver goods and services.
2. **Output indicators** capture the goods and services that activities produce (e.g. number of local civil servants trained, the number of small and medium-sized enterprises (SMEs) that received financial support and kilometres of roads built).
3. **Outcome indicators** capture the dimension that is expected to change as a result of an intervention (policy, programme or project). They show the real-world changes that practical outputs will produce (e.g. the percentage of people who have improved their situation in the labour market within a certain number of months after their participation in training).
4. **Impact indicators** relate to the expected impact of a policy intervention on the economy or society in general. They measure changes in the long term.

In determining what to measure, two factors are particularly important: the objectives of the monitoring system and the objectives of the policy/programme/project.

Source: Based on OECD (2022[7]), *Rebuilding Ukraine by Reinforcing Regional and Municipal Governance*, https://doi.org/10.1787/63a6b479-en.

Thus, while the current regional development plans are a useful starting point, the RDAs would benefit from support to make them more effective and user-friendly documents. Since 2012, there have been no updates to the general planning methodology developed by MDPWA nor any additional guidance, capacity building or training from the national government to address specific challenges that RDAs face in the planning process. As a result, RDAs lack tools and knowledge regarding how to track and project development trends in their regions, how to link financial resources and budgets to various priorities and initiatives, and how to assess the outcomes of policy interventions with regard to the objectives. A more contextualised, comprehensive methodology for strategic planning that addresses these gaps is a crucial starting point for RDAs to enhance their strategic planning. MDPWA and the MEIP should provide ongoing engagement with RDAs to support its application.

As part of the upgraded methodology, careful thought is also required as to how to ensure that regional development plans are supported and implemented, which depends on the actions of a wide range of stakeholders. The complexity arises with the counties and local governments, which are more prone to

prioritise their own development plans. One way to overcome this challenge could be to more actively and concretely include local governments in the strategic planning processes. Regional planning in Ireland – a country similarly without a regional tier of government – provides an instructive example (Box 3.2). Ireland established a regional planning structure that engages both local and national stakeholders through committees and working groups to design Regional Spatial and Economic Strategies, with the jointly agreed plans implemented in partnership with local authorities and state agencies. The Irish example shows how the Romanian RDAs could give regional planning and organisations greater political recognition and significance.

Box 3.2. Regional Spatial and Economic Strategies in Ireland

Ireland has traditionally had a highly centralised state. It has 26 county councils, 3 city councils and 2 city-and-county councils, all forming local government in Ireland. There is no regional government in the country but three regional assemblies, consisting of members of the local authorities from the region, play an important role in regional and national strategic planning.

Ireland's National Development Plan 2021-2030 and its National Planning Framework 2040 together serve as the investment plan for the country. They provide the structure for the Regional Spatial and Economic Strategies (RSES), which are prepared by the regional assemblies. These RSES inform decisions related to regional public infrastructure investment aligned with the National Development Plan 2021-2030 and guide county and city planning, economic policy and investment.

The RSES take a cross-sector approach, combining a spatial strategy, an economic strategy, a climate strategy, an investment framework and, in some cases, a metropolitan plan. Each strategy is prepared within a regional co-ordination framework, which gathers input from local authorities and other relevant stakeholders, including the Department of Housing, Local Government and Heritage and the Department of Public Expenditure, National Development Plan Delivery and Reform. For example, in the Eastern and Midland region, the Assembly is arranged into three Strategic Planning Area Committees consisting of elected members, which feed into the RSES process. A Senior Officials Advisory Group made up of representatives from local authorities, government departments and public agencies, provides a strategic advisory role during the process. Technical working groups are usually organised to develop its RSES.

Source: Based on OECD (2020[8]), *The Future of Regional Development and Public Investment in Wales, United Kingdom*, https://doi.org/10.1787/e6f5201d-en; Bradley, M. (2019[9]), *Regional Spatial and Economic Strategy (RSES) for the Eastern and Midland Region, Eastern and Midland Regional Assembly (Ireland)*.

Beyond simply engaging local stakeholders in the design of regional plans, regional and national policy makers could identify functional and financial incentives to rally the support of public and non-governmental actors. An example of a financial incentive could include the creation of a central government fund for regional development that provides dedicated funding for projects designed by county and local governments, which need to contribute to the objectives of the regional development plans. This would make it financially beneficial for counties and local governments to align their projects with the regional vision. Such a fund should be complementary to existing funding schemes to avoid duplication and maximise synergies across investments. France provides an interesting example of such a financial incentive through the National Fund for Planning and Territorial Development (Fonds national d'aménagement et de développement du territoire). The initiative receives funding from the French central government, regional authorities and EU Cohesion Policy Funds to support projects contributing to local economic development, urban and rural planning, transportation, cultural heritage preservation, social inclusion and environmental protection (Besse, 2003[10]). An example of a functional incentive could include

providing capacity-building support (e.g. preparing didactic material and delivering training) on how to develop local strategic planning documents that align to the RDA's regional development plan.

RDAs struggle to ensure strategic coherence between regional and local objectives

RDAs have struggled to ensure that county and local governments' priorities and development plans are consistent with their regional vision (OECD, 2022[6]). While regional plans may emphasise long-term, future-oriented priorities, such as competitiveness, innovation and digitalisation, local plans can struggle to strike the right balance between immediate concerns and longer-term goals. For example, in the North-East, local plans place significant attention on addressing the impact of recent events such as Russian's large-scale war against Ukraine, the COVID-19 crisis and supply chain distractions, overshadowing long-term structural development needs (e.g. building human capital) (OECD, 2022[11]). Local stakeholders in other regions also struggle to build sophisticated future-oriented aims. For example, in the South East, local authorities, businesses, civil society organisations and local communities tend to follow traditional or existing paths when developing ideas or initiatives supporting regional development, e.g. to attract more tourists to the locality, they may focus on building more hotels (OECD, 2022[12]). As a result, there is a fragmented planning landscape of inconsistent or even contradictory objectives and misaligned initiatives, while the synergies and trade-offs between local and regional activities are not well capitalised.

The underlying causes of this regional-local disconnect vary among the regions, with RDAs struggling to manage various combinations of:

- **Low-quality local strategic planning**: In several cases, local governments do not have the capacity to identify local development priorities or tie these to the wider regional plan. For example, in South-West Oltenia, by October 2023, only half of the region's local governments had adopted a local development plan (OECD, 2022[13]; 2022[14]). Challenges regarding the local capacity for strategic planning were also notable in the North-East and South-East and West regions. This disconnect is driven by a lack of strategic planning expertise within local authorities, including a general lack of practical guidelines or manuals to help local governments as they design and implement their local development plan. These challenges are compounded by the absence of robust and up-to-date databases to help conduct needs assessments and/or a lack of tools to engage stakeholders in local planning. Many local governments rely heavily on external consultants to support their strategic planning processes, which entails risks of limited stakeholder engagement in the planning process, and/or missing opportunity for local governments to build in-house planning expertise. The absence of clear tools and resources, peer-to-peer knowledge-sharing opportunities and regular capacity-building support also add difficulties in strengthening local planning quality. While RDAs would like to support local authorities to improve their strategic planning, they lack the human resources to do so effectively, particularly given the large number of local authorities within some regions. For example, there are 6 counties and 552 local governments in the North-East alone.

- **A lack of local incentives and accountability for regional development plans**: Across RDAs, local authorities do not have adequate incentives to ensure regional-local strategic linkages as no measures hold them responsible for alignment to or delivery of the regional development plans. Some local authorities do not see the value of ensuring strategic coherence without formal accountability mechanisms.

- **Asynchronous planning cycles without guidance on how to sequence the development of regional, county and local government plans**: Romania does not have a national planning law to define which planning instruments need to be developed, to what timelines and how the different instruments should align. As a result, regional and local strategic planning cycles do not always align, with some localities developing their plans before the regional plan and others afterwards. Furthermore, it is not clear whether regional plans should be built on local ones or whether local

plans should be based on regional ones. This makes it hard to align priorities and implementation across the different levels of planning in place across each region. This was a challenge in the North-East, as well as in Bucharest-Ilfov region, where stakeholders report that each of Bucharest's six sectors has its own strategy and planning timelines, and the sectors generally do not actively co-ordinate with the city of Bucharest.

- **Difficulties engaging local stakeholders in regional discussions**: When some RDAs tried to engage local authorities in the design of the regional development plans, they did not receive high-quality input (OECD, 2022[6]). For example, the RDA in South-West Oltenia noted that local governments simply sent them a large list of desired projects that were not prioritised, which made it very difficult for the agency to ensure their plan meets local needs. Similarly, while private sector representatives are generally invited into regional planning discussions, they often do not see the value or do not prioritise participating in the meetings.

Underpinning these considerations lies a deeper challenge – the differing perspectives between RDAs and local authorities: i) on the balance between short- and long-term development priorities; and ii) between physical infrastructure investments and "softer" investments in competitiveness, research and development and human capital. RDAs are more likely to prioritise long-term challenges and "softer" investments surrounding climate change, competitiveness, and innovation. Meanwhile, local authorities tend to focus on addressing more immediate, infrastructure-based or other "hard" priorities and investments, such as improving roads or building schools, which they see as a tool to bolster public support for their administration. While the RDAs would argue their approach is more strategic, local authorities find that regional development plans are disconnected from local needs. Both types of projects are important for regional development and a balance of investment between short-term priorities and long-term investments is likely to deliver the greatest overall benefit. However, the preference of counties and local authorities for short-term, tangible projects has disrupted this balance and the RDAs lack a clear mechanism to generate support for long-term initiatives.

To address these challenges, there is a need to better co-ordinate the regional and local planning processes. Formal guidance or legislation from the national government clarifying the status of and interconnections between local and regional plans could help foster better linkages between regional and local development priorities. For example, in Mexico, federal and state planning laws specify which planning documents (e.g. federal, state and municipal development plans and policy programmes) each level of government has to develop, when and how they need to be linked (Box 3.3).

Box 3.3. Mexico's framework for multi-level strategic planning

Mexico has a well-established tradition of strategic planning at the federal and state levels. Article 26 of the Mexican constitution and the national planning law require the establishment of a national development plan for each six-year presidential term. This plan, which by law should take into account the results of a wide-ranging consultation of citizens, sets out broad priorities for the development of Mexico. As such, it provides a framework of reference for:

- Institutional, sectoral and special policy programmes to be developed by federal agencies.
- Six-year development plans drawn up by state governments.
- Annual budgeting processes at the federal and state levels.

Moreover, each of Mexico's 32 state governments has its own planning law, which specifies the procedure for designing the state development plan, state-level institutional, sectoral and special policy programmes, as well as municipal development plans. It includes information and guidelines on who

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should lead their design process, how the different federal, state and municipal planning documents should be aligned and within what timeframe they need to be drafted, reviewed and adopted.

Source: Based on Mexican National Congress (2018[15]), *Ley de Planeación [Planning Law]*, https://www.diputados.gob.mx/LeyesBiblio/pdf/LPlan.pdf (accessed on 23 August 2023).

Expanded guidelines on strategic coherence and when to engage local stakeholders throughout the regional development planning process could also be incorporated into ROREG's updated planning methodology for RDAs. Building on the example from the Czech Republic (Box 3.4), the national government may wish to provide a tool for mapping strategic objectives between different levels of government.

Box 3.4. The Czech Republic database for strategic documents at all levels of government

The Strategies Database developed by the Ministry for Regional Development in the Czech Republic collects development strategies at all levels (local, supra-local, regional, national and international). One important feature of the database is mapping the development areas and objectives to which these strategies contribute. The database includes 24 development areas (e.g. industry and construction, energy and heating, culture, employment and market, sustainable development) and each area has sub-areas. For each strategic document, users can see which development areas the document covers.

Source: Ministry for Regional Development of the Czech Republic (2022[16]), *Databáze Strategií - Portál Strategických Dokumentu v CR*, https://www.databaze-strategie.cz/cz/mistni-dokumenty.

Local authorities should be encouraged to think beyond their locality to embed regional priorities in their planning processes. Building on the example of Colombia (Box 3.5), ROREG and the RDAs could provide county and local governments with a package of easily accessible materials and training on how to undertake effective strategic planning at a local level and how to connect this to regional plans and initiatives. Simultaneously, RDAs should also consider how they can adapt their approach to stakeholder engagement to better support local authorities, for example by reframing communications to emphasise a long-term regional vision. ROREG could support RDA engagement with local authorities by collating case studies of how to engage local stakeholders most effectively in the planning process. These case studies could draw on successful examples within Romania, as well as international initiatives. With regard to the latter, the Dutch government intends to launch a digital 'monitor' where municipalities can exchange citizen engagement practices. In addition, the Association of Dutch Municipalities has a database to facilitate the sharing of good practices (Box 3.5).

Box 3.5. Supporting municipalities to develop high-quality local plans

Colombia's online Territorial Portal

The National Planning Department created the Territorial Portal of Colombia to help municipalities improve municipal planning, administration and service delivery. The portal functions as a one-stop shop for:

- Information on municipal planning and budgeting regulations and procedures.
- E-learning packages on topics such as: public investment, spatial planning, financial management, design of local development plans and monitoring and evaluation. These packages include manuals, training videos, recommendations, examples of good practices, etc.
- Excel and PowerPoint formats related to the above-mentioned topics that can be adjusted by the local governments.
- Contact information of territorial advisors located in different parts of the country.
- Information on relevant national government policies implemented at the local level.

The Netherlands' digital "monitor" and good practices database

In 2023, the Dutch government announced the launch of a digital "monitor" to facilitate sharing good examples of citizen participation across municipalities. Specifically, the monitor will help municipalities identify which practices work, which do not and what challenges municipalities and residents face when such initiatives are implemented.

Alongside this, the Association of Dutch Municipalities already has an online database of hundreds of examples of local initiatives and experiences on a wide variety of topics, including citizen participation and regional planning. These case studies, which are easily searchable by subject on the association's website, offer succinct summaries of the initiatives undertaken in different municipalities.

Source: Based on Departamento Nacional de Planeación (2021[17]), *Portal Territorial de Colombia [Territorial Portal of Colombia]*, https://portalterritorial.dnp.gov.co/ (accessed on 21 August 2021); Association of Dutch Municipalities (2023[18]), "Good examples of citizen participation sharing", https://vng.nl/nieuws/kabinet-goede-voorbeelden-burgerparticipatie-delen; Association of Dutch Municipalities (2023[19]), *Case Studies of Local Initiatives*, https://vng.nl/overzicht-praktijkvoorbeelden?f%5b%5d=practical_examples_subjects%3A380664.

Regional data gaps hamper the quality of regional planning

The lack of reliable and up-to-date data at the regional and particularly the local levels has been repeatedly highlighted by all regions as a key barrier to strategic planning. RDAs rely on data from official sources such as Eurostat and those provided by the Regional Statistics Directorate of the National Institute of Statistics. However, regional-level data are lacking for multiple regional development sectors, such as research, innovation, the environment, circular economy, energy efficiency and cultural heritage. Missing data reduce the statistical power of the analysis and can distort the validity of the needs assessment for regional planning. They also make it difficult for the RDAs to identify baselines and milestones as part of the regional development planning, monitoring and evaluation processes.

The problem regarding regional data manifests in several ways across RDAs:

- **Low data availability**. For some sectors, a wide range of regional and local-level indicators are missing. These data are not collected by the national authorities and county and local governments lack the resources and expertise to generate and collect those data. RDAs also struggle with a lack

of information about the implementation of national programmes, with no consolidated and up-to-date information about ongoing projects in each region provided by the national government. While RDAs could collect at least some of this information through other channels (e.g. surveys), this would draw further on RDA resources and potentially extend the planning timeline, particularly given that sending official letters to local authorities requesting data generally involves a long administrative process, which is set out in legislation. Moreover, unless a standardised survey is disseminated in all counties, cities and/or towns, data obtained through surveys do not allow for comparison across government units.

- **Low data quality**. RDAs pointed out that some data can be outdated or based on obsolete statistical methodologies. In some cases, national data collection is conducted with templates or methods that are not applicable to the regional level and thus significantly hampers regional data quality.

- **Low data accessibility**. Data accessibility is limited due to the fragmentation of data sources (i.e. RDAs need to collect data from multiple sources and databases), the low level of digitalisation and limited interoperability among databases. Many databases also lack features or tools for users to compare past and present data, limiting the ability of RDAs to identify trends, notice changes or measure regional development performance over time.

Combined, these issues make data collection cumbersome and highly time-consuming for all RDAs. It is particularly challenging for RDAs, such as the West, if they do not have an official agreement or partnership with relevant statistical institutions that manage the relevant databases. This requires the RDA to co-ordinate individually with each institution to collect data and potentially repeat the process for each planning cycle.

At the same time, the challenge extends beyond data gaps and low levels of analytical capacity among RDAs. Some RDAs considered the main challenge to be the identification of the most relevant indicators to assess development needs. Others highlighted that they did not have the necessary human resource capacity available – both in terms of time and skills – to adequately analyse the available databases. Some RDAs, such as North-West and South-East, have at times engaged external consultants to help address data challenges but this is not a long-term solution.

There are steps which RDAs can take individually to strengthen their ability to analyse relevant regional data, beginning with deepening their understanding of their own data infrastructures and identifying future data needs before investing in new systems or training for RDA staff to boost their data gathering and analysis capacities.

However, a significant element of the data challenge is outside of the direct control of the RDAs, particularly where statistical authorities use methodologies which produce low-quality, or even no, regional data and where databases are poorly digitised without easy comparison and visualisation options. As such, the national government must address many of the challenges here. ROREG should work with national authorities to highlight the data needs of RDAs and push through improvements to regional-level data collection and dissemination. Given that data analysis capacity is a common capacity gap across RDAs, ROREG could explore ways to provide shared data analysis capacity-building initiatives across regions. One way to do this could be for ROREG, together with the national government, to create a portal for regional data that could be shared across RDAs. The portal could provide RDAs with dashboards and other tools to visualise and analyse data, as well as the option to create reports to communicate insights to stakeholders. The Data Analysis Portal of the United Nations Development Programme (UNDP) in Mexico (Box 3.6) can serve as an example of how to disseminate relevant data through a publicly accessible portal.

> **Box 3.6. Data Analysis Portal in Mexico**
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> In order to improve evidence-informed decision making by public officials at the national, state and municipal levels, UNPD Mexico created the Data Analysis Portal (*Plataforma de Analysis de Datos*). It has three main components:
>
> 1. A databank that contains regional- and local-level data on over 600 indicators that are gathered by the National Institute of Statistics and Geography. The databank enables users to browse different datasets, generate charts and tables and make comparisons.
> 5. A databank with relevant analytical reports, development strategies and plans.
> 6. An application that enables users to download very concise information sheets for municipal government. The sheets present up-to-date information on a wide range of indicators (e.g. health, governance, education, crime) and compare municipalities' performance with that of the regional and national averages.
>
> Source: Based on UNDP Mexico (2023[20]), *Plataform de Análisis de Datos*, https://pad.undp.org.mx/.(accessed on 2 November 2023).

Monitoring and evaluation are inhibited by data, culture and capacity gaps

The monitoring and evaluation of regional development plans is one of the weakest elements of the strategic planning cycle across many Romania's RDAs. RDAs generally organise their monitoring and evaluation activities around the Regional Programmes, since such activities are an obligation for Managing Authorities. Meanwhile, some regions have not yet comprehensively evaluated their 2014-20 regional development plans. For example, the South-Muntenia Regional Development Council has not yet approved an evaluation report for the period. Limited evaluation impedes the ability of many RDAs to learn from past successes and failures and adjust their strategic planning accordingly. Without such insights, organisations risk repeating mistakes and overlooking valuable lessons. Furthermore, a lack of evaluation reduces transparency, as well as the RDA's accountability to the Regional Development Council and citizens. One reason for weak evaluations is the regional data gaps already noted above. However, the challenge extends well beyond data availability.

The institutional culture around evaluation is a major obstacle to effective evaluation by RDAs. In many cases, stakeholders (including the Regional Development Councils) have yet to consider monitoring and evaluation a valuable tool for policy improvement. Instead, evaluation can be perceived as oriented towards finding failures or as something that will only be used by the national government or the European Commission to hold the RDAs to account. In fact, some RDAs question whether monitoring and evaluation reports are considered useful by beneficiaries. To some extent, this problem may be related to the non-binding nature of the regional development plan. Since there is no requirement for local authorities – who sit on the Regional Development Council – to support the plan's implementation and there is no other accountability mechanism for its implementation, stakeholders lack incentives to track the progress and assess the plan's performance and outcomes.

The capacity to carry out monitoring and evaluation exercises, both in terms of the number of available staff and their expertise, presents a further challenge for RDAs. Most have a limited number of employees working on strategic planning, with even fewer devoted to monitoring and evaluation of the plan. While some RDAs have engaged external consulting firms to support the development of the regional development plan, this has been less prevalent for the evaluation phase and some RDAs have encountered difficulties recruiting evaluation specialists. Even where staff are engaged in monitoring and evaluation, they report feeling unable to identify the most relevant indicators for evaluation and that they

lack a methodology to establish clear linkages between indicators and regional development objectives. This challenge is evident in the drafting of the current regional development plans, which focus more on output than outcome indicators. As noted above, the potential of ROREG's drafting of an updated planning methodology, together with the MDPWA, should provide guidance to RDAs on this.

It is not easy to change a policy-making culture overnight and building institutional evaluation capacity will require significant investments. However, capitalising on the obligation to monitor the Regional Programmes, the RDAs could start by assessing how each of their Regional Programmes is contributing to the regional development plans. This will require developing impact indicators on overall regional development that go beyond the EU requirement for the Regional Programmes. By doing so, the RDA will be able to demonstrate not only the performance of the Regional Programmes but also the value-added of having the RDAs managing it. This is a crucial concept for RDAs to prove in their first programming period as Managing Authorities. To facilitate this, RDAs could seek to develop impact indicators for the Regional Programmes vis-à-vis the objectives and vision defined in the regional development plans.

To take this approach, RDAs will need to mobilise local authorities and other stakeholders in Regional Development Councils to support more effective monitoring and evaluation. Local authorities, in particular, will need to facilitate data collection. Such a mobilisation will require RDAs to demonstrate how the Regional Programme supports local development objectives and do more to increase the relevance and usefulness of their monitoring and evaluation reports to stakeholders, showing local authorities the transparency and accountability benefits it provides. Moreover, RDAs should significantly expand their own monitoring and evaluation capacities. This could be done by training existing staff, targeting new hires where necessary, and creating new governance structures to oversee and drive forward evaluation plans.

Given that much of this may be new for RDAs, ROREG should consider the support it can offer, particularly providing advice on how to most effectively focus the RDAs' limited evaluation resources. This could include working with the MDPWA and the National Institute of Statistics to develop cross-RDA guidance and training for the monitoring and evaluation of regional development plans. These should focus on how RDAs can link monitoring and evaluation results with development priorities to clearly demonstrate how a policy or investment contributes or has contributed to regional objectives. Such guidance should be part of the regional development planning methodology as suggested above. ROREG could also consider setting up a cross-RDA working group on monitoring and evaluation, led by an RDA, which could identify shared challenges, disseminate good practices developed by one or more RDAs, and design tools the RDAs can use to strengthen their monitoring and evaluation practices.

Finance and implementation

Romania's RDAs function as NGOs. As such, they depend on the actions of a wide range of public (counties and local governments) and non-governmental (e.g. the private sector, higher education institutions and civil society organisations) actors to contribute to the implementation of the regional development plans and Regional Programmes. Such contribution is voluntary in that there is no legal requirement or incentive structure to ensure that county or local governments support the implementation of regional development plans. There is a greater incentive to support the Regional Programmes given their link to EU Cohesion Policy funds, although even this incentive can be limited in its effectiveness. This presents a challenge to regional development planning and implementation that many RDAs view as fundamental.

The Regional Programmes' implementation is largely made possible through EU Cohesion Policy funds, which generally need to be complemented by local resources (e.g. own-source revenue of county and local governments). As new Managing Authorities since 2021, the RDAs design and publish regular calls for proposals, assess project proposals and disseminate funds to the beneficiaries whose projects are selected. The RDA's new control over the Regional Programme brings programme decision making closer

to the regions, counties and municipalities it seeks to serve. However, becoming a regional Managing Authority is not an easy task and the RDAs face a number of important challenges. These include: i) their capacity to design calls that meet the needs of local beneficiaries and match their administrative capacity; ii) the skills and expertise of beneficiaries to prepare mature project proposals and ensure their implementation; and iii) the RDAs' skills and expertise to track the implementation of the projects in order to establish to what extent they contribute to the objectives set out in the Regional Programmes.

In the case of the regional development plans, the question of how these are funded and financed is more complicated. This has several reasons. First, the RDAs themselves do not have the financial resources to fund project implementation. Second, there is no central government grant (e.g. a national fund for regional development) to support the implementation of the regional development plans. Third, EU Cohesion Policy funds for the Regional Programmes only cover part of the needs for regional development plans, meaning that alternative funding and financing need to be mobilised to ensure their full implementation. Fourth, there is no legislation mandating county and local governments to support the implementation of the regional development plans. As such, the RDAs need to leverage their influence and foster co-ordination and collaboration among public and non-governmental stakeholders to rally their contribution to the objectives of the regional development plans.

The Regional Programmes provide significant but insufficient funds for regional investment needs

Through national and regional programmes, Romania will benefit from EUR 32 billion of Cohesion Policy funding[1] in the 2021-27 programming period (EC, 2023[21]). Cohesion Policy funds represent an important source of funding for regional development in all regions and, as new managing authorities, project calls can be designed to be more closely linked to the region's development plan. However, even if the Regional Programmes were to be completely aligned with regional development plans, the Regional Programme budget represents just a fraction of the finances required to deliver the initiatives proposed in the RDA's regional development plan. For example, the Regional Programme represents 23% of the funding required in the Centre and 20% in the West but just 12% in Bucharest-Ilfov. Only in the North-East is the Regional Programme large enough to fund over half (53%) of the projects identified in the regional development plan (OECD, 2022[6]).

As a result, RDAs can design project calls to ensure the Regional Programme supports the delivery of their regional objectives, but they are reliant on other sources of funding and financing to deliver the majority of their proposals in the regional development plans. RDAs and local stakeholders will need to mobilise resources from the national programmes of Cohesion Policy (notably the Programme for Transport and the Programme for Sustainable Development), Horizon 2020, Interreg programmes, the National Recovery and Resilience Plan, and other local, national and international funds. Financing could also be sought from national and international institutions, including the European Investment Bank.

Without sufficient, dedicated funds for the regional development plans, the long-term certainty required to deliver major regional projects is compromised. Crucially, outside of the Regional Programmes, RDAs have limited influence over how funding and financing is allocated in their region. As a result, there is a risk that other actors do not allocate resources to projects which align with the regional development plan and may prioritise other objectives.

In many regions, local governments faced difficulties identifying the most appropriate funding and financing sources for their projects. While regional development plans often identified sources of funding and financing for the plan's objectives, some did not. Moreover, in all cases, local governments could provide more guidance on how to match the type of interventions with the funding schemes. This could cover the comparative advantages and constraints of different funding schemes and a set of principles or criteria that can help beneficiaries start identifying which source they should apply to for which types of projects. RDAs could draw on the example set by the Centre RDA, which developed a catalogue of funding

resources for different projects corresponding to the different priorities of regional development plans. The catalogue contains five sections addressed to private companies, public authorities, NGOs and universities, and the RDA also publishes a monthly newsletter containing up-to-date national and EU-level funding opportunities (OECD, 2022[22]). A similar approach has been taken by South-West Oltenia, where each month, the RDA publishes lists of funding and financing opportunities for different stakeholders (e.g. local authorities, universities and businesses) on its website (OECD, 2022[13]; 2022[14]). This kind of guidance need not be included in each regional development plan but could be a separate document issued centrally for all regions by ROREG and regularly updated. Centralising efforts in this way could help RDAs use their human resources more efficiently and ensure stakeholders had access to the widest array of funding opportunities.

RDAs need to build expertise and capacity for effective call design and execution

The RDAs have extensive experience executing EU funds, but the transition to the role of a Managing Authority for EU funds brings significant new responsibilities for every RDA. The design, appraisal and selection of EU-funded projects involves a series of steps, from informing potential applicants of a project call to the final approval of selected projects, and RDAs will need to build expertise and capacity at every stage. This will include preparing relevant documents for calls, transparent and objective appraisals, defining selection criteria and preparing templates for applications and contracts. RDAs will also have to decide what format project calls will take, with Managing Authorities able to launch calls that are first-come, first-served, on an "open" basis, permitting potential beneficiaries to apply until the funds are exhausted, or via a competitive selection system. These are not mutually exclusive approaches and Managing Authorities may use a combination of call formats. These new responsibilities will be particularly challenging for the RDAs with relatively few staff members. On average, RDAs had 155 members of staff in 2022 but Bucharest-Ilfov had just 98. The Centre and South-West Oltenia RDAs also had fewer members of staff than average, with 138 and 144 respectively (OECD, 2022[2]).

All RDAs will need to design effective calls and applicant guides. This will be a new task for RDAs and, if done poorly, could represent a critical bottleneck in the management of Cohesion Policy funds. RDAs will need to ensure their calls and selection criteria simultaneously align with Regional Programme aims, regional development needs, the market (e.g. the latest development in various industries) and target beneficiary capacities, which may differ among types of beneficiaries. In doing so, RDAs will have to find ways to manage gaps in expertise and capacity within the RDA itself, as well as among beneficiaries.

For example, in South-West Oltenia, the RDA noted that non-governmental actors with relatively few human resources at their disposal can get lost in documentation requirements and procurement regulations. The maturity of projects they prepare is generally lower than those prepared by counties and local governments. This mainly reflects a limited understanding of local businesses, academic institutions and other private actors of the calls for proposals (OECD, 2022[14]). Contrastingly, in the West RDA, some local governments had difficulty developing projects, with particular challenges in developing a diverse, integrated portfolio of projects that go beyond the traditional measures (OECD, 2022[23]). ROREG could support RDAs in navigating these challenges, for example by sharing examples of good applicant guides. Given all RDAs will be experiencing similar challenges simultaneously, ROREG may also want to consider setting up a working group where RDAs can explain their challenges, share any good practices, and discuss where further ROREG support is most needed.

Internally, RDAs have limited expertise in newer EU priorities such as circular economy, net zero transitions and social innovation. This affects their ability to design and launch calls that support objectives in these areas, as per the Regional Programme. RDAs can find it difficult to find the funds to hire consultants to fill this gap and, in some regions such as South-Muntenia, stakeholders report that knowledge and expertise on these topics do not exist, even among potential consultants. RDAs will need increased support from the national government to help expand their skills and expertise in these new priority areas, as well as a

strong motivation to learn from the approach taken by national and regional managing authorities beyond Romania. This is an opportunity for the MDPWA to mobilise experts in line ministries to support RDAs. Adapting the approach taken by Lithuania to engage experts in the management of EU funds (Box 3.7), the MDPWA could arrange for experts from the relevant national ministries to provide RDAs with training and consultation on how to design calls for topics where RDAs lack expertise.

Box 3.7. Engaging experts in the management of Operational Programmes in Lithuania

In the 2014-20 programming period, Lithuanian Intermediate Bodies, comprised of the relevant national ministries, were in charge of the selection process for the country's EU Structural Funds Investments Operational Programme. These bodies mobilised experts from specialised agencies and ministries to be involved in the appraisal of applications. When strategic documents which described a policy measure were produced (usually three to four months before the actual launch of a call), the possible need for experts with technical expertise was made explicit. The body in charge of the selection process contacted the relevant agency or ministry which could have experts with the required skills. An agreement or memorandum was then developed and signed, which specified all of the conditions of the exchange (e.g. the tasks of the experts, the number of projects to be assessed, the documents to be used). Usually, the experts evaluated only the technical parts of the applications, leaving the appraisal of administrative and general aspects to the Intermediate Body's officials in charge of the selection process.

Source: Based on European Commission (2022[24]), *Handbook on Selection of Operations*, https://doi.org/10.2776/489134.

Beyond the design and execution of calls, many RDAs (including the North-West and South-West Oltenia RDAs) expressed concern about their capacity to address litigation initiated by potential beneficiaries whose project proposals were not approved, as well as their capacity to investigate and litigate any financial irregularities. In the previous programming period, the MDPWA, being the Managing Authority for the Integrated Regional Development Programme, managed these processes. As all RDAs face similar challenges in this respect when transitioning to their new role, RDAs could co-ordinate their capacity-building efforts in these areas with their peers. As part of ROREG, the RDAs could, for example, organise periodic knowledge-sharing events in which RDAs that have particular experience with managing fraud by beneficiaries can share their knowledge and lessons learned with the other RDAs. RDAs could also work together to explore establishing mechanisms to support temporary secondments and job shadowing. For secondments and job shadowing to work, however, financial and functional incentives need to be in place to ensure that RDA staff and the RDAs themselves are interested in and can benefit from participating.

While setting up their own Regional Programme processes, the RDAs will also have to contend with the poor experiences of some stakeholders during the last programming period. For example, in the North-East, stakeholders report feeling that in the past, they were not well-engaged in call preparation, resulting in low response rates to some calls, a disconnect between call intentions and the project proposals submitted by stakeholders, and high rates of proposal rejection. In other regions, administrative issues were a major challenge during the last programming period. For example, this was the case in South Muntenia, where nearly half of the projects for a call that received 34 proposals were rejected for reasons such as missing documentation, the ineligible status of beneficiaries or land ownership problems. Thus, when developing calls, RDAs should consider the experiences and expectations of beneficiaries and how this might affect their response to calls. Building on the examples from the Czech Republic and Estonia (Box 3.8), RDAs should consider deep and direct engagement with beneficiaries to understand how they interpret call objectives, prepare documents and draft proposals, as well as how they develop ideas and partnerships for project bids. The RDAs could then leverage this engagement to design high-quality

applicant guides with clear, reader-friendly guidelines alongside examples that can help applicants design good-quality projects. Although this is a new responsibility of the RDAs, stakeholders regularly mentioned that calls and guidelines could be significantly improved. High-quality applicant guides could share some common features regardless of the topic of the call and ROREG could support RDAs by working across regions to develop shared templates, guidelines and good practices.

Box 3.8. Engaging stakeholders in the design of call and funding documents

Participatory approaches for improving the selection process in the Czech Republic

The Czech Operational Programme Environment maintained a communication channel with relevant stakeholders throughout the 2014-20 programming period, making it possible to revise existing practices when needed and ensure constant improvement of the selection process. The Managing Authority established a digital platform where all relevant stakeholders (e.g. representatives of applicants, managing authorities, intermediate bodies, NGOs, companies and universities) could discuss various aspects of the selection process, such as methodological procedures, good practices and experience with the information technology and monitoring systems. This approach helped the Managing Authority gather useful information on how to continuously improve the selection of projects.

Strengthening stakeholder capacity to design interventions in Estonia

To facilitate project and call design for Cohesion Policy funding in the 2021-27 programming period, Estonia's Managing Authority for the national programme organised a practical training and development programme on how to design suitable projects. The Managing Authority worked with the Ministry of Finance to organise this programme, which was targeted to officials responsible for designing interventions. These officials had the opportunity to participate in the programme as part of teams of six to seven people each (consisting of colleagues, partners and final beneficiaries) and to benefit from the support of thematic experts from the Managing Authority and the Ministry of Finance.

Several activities were carried out as part of the training programme: i) practical training sessions; ii) teamwork activities; iii) homework assignments; and iv) online seminars during which the participants presented the designed interventions and had the chance to discuss them with peers. The practical training sessions focused on different techniques to properly identify the needs of the territory and stakeholders, and how to design effective measures to respond to those needs. The presented techniques included: a theory of co-creation methods; tools for identifying stakeholders and problems; a "map" of the user-journey; ways to measure the effectiveness of the measure; and a flowchart detailing the steps in grant procedures.

Source: Based on European Commission (2022[24]), *Handbook on Selection of Operations*, https://doi.org/10.2776/489134.

Beneficiaries need training to make the best use of available funding. The beneficiaries of Cohesion Policy funding in Romania – local governments, businesses, and NGOs – face multiple challenges when trying to access development funds (be it from the European Union or from other sources). These include:

- **A lack of expertise in designing projects targeting new and emerging priorities**: Just like the RDAs themselves, beneficiaries often have very limited knowledge of the newer EU priorities such as the circular economy, net zero transition and even digitalisation. Across Romania, beneficiaries tend to focus on hard infrastructure and shy away from exploring the potential of soft infrastructure projects. In some cases, this is because hard infrastructure projects are more tangible and visible and thereby help garner public support but, in others, it is because stakeholders find it easier to design project ideas in more traditional areas. Since these may be new concepts for most

stakeholders in the region, including consulting companies and the RDA itself, there is limited expertise for stakeholders designing these kinds of projects.

- **Difficulties finding and co-ordinating partners**: Stakeholders in some regions, including the South-East and Bucharest-Ilfov, report difficulties in finding partners to collaborate on projects. In Bucharest-Ilfov, this included difficulties setting up collaboration across public authorities (e.g. cross-jurisdiction investment projects, especially between Bucharest and Ilfov), as well as across sectors (e.g. public-private, public-academic and private-academic) and stakeholders were often unaware of the activities undertaken in other sectors or fields (OECD, 2022[25]). More broadly, private sector beneficiaries have highlighted a lack of qualified expertise or insufficient financial resources in local governments as barriers to collaboration, with some beneficiaries being deterred from even exploring partnership opportunities because projects involving multiple stakeholders are perceived difficult to co-ordinate and deliver. As a result, there is a reduced number of private-public collaborations and beneficiaries are less likely to put forward larger, regional rather than local projects.

- **The bureaucratic hurdles of applying for calls**: Stakeholders noted that the application process can be highly bureaucratic and complex, with extensive documentation required. This can pose a particular problem for non-governmental actors who have relatively few human resources at their disposal and often have a lower understanding of what the call is asking for. Beneficiaries can get lost in documentation requirements and procurement regulations. Moreover, the South-West Oltenia RDA indicated that it could take many months, or even several years, for approved projects to start implementation (OECD, 2022[13]; 2022[14]). As a consequence, the original project budgets may no longer be realistic, particularly due to current cost increases due to inflation. In addition, some construction permits obtained when the project proposals were developed might no longer be valid, leading to further delays. In fact, in order to avoid project delays, some beneficiaries prefer applying for bank loans to finance a project rather than bid for EU funds (OECD, 2022[13]).

Addressing these challenges is made difficult by the relatively small size and high workloads of some of the beneficiaries. For example, to try to improve the capacity of beneficiaries to access funding and prepare eligible project proposals, especially among small city administrations and SMEs, the South Muntenia RDA offers training sessions. However, based on the RDA's experience, not all beneficiaries are receptive to these, with some managers reluctant to deprioritise other work to send their limited number of employees to training and other in-person capacity-building activities organised by the RDA. In other cases, beneficiaries are simply unaware of the training opportunities. When beneficiaries sense gaps in their capacity, instead of asking the RDA for help, they tend to turn to consulting companies, with these same companies then posing questions to the RDA since they also lack the necessary expertise. Similar training challenges were found in other regions. For example, the Centre RDA reported that it was difficult to engage smaller municipalities in the sessions they organised and South-West Oltenia noted that few non-governmental actors participated in their roundtable discussions (OECD, 2022[13]; 2022[14]).

Thus, while RDAs need to find ways to support beneficiaries to put forward projects which are tied to regional development priorities, this support should be tailored to the needs and capacities of different stakeholders in the region. Many of the RDAs already reported plans to provide technical assistance to local authorities to help them develop projects aligned with new and emerging priorities. However, RDAs and ROREG may also want to explore alternative means of building capacity among regional stakeholders. In particular, given the time constraints faced by many beneficiaries, they should explore online events and training materials. These could include:

- **Project and funding showcases**: Local authorities could be inspired to develop new types of projects through the dissemination of innovative project ideas, as well as case studies from other regions or countries, to promote the potential benefits of new, soft infrastructure projects. These should clearly present how such projects would address development problems in the region and enhance the quality of life for local citizens. As well as illustrating different types of projects that

can be undertaken, such showcases can also be used to promote different types of funding and financing mechanisms. While individual RDAs could develop such showcases, there may be some economies of scale if ROREG were to develop a central repository of case studies which can be shared across all regions. ROREG could draw on the example set by the Association of Dutch Municipalities whose publication *Municipalities and EU Co-funding* presents examples of projects funded by different EU funding mechanisms (Association of Dutch Municipalities, 2011[26]).

- **Peer-to-peer support**: RDAs can organise peer-to-peer learning events in which beneficiaries who have prepared strong project proposals in the past and successfully implemented them share their experiences with organisations interested in applying for funding opportunities (e.g. as part of the Regional Programmes). As peers often face similar challenges, for example in terms of time and resources, they can offer relevant advice and insights. Moreover, such peer-to-peer events can help build relationships among potential beneficiaries. ROREG could support RDAs in organising these events by sharing good practices and facilitating the attendance of peers from other regions.

- **Consultations on-call design, applicant guides and simplified application processes**: As already noted, as part of effective call design, RDAs should engage deeply and directly with beneficiaries to streamline application processes and design high-quality applicant guides with clear, reader-friendly guidelines. As part of these consultations, RDAs should explore how application and award processes can be simplified and how to speed up the subsequent transfers of funds so that beneficiaries are not pushed to take out bank loans while waiting for their project funds. ROREG could support RDAs by sharing templates and good practices.

- **Targeted application support**: RDAs should keep an open dialogue with beneficiaries to understand different stakeholder needs and explore where tailored support is required for certain projects or certain beneficiaries. This may take different forms in different areas but RDAs could help stakeholders engage expert consultants for particularly complex or innovation-support projects.

Implementation of regional plans requires co-ordination and monitoring at the local and national levels

RDAs are accountable to their respective Regional Development Councils, which review and approve the RDAs' regional development planning documents. However, when it comes to actually implementing the plans, RDAs lack sufficient authority and resources. Instead, the regional development plans are delivered through the actions, projects and programmes of local stakeholders; yet, there is no legislation mandating that county and local governments projects align with the implementation of the regional development plans. Hence, while RDAs can promote the value of aligning local development plans and priorities to the regional development plans, the RDA has limited or no mechanism to hold any partners accountable for the effective delivery of the regional development plan approved by the council. While county and local authorities are the most active actors in implementing the regional development plans, they have their own strategies and agendas, which are not always coherent with the RDAs' regional objectives and priorities.

Management of the Regional Programmes provides a tool for RDAs to encourage local projects to align with the regional development plan. However, to maximise the impact of this tool, RDAs will need to invest first in influencing the design of local stakeholder's project proposals and then in monitoring and evaluating their implementation. To influence the design of project proposals, RDAs could strengthen their communication and engagement strategies. However, engagement alone will not be sufficient, RDAs will need to complement this with robust performance measurement of projects to hold local stakeholders accountable for the proper delivery of development initiatives and verify how local projects contribute to the implementation of the overall regional development plan. The RDA's monitoring and evaluation efforts are currently inhibited by a lack of relevant data, a culture that can perceive evaluation as a search for failures, and gaps in the skills and expertise of RDA staff. Expanding the RDAs capacity to undertake

robust monitoring projects supported by EU Cohesion Policy funds is essential. RDAs can take steps to do this themselves, by training existing staff and hiring new staff where necessary, and also by requiring projects that are awarded funding to provide regular monitoring indicators. However, given monitoring and evaluation weaknesses identified across RDAs, ROREG should consider the support it can offer (OECD, 2022[6]). This could include working with the MDPWA to develop cross-RDA guidance and training on monitoring Cohesion Policy-funded projects. Alternatively, ROREG could support peer-to-peer learning between RDAs by setting up a cross-RDA working group on monitoring to identify shared challenges, disseminate good practices developed by one or more RDAs and design tools the RDAs can use to strengthen their project monitoring.

Implementing regional plans will require more than just bilateral co-ordination between RDAs and local stakeholders. RDAs will also need to bring together multiple stakeholders to deliver cross-cutting projects that span local jurisdictions. However, as already noted, it is not yet common for local actors to develop partnerships and joint projects, and stakeholders are not always aware of the activities undertaken in other sectors or development fields. RDAs can take steps to address this, most concretely, by encouraging collaboration and creating incentives for joint bids in their design of the Regional Programmes. This could include adopting project selection criteria that give extra credit to projects which are co-run by more than one organisation. RDAs should also consider how they can play the role of facilitator and information sharer among stakeholders, hence encouraging valuable collaborations and supporting a pipeline of collaborative projects. Drawing on the experience of the Small Towns in Germany initiative (Box 3.9), this could be through direct introductions, networking and information-sharing events or even a matchmaking platform which introduces potential project partners. Such a platform could start at the regional level or, with the support of ROREG, could be scaled up to all regions using shared digital infrastructure. To make the most of such collaboration initiatives, special attention should be paid to ensure the inclusion of smaller municipalities that may not have had the capacity or connections to reach out to external partners so far.

Box 3.9. The Small Towns in Germany initiative

The Small Towns in Germany initiative is a package of programmes and activities for small town development, aiming to strengthen their functionality in local development. It targets over 2 100 towns across Germany, mostly in peripheral areas. In 2019, as part of this initiative, the Federal Ministry for Housing, Urban Development and Building launched a pilot called Small Town Academy, which offers a purpose-built platform for networking, exchange of experiences and advanced training on urban development.

The pilot phase between 2019 and 2022 was used to define suitable content and formats, which led to the final launch of the platform in 2023. The planned activities include advice from experts who come to the municipality and forge creative strategies (mobile coaching teams) or tandems among mayors who exchange views on a common topic in urban development over the long term. Both activities will generate model projects that test different urban planning and project management methods, leading to a collection of learning and exchange modules.

Source: Based on BBSR (2021[27]), *German Small Town Academy – Pilot Phase: Empowerment of Small Towns through Collaboration, Consulting and Networking*, https://www.bbsr.bund.de/BBSR/EN/publications/SpecialPublication/2021/german-small-town-academy-pilot-phase-dl.pdf;jsessionid=B01287EC43D8CB0CD3C4D9396B7738C1.live11293?__blob=publicationFile&v=2.

As well as local co-ordination, RDAs and ROREG should consider their engagement with national level actors – including the National Coordinating Body of EU funds, as well as line ministries that carry out investments that affect regional development. Proactive co-ordination with national actors could help maximise complementarities and manage trade-offs between the Regional Programmes and national

initiatives. In particular, some RDAs raised the concern that there might be competition between national and regional programmes and if beneficiaries opt for the national programme over the Regional Programme, it will limit the RDAs influence over regional development activities. An area where this could happen is with the National Recovery and Resilience Plan: given that this funding has to be spent in a shorter period than the Cohesion Policy funding, there is chance that stakeholders will get their funds from the national pot before they access regional funds, thereby limiting the RDAs ability to influence project designs.

For their part, RDAs should keep abreast of national policy developments to ensure that their calls are both attractive to regional beneficiaries and complementary to national programmes. ROREG could lead the co-ordination of this through an open dialogue with national ministries and regular updates to RDAs. National actors should also be proactive in understanding and tracking regional plans. Ministries should review the regional development plans and consult with RDAs as part of the decision-making process for approving major investments in a given region. RDAs and ROREG could support this by providing national ministries with progress updates on the delivery of regional plans, highlighting particular challenges where national support could be needed. They could even go further by lobbying, through ROREG, for a change in legislation to make it mandatory for counties and local governments to support the implementation of the regional development plan.

Communication and stakeholder engagement

Effective communication and stakeholder engagement are critical for strengthening the RDAs' strategic planning and the implementation of their regional development plans. Since there is no formal requirement for local stakeholders to align their activities with regional plans, RDAs need to advocate for their regional vision and coach stakeholders on how to develop projects that will best implement it. To do this, RDAs need to engage stakeholders at every stage of the planning cycle. Building on 20 years of operations, RDAs are well placed to undertake such engagement and most RDAs report good relationships with local actors, particularly local public authorities (OECD, 2022[1]).

However, RDAs face a number of barriers to effective stakeholder engagement and will need to invest in improving their communication techniques. Public as well as private sector stakeholders are not yet fully motivated to support the design and implementation of regional development plans. Some do not think that regional planning is relevant to their organisation, while others struggle to engage meaningfully with the RDA's fragmented stakeholder engagement processes or their dense, technocratic regional development plans. Furthermore, RDAs conduct much of their engagement bilaterally, thereby forgoing the opportunity to foster relationships between stakeholders.

Looking ahead, each RDA could strengthen their communications by articulating a succinct vision for its region as well as a distinct institutional brand for the RDA itself. RDAs could leverage this to develop targeted engagement strategies for different groups of stakeholders, tailoring their messaging to meet different needs. Such strategies should make the most of digital and online communication opportunities while working directly with stakeholders to address the capacity gaps currently preventing their engagement in regional planning.

Stakeholders are not fully motivated to support regional plans

Many RDAs cite stakeholder motivation as a key hurdle in the regional planning cycle. RDAs find it difficult to engage stakeholders (particularly from the private sector) in key fora, such as the Regional Planning Committee, or in public consultations. Even where stakeholders do participate in discussions, they often prefer to focus on how to obtain and spend EU funds in their sectors rather than how to strategically invest for the development of the region as a whole. This creates a vicious cycle where, because RDAs do not

receive the feedback and inputs they need from local actors, local actors pay even less attention to regional planning processes which are not well tailored to their interests.

There are a number of reasons for low levels of stakeholder participation, including:

- **The perception that regional planning is not relevant to the operations of local organisations**: Many local stakeholders did not have a strong awareness of the regional development plan, in part due to limited publicity about the document but also because local governments are not formally required to support its implementation. Even where stakeholders were aware of it, they frequently do not have a strong sense of ownership for it. This was particularly true for private sector stakeholders, who may not see the link between the various regional strategies and their daily business. However, it also applied to some public sector organisations, such as small towns and municipalities, who preferred to focus on local development planning. As a result, many organisations deprioritise engagement with the regional planning process.

- **The informal leadership role of the RDAs in regional development**: Some RDA stakeholders (e.g. in the South-East RDA) felt that the RDA lacked convening power because the RDA was not seen to play an instrumental role in local and regional development (OECD, 2022[6]). This reduces the RDA's ability to generate a critical mass among regional stakeholders to support the RDA's activities and establish the RDA's development planning leadership in the region.

- **The fragmentation of engagement with different groups of stakeholders**: Some RDAs, such as the North-West, noted that their own engagement with stakeholders in the region was poorly co-ordinated between different departments within the RDA, resulting in a duplication of stakeholder engagement efforts. For example, some stakeholders expressed frustration over the fact that they have been asked to provide the same set of information (e.g. on development needs and priorities) to different RDA teams (OECD, 2022[28]). Where RDAs lack convening power among county and local authorities, they can find themselves engaging bilaterally with local actors. This hinders the ability of the RDAs to encourage collaboration between stakeholders, demotes the RDA to being an intermediary among local actors and can be extremely time-consuming. While RDAs would like to build joint projects across sectors and organisations, some RDAs identified a lack of trust and mutual understanding among the public sector, private sector, academia, and municipalities as an obstacle to regional projects.

- **The limited co-ordination across RDA departments**: Fragmented stakeholder engagement is compounded by imperfect co-ordination between different teams within the RDAs and high turnover of RDA staff, as new employees might not be abreast of the information already provided by stakeholders (OECD, 2022[1]; 2022[28]). Certain RDAs, including the West, also reported difficulty in designing meetings and moderating dialogues among groups of stakeholders with diverse backgrounds and interests, particularly as stakeholders tended to focus on how to obtain and spend EU funds in their sectors rather than how to strategically invest these funds for the development of the region (OECD, 2022[23]).

- **The limited support available for new members of regional partnerships**: In some cases, stakeholders lack the capacity or experience to offer substantive feedback in engagement processes. For example, in the Centre region, new members of the Regional Planning Committee either find it difficult to provide feedback or feel their inputs are not of high enough quality since they do not understand the context or substance (OECD, 2022[22]).

Each of these factors reduces an RDA's ability to generate support among regional stakeholders. The role of Managing Authorities for the 2021-27 Regional Programme offers RDAs an opportunity to reposition themselves as strategic bodies steering regional development. However, embedding this in the minds of regional stakeholders will require a concerted communication and stakeholder engagement strategy. The communication strategy of the regional water authority in the Netherlands provides an example (Box 3.10).

Box 3.10. Building comprehensive communication strategies in the Netherlands

The Regional Water Authority Drents Overijsselse Delta (*Waterschap Drents Overijsselse Delta*) has developed a comprehensive communication strategy for its 2030 vision to be an environmentally oriented organisation that integrates social development into its task and ambitions. The organisation identified their key target audiences – local residents, farmers, businesses and government – and designed a communication strategy to strengthen the profile of the water board among them. The strategy sought to make the organisation more visible to stakeholders and the promotion of new partnerships and opportunities for collaboration.

To achieve this, the Regional Water Authority recognised they would need to shift their communications from simply transmitting to also listening. Specific activities undertaken by the authority include:

- Setting a clear vision for the organisation's purpose with specific communication objectives.
- Stakeholder mapping to clarify the communication objectives for each group of stakeholders and select the best way to engage them.
- Providing media training to selected staff and coaching for board members and department heads on communicative leadership.
- Empowering individuals and teams to develop their own communications while supporting them through the provision of communication templates.
- Developing a new website, a social media content calendar, online podcasts and webinars.
- Working with Water Board Ambassadors.

Source: Based on WDODelta (2020[29]), *Communication Strategy [Communicatiestrategie WDODelta]*, https://bestuursinformatie.wdodelta.nl/Documenten/Bijlage-2-DEF-communicatiestrategie-luisteren-verbindt-WDODelta.pdf.

All communications need to be sharpened to focus on a shared regional vision

A regional vision should be at the centre of the RDAs' updated communication and engagement strategies. This vision can be broken down into the development vision for the region, set by the regional development plan, and the leadership for achieving this vision provided by the RDA itself. A concise vision for the development of the region is critical for guiding and co-ordinating activities within the RDA, as well as among regional stakeholders, while establishing the RDA's status with stakeholders is critical for increasing stakeholder motivation to engage in regional planning processes.

The length and technical detail of many of the regional development plans may be beneficial for detailed discussions with specific stakeholders but, for other actors, it can be a barrier to understanding their RDA's vision for the region. To this end, many of the RDAs could consider producing a shorter, easier-to-read version of the regional development plans, highlighting the main development objectives and desired results, to better communicate and disseminate the key messages to interested parties, including citizens. Communicating how the regional development plans can make a difference to people's lives could increase the level of ownership for the plan among local stakeholders. In terms of format, this can be a simple illustrative document, an infographic or a short video and published on the RDA website. *The Guide to the Well-being of Future Generations Act* in Wales provides an example (Box 3.11).

Box 3.11. Communication materials of the Well-being of Future Generations Act in Wales

In 2016, the Welsh Government adopted the Well-being of Future Generations Act. This is a comprehensive legal document that establishes seven goals for Wales as a nation: a prosperous Wales; a resilient Wales; a healthier Wales; a more equal Wales; a Wales of more cohesive communities; a Wales of vibrant culture and thriving Welsh language; a globally responsible Wales. To disseminate this act and its key concepts to a wider public and gain attention from citizens, the Welsh Government designed different communication materials for the act, including:

- A Guide to the Well-being of Future Generations Act in Wales: Easy read – This eight-page document (Welsh Government, 2022[30]) explains the key content and structure of the act, without using policy-related jargon. It is accompanied by a video to further illustrate the seven well-being goals and how they are related to a citizen's daily life. A dedicated webpage was also developed to consolidate all information relevant to the content and implementation of the Act (e.g. the monitoring framework and report of the Act, all the communication materials).

- An interactive webpage[2] to visualise the act – This webpage illustrates the landscape of the region with buildings, hospitals, hydropower plants, forests and green space, skills centres, schools, etc. When the user clicks one of the seven development goals of Wales, the corresponding "sectors" in the landscape will be highlighted. For example, if the user clicks "A more equal Wales", the skills centre, hospitals and other relevant "sectors" will be highlighted and the user can also read the concrete policy recommendations for the Welsh Government to achieve "A more equal Wales".

Source: Based on Welsh Government (2022[30]), *A Guide to the Well-being of Future Generations Act*, https://www.gov.wales/sites/default/files/publications/2022-04/easy-read-a-guide-to-the-wellbeing-of-future-generations-act-april-2022.pdf.

Alongside a clear vision for the region, each RDA could benefit from an easy-to-recognise institutional brand. The RDAs' new role as regional Managing Authorities offers them a new tool with which to demonstrate their regional leadership but it is important that RDAs are perceived as more than just an executor of EU funds. Instead, RDAs need to explain how their wider leadership and activities can promote investment and accelerate regional development. This narrative should be consistent between RDAs. ROREG could help ensure this by establishing a working group, with representation from all RDAs, to develop a single core message on the role and value-added of RDAs. Through this working group, RDAs could define common messaging on their role in all of their public-facing documents and engagement, supplementing it with additional information tailored to the local context and their specific vision for themselves in their region. This working group could also serve as a platform to regularly engage with national actors, including the MDPWA, to discuss key issues around regional development in Romania. The results of these regular discussions should be made available to the public.

Communication plans should leverage RDA understanding of regional stakeholders

Once RDAs have refined their message, they need to consider to whom they are communicating it. All RDAs already have extensive and longstanding relationships with county and local councils, local governments, decentralised bodies of central public institutions, research and education institutes, representatives from local businesses and civil society. However, RDAs could benefit from clarifying the goal of their engagement with different groups and understanding each stakeholder's interests and communication preferences.

A stakeholder mapping process could help RDAs take a more targeted approach. Different engagement practices exist with differing engagement objectives and intensities, and RDAs should be clear about their

goals for different groups. Table 3.1 presents a spectrum of stakeholder engagement that grows in its interactive intensity. It goes from informing stakeholders about policies or projects to consulting, involving, collaborating and empowering stakeholders. The type of interaction selected will depend on the aim of the engagement, the degree to which the RDA wishes to commit to the results of the engagement and the most appropriate type of engagement method (which can also be a function of available resources). As part of this, the RDAs may wish to consult the online Participation Compass – developed by the Dutch Ministry of the Interior, municipal experts and an NGO – which offers an assessment framework for citizen participation and helps municipalities choose the right mix of participation methods (ParticipatieWijzer, 2023[31]). As well as providing a comparison of different methods, it also gives tips on how to be well prepared for citizen participation.

Noting the challenges already discussed regarding motivation, as part of this mapping process, the RDAs should engage with stakeholders to explore what topics they are interested in and what messages resonate with them the most. RDAs need to diversify their engagement and have a clear answer if a stakeholder asks, "what is in it for me?".
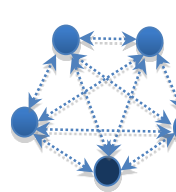
Where RDAs have limited capacity or resources for stakeholder engagement, they may wish to start building the regional network by focusing on the stakeholders for whom they have the strongest answer to this question, thereby leveraging the most engaged actors. Similarly, RDAs could identify the people in the region most able to contribute to strategic planning – community leaders, active entrepreneurs and leading scholars in universities – and prioritise forging connections between them.

RDAs could benefit from new approaches and tools for engagement

RDAs already report using a wide range of different tools and channels to engage their stakeholders, including websites, formal consultations, informal information sessions and onsite visits, as well as through the Regional Planning Committees and various working groups. However, for these to be as effective as possible a number of factors will need to be addressed:

- **Rigid and formalistic engagement**: At times, RDA communications can be hard for stakeholders to understand or engage with. For example, staff from the Centre RDA acknowledge that their communications can overuse specialised language, which is often too technical and could lead to misunderstandings among stakeholders. In a similar vein, South-West Oltenia takes a very formal approach to stakeholder engagement, which limits the opportunity for informal brainstorming and discourages fewer senior stakeholders (e.g. technical staff in local governments or NGOs) from actively participating in meetings organised by the RDA.

- **Undifferentiated messaging**: Most RDAs struggle to tailor their communications to different stakeholders or to adapt it to stakeholder feedback. In Bucharest-Ilfov and the Centre, stakeholders are often sent the same information, regardless of their interests or expertise, while in South Muntenia, the RDA was not reviewing how stakeholders were reacting to their online communications. The need to adapt communications so that they better resonate with their intended audience was also noted in the North-East and South-East.

Table 3.1. Spectrum of stakeholder engagement

	Inform	Consult	Involve	Collaborate	Empower
Interaction					
Aim	To provide the public with balanced and objective information to support its understanding of a problem, alternatives, opportunities and/or solutions	To obtain public feedback on analysis, alternatives and/or decisions	To work with the public throughout the process, ensuring that public concerns and aspirations are understood and considered	To partner with the public on each aspect of the decision, including the development of alternatives and a preferred solution	To create governance structures that place decision making and/or work directly in the hands of the public
Government commitment	We will keep you informed	We will keep you informed, listen to and acknowledge concerns and goals, and provide feedback on how your input influenced the decision	We will work with you to ensure that your concerns and goals are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible	We will implement what you decide
Methods	- Fact sheets - Websites - Open houses	- Public comment - Focus groups - Surveys - Public meetings	- Workshops - Deliberative polling	- Citizen advisory committees - Consensus building - Participatory decision making	- Citizen juries - Ballots - Delegated decision
Description	**Participation** The first two public participation levels – inform and consult – typically occur when a decision has already been made and the government wants to either communicate the decision to the public or seek opinions on the decision.		**Engagement** The third and fourth public participation levels – involve and collaborate – have two-way information flows and include sharing information within and across stakeholder communities during the decision-making process. When undertaking an engagement, decision makers commit to using stakeholder feedback to inform the decision and shape the outcome.		**Empowerment** The fifth level – empower – is also often referred to as co-production where decisions are made jointly between the government and the community. This is typically when decision-making authority has been delegated to a group, including members from both the government and community/industry.

Source: Adapted from IAP2 (2007[32]), *IAP2 Spectrum of Public Participation*, https://cdn.ymaws.com/www.iap2.org/resource/resmgr/pillars/Spectrum_8.5x11_Print.pdf (accessed on 11 August 2016); VAGO (2015[33]), *Public Participation in Government Decision-Making: Better Practice Guide*, https://www.audit.vic.gov.au/sites/default/files/20150130-Public-Participation-BPG.pdf.

- **Limited co-ordination within the RDA**: As already noted, stakeholder engagement can become fragmented within RDAs. For example, in South-West Oltenia, the RDA reported that there is limited co-operation across its departments on stakeholder engagement. This may be a function of the multiple regional development planning processes that the RDA manages, often simultaneously (e.g. design of the regional development plan, the Regional Programme and the regional S3) and for which it needs to engage with a very diverse set of actors. This can result in a duplication of efforts and frustration among stakeholders as they may receive multiple requests for information (e.g. on development needs and priorities) from different RDA teams.
- **Limited human resources**: Several RDAs noted that more staff were needed in order to build and maintain better relationships with regional stakeholders. In Bucharest-Ilfov, the RDA lacks sufficient staff and expertise to hold meetings with stakeholders or to pay visits to cities, towns and communes. However, such activities are crucial to collect information on local development needs, raise awareness of the RDA's activities and understand how to best meet regional and local development needs and priorities.
- **Limited citizen engagement**: Citizens were not often engaged during the regional planning process, with limited citizen-facing publicity for the final regional development plans. This could limit ownership and buy-in among local stakeholders for delivering the plan.

The RDAs could undertake a deeper assessment of their communication strengths and weaknesses to address these challenges. This will require the RDAs to engage with their current stakeholders to fully understand which topics are of interest, how they prefer to be engaged with (e.g. on line, in person, in groups) and which of the RDA's communications have or have not resonated with them in the past. Equally important is for the RDAs to explore why some stakeholders have not actively participated in previous attempts to engage them, whether due to lack of time, resources, know-how or the channels do not reach the right interlocutors. RDAs could gather this information through surveys, focus group discussions and direct conversations with key actors.

Leveraging the results of these assessments, RDAs should consider how to streamline their communications so that they focus their efforts on the most impactful engagement activities. Should the assessment find that any stakeholders do not have the capacity to provide pertinent and constructive feedback for regional development policy design and delivery, the RDA should consider how they can help stakeholders feel comfortable engaging and providing input. Recognising that some stakeholders do not currently engage because they feel that they do not know enough or have sufficient know-how to engage, RDAs will need to find ways to put stakeholders at ease. This could simply be ensuring that organisations send the most appropriate representatives to meetings or it could require the design of different communication and engagement activities that better resonate with stakeholders. For example, some stakeholders may not feel comfortable engaging when their inputs are overshadowed by other, louder voices in the room. Hence, RDAs may wish to train their staff in group facilitation and moderation techniques. For other stakeholders, the challenge to participation may be different. For example, businesses often do not have time to participate in long meetings, do not always send the same representative as they have a small team or they are only interested in funding opportunities and practical information rather than regional planning. Thus, the design of meetings should take these factors into consideration to keep stakeholders engaged.

Alongside streamlining existing activities, RDAs may want to consider adopting new communication approaches to achieve specific engagement aims. ROREG should consider working across RDAs to collate examples of the most effective engagement activities and support peer-to-peer discussions of specific communication challenges. In particular, ROREG could help RDAs to:

- **Develop a shared regional vision**: As already noted, local stakeholders do not always share the RDA's strategic vision for the region, resulting in fragmented and sometimes contradictory projects. RDAs need to find ways to unite stakeholders around a common vision for which they feel a sense

of ownership. Building on the example of multi-stakeholder engagement in Wales (Box 3.12), RDAs could undertake flagship events or engagement initiatives to communicate and even co-create elements of the regional vision in partnership with citizens.

- **Showcase the benefits of "soft" projects**: Many stakeholders focus on physical project outcomes, such as the construction of public infrastructure, rather than softer investments in areas such as skills. As such, there can be less incentive and support for the leaders of soft projects to champion their results. RDAs could work with the leaders of such projects to identify the communication gaps for these projects (e.g. limited channels and tools, difficulty in reaching a wide range of communities, failure to resonate with citizens and communities) and promote improved communication tools and techniques, such as stakeholder mapping or the use of social media and visualisation tools. By working with several such projects together, RDAs could test the effectiveness of different approaches and promote peer-to-peer learning.

- **Support the development of partnerships among regional stakeholders**: Enhancing partnerships across stakeholders to reinforce the regional development community is a common goal for RDAs but many of them feel constrained by resources or know-how. The goal for RDAs is to foster joint projects as well as long-term partnerships that extend beyond an individual project. ROREG could work with RDAs to identify successful examples of partnerships and invite them to share their experiences at joint events or feature their stories in a cross-RDA archive of examples showcasing effective engagement.

- **Make greater use of online tools to reach a wider number of stakeholders**: Several RDAs stressed the need to further explore the potential of hybrid meetings and other digital communication formats. Individual RDAs will need to consider which of their communication activities could best be digitalised, engaging stakeholders to determine their preference on digital communication channels and hybrid meetings, to understand what types of content stakeholders prefer to receive in person and which types of activities they prefer online or hybrid. ROREG could support the building of digital communication capacity within the RDAs by providing training. Facilitating dialogue and discussion online and in a hybrid setting often requires a different set of skills compared to in-person events, for example how to keep participants engaged and foster participant interaction.

Box 3.12. Embedding regional thinking in citizen engagement: Engaging citizens to develop a regional vision, Wales

As part of the initiative *Envisioning Wales in 2037: Shaping the Future of Regional Development,* the Welsh Government conducted a survey of almost 1 500 citizens and a series of multi-actor vision-setting workshops facilitated by the OECD with the Welsh Government, Welsh local authorities and residents of Wales.

The survey was conducted online and collected individual opinions on the development challenges and potential priorities for Wales and within their local authority area, as well as their hopes and aspirations for the future. The vision-setting workshops brought together over 100 people across 4 different sessions to:

- Share and articulate their visions about what Wales should look like in 15 years.
- Exchange on the common features and links in the regional development aspirations that coalesced in different groups to identify shared objectives.
- Discuss elements of a vision of regional development for Wales and its communities.

Source: OECD (2023[34]), "Envisioning Wales in 2037: Findings from multi-stakeholder workshops and a citizen survey", OECD, Paris.

Conclusion

Romania's RDAs are well-established entities that understand their regions, know their stakeholders and have ample experience managing EU funds to support regional development. While these are important foundations, the RDAs now need to capitalise on the opportunity of becoming Managing Authorities for their Regional Programmes to take a stronger, more strategic approach to regional planning. In particular, RDAs should move beyond technocratic documents to provide strong regional leadership and embed regional thinking in the strategies and activities of all local actors.

While the management of the Regional Programmes will present RDAs with a useful tool with which to further their regional priorities, it also brings new challenges. RDAs will have to expand their capacity and capabilities to maximise the value of the funds they can allocate, design effective calls and monitor and evaluate the performance of the Regional Programmes. At the same time, this cannot be the sole focus of the RDAs to the exclusion of all else. To implement their regional development plans, the RDAs will need to rally both public and non-government actors behind their visions for the region, nurture new collaborations between local stakeholders and promote applications to a variety of other sources of funding and financing, both national and international.

RDAs need support from both ROREG and the national government to succeed. ROREG should work across RDAs to strengthen capacity in areas of common weakness, particularly stakeholder engagement and monitoring and evaluation while sharing examples of good practices from other regions and other countries. ROREG should work with RDAs and the MDPWA to develop an updated methodology for regional planning while supporting RDAs to explore how they can fill urgent data gaps. This process of discussion and developing methodological tools is also an opportunity for ROREG to strengthen the collaboration among RDAs and with national actors. Alongside this, the national government should proactively co-ordinate its investments with RDAs to promote synergies between regional development plans and funding decisions made by national ministries.

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Notes

[1] This includes funding from the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Cohesion Fund (CF) and the Just Transition Fund (JTF).

[2] See https://futuregenerations2020.wales/english?category=global.

4 Building on Romania's innovation support services

This chapter identifies and assesses the major challenges for Romania's Regional Development Agencies (RDAs) in delivering innovation support services. It highlights strengths, successes, limitations, and priority areas for future improvement. External challenges, particularly those associated with the region's innovation ecosystem, are also included. The chapter explores the role of other influential stakeholders in innovation policy, examines relevant case studies from outside Romania and identifies new opportunities that its RDAs could potentially pursue in coming years. Furthermore, it offers insights into broader innovation issues and developments in Romania and how RDAs can better take advantage of regional, national, and international opportunities.

Innovation is an important driver of economic growth and regional development. New ideas, technologies, collaborations and approaches can help improve the productivity of regional workers, help established firms adapt to new international conditions, nurture the growth of new industries and increase employment throughout Romania. In addition to assisting incumbent firms and workers, innovation can also be instrumental in attracting new investment, skilled workers and research organisations.

Although the macroeconomic benefits of innovation are large, adopting new technologies and methods of production takes significant time, commitment and investment. Individual businesses and organisations throughout Romania have often been hesitant or unwilling to explore emerging innovation opportunities in recent years. In order to overcome this hesitation, Romania's Regional Development Agencies (RDAs) will require region-specific, long-term innovation strategies that can engage regional actors, improve their understanding of the benefits of innovation and provide support services tailored to their unique circumstances. A long-term approach is particularly important because the potential benefits of innovation and innovation support can often require several years to be realised.

The chapter is divided into four sections, each focusing on different areas of RDA capacity and performance. The first examines the innovation strategies pursued by RDAs and identifies several significant capacity gaps. The second explores the most frequently occurring funding and implementation issues, including funding limitations. The third is focused on RDA communications and stakeholder engagement. The fourth summarises new and emerging innovation opportunities and suggests potential ways for RDAs to make the most of them.

Strategy, planning and performance measurement for innovation support services

Effective innovation support requires an evidence-based, long-term strategy to ensure that RDA resources are targeted towards initiatives that will have the greatest possible impact. Across the Romanian RDAs, innovation strategies are well-intentioned but reactive, with several weaknesses in the strategy design process, resulting in a short-term and predominantly operational stance towards innovation support opportunities. Structural and capacity issues partly explain the inability of RDAs to take a more proactive leadership role in innovation support. In many regions of Romania, the innovation ecosystem is immature, and staff lack the requisite knowledge, skills and data to craft an effective innovation strategy.

Strategy design for regional innovation

Romanian RDAs have embraced the opportunity to operate as Managing Authorities under the European Union's current (2021-27) programming period, a role that offers significant new opportunities to support and develop regional innovation. Alongside their management of the Regional Programme and related responsibilities for smart specialisation strategies (S3), RDAs are in a strong position to align broader strategic priorities with their regional development plans to help drive regional innovation. However, challenges exist across the RDAs in planning and implementing a coherent innovation strategy.

Strategic co-ordination is limited within many RDA innovation strategies

Due to the relative speed required by RDAs to take on the role of a Managing Authority and the gaps and challenges that are present across their governance arrangements, it is unclear if RDAs have adequately reflected on the value of a strategic framework for innovation that encapsulates the objectives of their Regional Programmes, S3 and their own regional development plans. There is a tendency for RDAs to pursue parallel processes and siloed approaches across these strategies due to separate governance mechanisms and insufficient co-ordination of the organisations and actors who play influential roles in their

drafting. This siloed approach has led to the creation of numerous overlapping innovation objectives, which complicates the prioritisation of RDA support services.

In addition to poor internal strategic co-ordination, several RDAs noted a disconnect between national-level innovation priorities and specific, place-based innovation opportunities and challenges prioritised at the regional level. This disconnect is a further barrier to achieving effective strategic co-ordination of innovation support.

To combat these challenges, most Romanian RDAs have developed "innovation consortia" to bring together regional organisations involved in the innovation ecosystem. These consortia differ across the RDAs in their structure, governance, membership, and frequency of meetings. Their aims are, however, broadly similar in that they act as an advisory body to the RDA concerning innovation needs, challenges and opportunities within their regions. Membership can include academics, businesses, chambers of commerce, local authorities, and community organisations. In general, the roles, membership and objectives of innovation consortia are unclear and their ability to streamline and focus RDA innovation strategy has been limited. There is exception, for example, in the North-East, which has developed clear rules for the functioning of its regional innovation consortia. More clearly defined roles and activities of the consortia, with a clear objective to help identify and validate innovation priorities, could greatly assist the RDAs to develop consistent innovation strategies and focus resources on the most pressing needs within their regions.

RDA capacity to develop a coherent innovation strategy is limited

RDAs should periodically undertake a thorough review and reflection on the skills and capacity gaps among the staff responsible for innovation support. Sufficient investment should then be made to properly source and augment the staff skills required for RDAs to adopt a comprehensive regional innovation orientation (OECD, 2023[1]).

As a consequence, RDAs tend to lack a long-term, co-ordinated innovation vision for the future and have – by default – resorted to an operational stance in their approach to regional innovation (OECD, 2023[2]). Without a more strategic and co-ordinated outlook, this stance puts a great deal of pressure on the delivery of innovation support services. In addition, this poorly co-ordinated stance can lead to delays in innovation call applications themselves and the prioritisation of efforts to address this backlog can prevent effective programme planning and delivery.

For the reasons outlined above, together with an underdeveloped culture for monitoring and evaluation, the RDAs tend to have in place limited monitoring and evaluation systems and processes for innovation. Therefore, bottlenecks and challenges to delivering innovation support and services are not generally well-captured or evidenced. This further hinders the RDAs' ability to adopt a longer-term and more strategic approach to regional innovation planning that is based on the evidence of stakeholder needs or the types of support services that are having the greatest impact.

RDAs must address strategy design challenges and take advantage of wider opportunities

In addition to their responsibility for ensuring the 2021-27 Cohesion Policy Regional Programmes are successfully implemented, including its priority objectives with an innovation dimension, the RDAs are also responsible for the development of regional innovation strategies, plans and processes. Further, they are well-positioned to act as co-ordinators, facilitators and strategic brokers and bring different organisations and stakeholders together to foster a more cohesive approach to regional innovation strategies. This is not easy to establish in a context where significant institutional change has already taken place and there are pressures on the time, resources and capacity of all regional actors within each RDA's innovation community.

Notwithstanding these difficulties, RDAs should embrace their roles as conveners, mobilise their regional innovation communities and leverage the efforts of regional businesses and other organisations to develop and co-ordinate a coherent innovation strategy. By bringing these actors together – for example, through innovation consortia with clear objectives – improved innovation governance can be established and provide guidance on key challenges, capacity gaps and investment priorities.

RDAs should consider different tools and techniques to bring innovation actors together across the quadruple helix[1] and invest in regular discussions that promote exchange and mutual learning across these groups. Regional intermediary stakeholders such as clusters, local authorities and universities can play an important role by representing the views and concerns of the wider innovation communities to which they are connected. It is, therefore, critical to engage these intermediaries. Focus groups, round tables and innovation camps can all be used to deepen this collaborative spirit and help forge a coherent innovation strategy. Regular tracking the progress that is being made through these fora is necessary to understand if a more collaborative approach to innovation is being achieved and whether alternative forms of innovation governance might be more effective.

This type of co-ordinated effort requires significant planning, co-operation and commitment from numerous regional and national actors. Different innovation intermediaries, including clusters, technology transfer offices, chambers of commerce and test centres, operate with very different objectives and within different systems. Aligning the efforts of these actors can be challenging. As well as promoting a new collaboration ethos, this type of joint working might also require a review of regulatory and governance practices. Working together with the Romanian Association of Regional Development Agencies (ROREG) and the national government could also help the RDAs better understand the importance of a clear, well-understood innovation strategy.

Since all RDAs are taking time to adjust to their new roles as Managing Authorities, ROREG could take strategic soundings from each to measure the rate of progress in fulfilling these new responsibilities in each region. This should evidence new roles, recent initiatives, recurring bottlenecks and suggestions for what collective support could potentially be provided. European Commission services could also support such strategic dialogue, perhaps with insights from other member states where similar de-centralised governance for innovation has taken shape.

Innovation camps could be further explored to support improved strategy design

While the entrepreneurial discovery process, an interactive form of stakeholder engagement, has been undertaken in each region to inform S3 design, innovation camps can bring a wider group of innovation actors together, focus on common challenges and create a safe environment to share views and reach common agreement on directions and solutions. The insights generated by these camps, as well as feedback on existing projects and innovation support services, are valuable sources of evidence that can help inform future modifications and improvements in strategy design. Hosted over multiple days, accommodating a diverse group of participants, and professionally facilitated, innovation camps have proven effective in other subnational settings (Box 4.1) and could provide the foundations of a single, coherent, evidence-based regional innovation strategy. RDAs could facilitate a small number of these events, signalling their commitment to harnessing collective innovation efforts and capacity with quadruple helix actors across their respective regions. In particular, an innovation camp could offer a valuable platform for convening regional innovation intermediaries, with the aim of improving alignment across related innovation initiatives.

Innovation camps would have the added benefit of bringing together new and existing actors. The open and inclusive nature of these camps emphasises the importance of considering all perspectives and encourages the generation of innovative responses to established challenges. Depending on the nature of the challenge being addressed, participants such as young people, students, non-governmental organisations (NGOs) and citizen representatives could also be invited to participate. Given that many

issues within a regional innovation ecosystem are interconnected and interdependent, organising a series of camps to tackle related issues or different aspects of a complex regional challenge could enhance their impact.

Box 4.1. Using innovation camps to generate territorial innovation

At the 2016 Amsterdam Innovation Camp, one group of participants focused on exploring the role of creativity and design in various industries. The purpose was to identify opportunities for co-creating new businesses, products and services while emphasising how design can foster collaboration among a diversity of stakeholders from the public and private sectors, academia and citizens to shape Amsterdam's future as a city. The camp participants proposed solutions to maintain the entrepreneurial spirit in fast-growing companies and explored ways to transfer this spirit to more established and often more bureaucratic and hierarchical organisations.

Impressed by the ideas, tips and tools generated during the camp, one participant, who was the Dean of the Amsterdam University of Applied Sciences, decided to establish a dedicated unit that would support and nurture the entrepreneurial spirit in both emerging and existing organisations. Another participant, a representative from the city of Amsterdam, led a team that explored the problem, root causes and potential solutions to improve the engagement of residents and entrepreneurs in a specific district of the city. A Romanian county mayor, who also participated, highlighted the usefulness of the camp's ability to bring stakeholders together to solve a problem and generate solutions, stressing that the concept is easily adaptable to the needs of a specific locality or organisation.

Source: Joint Research Centre (2017[3]), *Innovation Camp Methodology Handbook*, https://op.europa.eu/en/publication-detail/-/publication/ecbc234f-fccc-11e7-b8f5-01aa75ed71a1/language-en/format-PDF/source-64631795.

European Union initiatives offer further opportunities to improve innovation strategy design

As the European Union's shift towards transformative innovation[2] takes shape, complemented by the transition to net zero and the pursuit of greater digitalisation, Romania's regional governance systems will be expected to evolve and adopt these emerging priorities. This is related to a growing realisation that innovation systems, strategies and investments are dependent on improved connections to other policy areas, including skills, transport and infrastructure. At the core of this new European Union (EU) direction is the need to upgrade governance systems to increase alignment of long-term policy objectives at all levels of government and avoid a siloed approach. Rethinking strategy design will be fundamental to moving in this direction, and innovation is a critical element, though not the only one. Therefore, the need for RDAs to upgrade innovation strategy design through improved co-ordination could be considered a vital first step to achieving a more comprehensive approach to addressing Europe-wide policy priorities.

In 2015, the S3 platforms[3] were created for regional authorities, RIS3 managers and stakeholders across EU, to facilitate the development of common innovative initiatives aligned with S3 thematic priorities. Subsequently, the Inter-regional Innovative Investment Programme was developed to fund those initiatives (European Commission, n.d.[4]). In 2023, two new initiatives were launched by the European Commission – the S3 Community of Practice and the Regional Innovation Valleys (European Commission, 2023[5]; European Commission, 2023[6]). In addition, the European Commission's Joint Research Centre established a pilot, Partnerships for Regional Innovation (European Commission, 2022[7]), to explore this emerging area by encouraging regions to share experiences of making the shift to transformative innovation based on S3 principles and experiences. Romanian RDAs could consider if and how they might engage with the new initiative and capitalise on the existing platforms and resources to support learning and exchange related to governance systems and how this affects regional innovation strategy design. A

regular joint discussion, facilitated by ROREG and including relevant national ministries, could help RDAs stay informed about available resources and assistance and actively engage in various opportunities and initiatives.

The limitations of a weak innovation ecosystem

All RDAs have made significant strides in putting an S3 into place at the regional level. This has been driven by the 2021-27 Regional Programme, which has enabled S3 to focus on the regional innovation ecosystem and the role of the S3 entrepreneurial discovery process in facilitating quadruple helix engagement. In some RDAs, a governance system exists that brings together actors from across the quadruple helix and actively includes them in innovation planning processes.

However, no Romanian regions have shifted their status from "emerging innovators" in the European Union 2023 edition of the Regional Innovation Scoreboard (European Commission, 2023[8]). There are several reasons for this, including lower rates of urbanisation and a higher share of gross domestic product in agriculture and mining in most regions compared to the EU average. At the core of the challenge, in each region, lies a weak innovation ecosystem.

Throughout Romania, there exists significant regional and sub-regional disparities in innovation performance. These disparities can be found when comparing the innovation performance of the Bucharest-Ilfov region with that of the other regions,[4] as well as disparities within the regions themselves, where an individual area – usually a highly urbanised one – outperforms the rest of the region. These disparities are well documented (European Commission, 2021[9]) and impact overall innovation performance.

Relatively low levels of innovation performance across each of the RDAs' quadruple helix communities is a further obstacle that prevents actors from seeking out innovation support. This is due to a perceived lack of relevance of such support for their particular needs and limited capacity to invest the time and effort required to engage effectively with the innovation support services provided by RDAs.

Finally, there is a low demand for innovation support services, particularly among regional businesses. This makes it difficult for RDAs to design and position support in a way that is targeted, attractive and accessible.

Suggestions to improve the innovation ecosystem

The following suggestions could help the RDAs create a new baseline of innovation within their regions and help strengthen the underlying innovation ecosystem. Most critically, a comprehensive evidence base of the specific innovation challenges occurring within each region is required. A number of levels of analysis could support this evidence base, including data detailing the characteristics of quadruple helix actors, such as firm size, number of employees, industry type, locations within each of the sub-regions, previously identified innovation needs and where they have been concentrated (Box 4.2). Further data collection focusing on successful diversification strategies for more traditional industrial sectors, the distribution of regional innovation intermediary support groups, such as business parks, and the location of innovation infrastructure would provide a deeper understanding of the depth of each region's current innovation ecosystem. RDAs should consider undertaking the following:

- **Map the innovation ecosystem** to better understand its precise makeup and where the opportunities for collaboration might be best targeted. Such an exercise, which should be repeated by RDAs every couple of years to capture recent developments, can also help to highlight the presence of innovation disparities across each region.
- **Commission independent research** to take an inventory of the specific characteristics and needs of different quadruple helix actors and understand needs across different regional geographies.

Depending on the needs, the RDA could commission comprehensive research and regularly update specific sectors or industries with rapid development; or the RDA could commission small-scale research targeting sectors, industries or territories on which there is the least available information.

- **Regularly convene quadruple helix innovation communities** to play a more strategic, as well as consultative, role in shifting each region to an ecosystem orientation by co-creating a new framework for collaboration. The framework should be strongly focused on the consortia's role as a catalyst in addressing weak regional innovation ecosystems and promoting collaboration.

- **Highlight the links** between S3 and the regional innovation community. This could be achieved using improved information sharing and could also help to promote a long-term, strategic mindset towards innovation.

- **Improve citizen participation**. EU regions increasingly include civil society as a core component of their S3 efforts. This has been driven by the need to engage and co-ordinate local actors to progress digitalisation and net-zero objectives.

In addition to these actions, RDAs can also promote the knowledge curator and holder functions of their quadruple helix actors to gather, analyse and respond to weaknesses in the innovation ecosystem. This can be sector-related or technology-driven, as either approach can act as an effective driver of improved design and delivery of innovation support. Further, feedback from industry and employer organisations can help to provide updated intelligence on business capacity and how that could potentially limit the benefit of innovation support.

A brief online survey of quadruple helix actors is a complementary strategy for gathering information on respective regional innovation ecosystems, their needs and challenges. This could include targeted questions for different categories of innovation actors and help guide future discussions between RDAs and regional stakeholders. Examples of survey questions could be arranged by targeted respondents as follows.

Business actors:

- From where do you get your ideas for innovation (e.g. clients, competitors, regional universities or international research and development partners)? If in-house staff, from which part of the organisation?

- How do you assess the climate for entrepreneurship in your region? Is it easy to pursue innovative business ideas in your region?

- Are people, including youth, keen to start up their own business or do they prefer jobs in established enterprises or the public sector? If the entrepreneurial climate is not favourable, what are the main barriers?

- Does the research and innovation support offered in your region correspond to your needs? What would be suitable conditions for you to decide to invest more in research and innovation?

Research actors:

- With which enterprises or research institutes in your region do you co-operate and in which field?

- Do you get a part of your research budget from private investors?

- How much mobility is there between public scientific research and the private sector?

- Do you train students and graduates to become entrepreneurs?

Public sector actors:

- Do you know who the main research and innovation actors are in your region? What are their fields of competency?

- What are the main needs of innovative firms in your region to grow and invest?

- Where does the funding for research and development and innovation go? Which type is more effective at improving the innovation ecosystem?

Civil society and NGOs:

- What types of innovation would you like to see in the future?
- What is your vision for innovation-driven transformations in your region?

Box 4.2. Mapping the innovation ecosystem in Eastern Ontario, Canada

Eastern Ontario's Leadership Council for Economic Development commissioned researchers from Toronto Metropolitan University to study and map the region's innovation ecosystem. This study analysed Eastern Ontario's innovation ecosystem to better understand how local innovation support services contribute to creating new businesses and investments and to retaining and expanding existing firms.

The methodology used to carry out this mapping was divided into six phases:

1. Developing guiding research questions to guide the mapping, such as:
   o What are the elements of an innovation ecosystem?
   o What are the current economic profile and trends of the region and what is the state of business and entrepreneurial activity?
   o How can we assess the framework conditions of the region (infrastructure, financing, etc.)?
   o Who are Eastern Ontario's key stakeholders in the innovation ecosystem?
   o Are innovation resources co-ordinated and leveraged across the region?
   o What are the key links to other regional, national and international ecosystems?
   o How well do companies in the region use technology to achieve their organisational goals?
2. Analysing available data from Statistics Canada: analysis of economic development data from local authorities to assess entrepreneurial activity levels and trends (new and established businesses), jobs and other sources.
3. Developing an inventory of key players and intermediaries in the ecosystem.
4. Assessing of innovation models and methods: mapping of policies, infrastructure, capital and talent in the region.
5. Consulting with key stakeholders: understanding the components of the system and their assessment of current programmes and needs.
6. Drafting a final report on the innovation ecosystem in the region.

Source: Cuicker, W., et al. (2016[10]), *Mapping the Innovation Ecosystem in Eastern Ontario: Towards an Inclusive Canadian Innovation Strategy*, https://www.torontomu.ca/content/dam/diversity/reports/mappingtheinnovationecosystem_report.pdf.

International expertise could support a better understanding of regional innovation ecosystems

EU, OECD and academic research is increasingly placing more emphasis on the need for regions to adopt a stronger place-based focus to policy making. With this comes increasing interest in territorial impact assessments to better understand the potential impact of policies and interventions at different geographical levels and spaces. This type of analysis could support Romanian regions with long-term challenges related to innovation disparities by shining a light on policies and actions that have had uneven

impacts. For example, the European Commission has set up a new S3 resource for EU regions: the S3 Community of Practice. This aims to further support regions to address S3 enabling conditions. Continuous engagement with these kinds of initiatives could support RDAs to strengthen their innovation ecosystems.

Knowledge and understanding of innovation

Romanian RDAs have a long history of supporting regional innovation, not least through drafting regional development plans. There is now a need to upgrade capacity across RDAs to adopt a more strategic orientation towards planning for innovation support and services as part of the regional development planning process. This requires a shift from a more ad hoc approach to innovation planning to one that adopts a more holistic perspective, taking a long-term view of how to shift regional innovation performance through improved alignment with objectives within the regional development plan as well as across strategies, assets and stakeholders.

A deeper technical knowledge of and a stronger application of transversal skills to innovation could help the RDAs more successfully identify and articulate where there are gaps in the skills and capacity of staff. Particular attention should be paid to building technical knowledge about the role and importance of a long-term innovation orientation and softer knowledge, or transversal skills that can be applied to promoting and encouraging greater innovation collaboration across the whole innovation ecosystem.

The knowledge gaps about innovation present risks to the overall delivery and effectiveness of innovation programming in the regions. For example, in many cases, insufficient review of how the innovation support services designed by the RDAs meet the demands of the region, the specific issues that create bottlenecks in delivering support, understanding the nature of uptake of services and assessing the impact of innovation support are all affecting RDA capacity to deliver high-quality, sequenced and demand-led support across their regions. This long-term planning deficit also affects the cohesiveness of the innovation support system. Limited cohesiveness can create duplication of effort, gaps in areas where there is high demand for specific support and stakeholders who are not reached by the innovation programming due to limited targeting of innovation support at sub-regional levels.

Investment is needed to boost knowledge and expertise

There is a need for RDAs to provide support for staff to improve knowledge, awareness and capacity to enable the adoption of a more strategic approach to innovation support. This will require a tailored programme of training, development and learning that promotes the value of strategic planning for innovation.

Related to this, RDA knowledge about the strategic value of S3 requires significant internal resourcing. For example, S3 could be positioned as a catalyst to help deliver regional development plan goals, not least in addressing the challenges of upgrading regional economic infrastructure and promoting diversification opportunities across industry sectors. This is particularly relevant to more traditional and vulnerable sectors such as agriculture and hospitality services. There is also unexplored potential across some of the RDAs in how a long-term planning approach to innovation can be leveraged through investment in energy, transport and digital infrastructure.

The following initiatives could help the RDAs to improve knowledge and boost strategic planning for innovation across their respective regions:

- Actively align regional S3 with evolving EU priorities to better understand recent trends and developments in innovation. This alignment could focus on the European Union's New European Innovation Agenda (European Commission, 2023[11]). This could stimulate new innovation collaboration opportunities while connecting regions to new support measures for S3, such as the Partnerships for Regional Innovation and the new S3 Community of Practice, specifically targeted to the needs of less developed regions.

- Map the areas of expertise required to improve RDA capacity for regional innovation support. By taking stock of existing gaps in skills and knowledge, RDAs can identify priority regional innovation planning tasks and responsibilities, develop an understanding of the breadth of experience of RDA staff responsible for regional innovation planning and define the challenges they face. This mapping can be done, for instance, through questionnaires, workshops and interviews with staff working on regional innovation.

- Work with regional businesses to develop a comprehensive network with knowledge of innovation needs and challenges. The purpose of this could be oriented towards regional collaboration to build planning and strategic competencies for innovation support. Connecting this to the S3 could also help strengthen connections across the quadruple helix and encourage interactions and collaboration at the innovation planning stage.

- Set up learning groups with wider quadruple helix actors (including local authorities) to explore and exchange learning and insights into the types of actions, resources and skills that are needed throughout the region, as well as the value that this can generate. Taking these conversations to stakeholders outside of the RDA can also help develop a stronger collaborative ethos at different levels of government and help avoid duplication of innovation support.

Knowledge of the region can support better targeting of innovation support

RDAs should consider an internal reflection exercise allowing them to explore the characteristics of the wider regional economy and the potential implications for innovation support services. This understanding can then guide how and with whom the RDA can start to build its approach to improved regional innovation planning.

Furthermore, this baseline will help RDAs identify gaps in innovation support by reviewing the distance between the current offering and how RDAs would like to position themselves in their regions. Programmes to address these gaps could be designed by the RDAs, with ROREG supporting the co-ordination of efforts.

RDAs should also consider how best to adopt a long-term approach to continuous investment in staff knowledge and awareness. With significant change at the EU level concerning an upgraded innovation policy and the need to incorporate the transition to net zero, RDAs and other innovation-focused public services need to ensure that their policies and support functions are well aligned to this changing landscape.

The limitations of current human resources and capacity

Since becoming Managing Authorities, it has not been possible for RDAs to undertake a comprehensive analytical exercise to examine how new roles and associated tasks can be delivered. This includes a lack of comprehensive evidence concerning staffing gaps or where existing staff lack the skills and experience to deliver the full range of tasks that they are now in charge of. The prior experience of RDAs as Intermediate Bodies for Regional Programmes has perpetuated a default operational stance, which appears to be influencing the innovation support approach of many as Managing Authorities. What is required is a more strategic approach to innovation support.

Gaps in resources, capacity and skills mean that the RDAs cannot dedicate the necessary time and resources to planning, communicating, assessing, delivering and upgrading a full suite of innovation support services. In turn, this creates blockages in the delivery of support services. It also prevents a comprehensive understanding of whether those provided are fully in line with needs and demand across their innovation communities. A continuous assessment approach is a prerequisite to upgrading and refining support and to looking beyond the immediate timeframe of delivering innovation support services.

There is a further risk that long-term innovation investment needs and opportunities are insufficiently understood and defined. This creates an opportunity cost to cultivating an attractive innovation investment

environment that can leverage funding from multiple sources and better connect innovation actors within and beyond each region.

Assessment of capacity gaps is an important first step

An internal review exercise is needed to review and evidence the gaps in innovation capacity in each RDA, focusing on articulating the risks and disadvantages of absent skills. There are a number of ways to go about this, including the procurement of external human resources expertise and the utilisation of knowledge and support from individual regional innovation communities. It is important to emphasise that an exercise like this is intended to support and invest in staffing needs, not to criticise or illustrate shortcomings at a personal level. RDAs should explore the viability of the following options:

- **Undertake a first-stage, internal review of the strengths and challenges facing RDA innovation support and services**. This review could act as a precursor to a formal review and would ensure that the views of RDA staff are sufficiently catalogued. As a first step, the RDA management could organise and conduct frank exchanges and structured interviews. Both individual and collective discussions across relevant staff should be considered. Human resources and innovation specialists should support this process. Key questions and themes could focus on how supply meets demand for innovation support in terms of timing, capacity, targeting knowledge and signposting. Importantly, the process of drawing up draft options and solutions should be undertaken with RDA staff. This exercise requires significant sensitivity, separating the personal skills and experience of employees from their functional roles.

- **Build a framework for an RDA innovation skill and capacity-building investment programme**. This will require an in-depth review of both the tasks, skills and capacity of staff, as well as the requirements of the role as set out in the S3, Regional Programmes and regional development plans. To ensure objectivity, external feedback should be sought to assist the core RDA innovation team in identifying missing skills and capacity for innovation support and services.

- **Explore system-wide human resource solutions to delivering on the region's innovation needs and opportunities**. This exercise would require the buy-in and long-term commitment of the region's wider innovation support system since a great deal of the expertise for innovation already exists throughout Romania. It could involve, for example, exchange programmes, mentoring and support for the mobility of RDA staff to work intensively with other actors across the innovation ecosystem. For more specialised roles where resources cannot be sourced from within the RDA, external recruitment may be warranted.

Knowledge gaps can undermine RDA authority and effectiveness

The review of innovation-related staff and capacity could also be used to address knowledge gaps among staff responsible for S3. An example of how such a review can lead to improved innovation outcomes comes from the Veneto region in Italy (Box 4.3), which successfully strengthened its S3 team and processes following an assessment of knowledge gaps.

Box 4.3. Revising the smart specialisation strategy and assessing knowledge gaps in Italy's Veneto region

Regions wishing to promote innovation should regularly assess the knowledge gaps of their regional public administration and innovation and development agency staff dealing with innovation stakeholders. An example of this practice can be observed in the Veneto region, which undertook a review of its S3 for 2021-27. The process started with a contextual analysis carried out by the region's

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four universities in collaboration with a team from Veneto Innovazione, an internal consultancy unit within the regional public administration.

The analysis' key focus was identifying potential knowledge gaps in supporting regional innovation actors within the regional team co-ordinating the S3. A comparative study was carried out to identify good practices, focusing on regions with industrial ecosystems and territorial characteristics similar to those of Veneto.

The results of the assessment led to the strengthening of the Veneto S3 co-ordination team compared to the previous programming period. The team now consists of three groups: one focusing on monitoring and evaluation, another on the entrepreneurial discovery process and the third on communication. The introduction of a dedicated communication group was in response to the analysis undertaken that pointed to a gap in the visibility of the strategy and its opportunities.

Source: European Committee of the Regions (2023[12]), "The Future of Regional Smart Specialisation Strategies: Sustainable, Inclusive and Resilient", European Union, Commission for Social Policy, Education, Employment, Research and Culture, https://doi.org/10.2863/89427.

Data, monitoring and evaluation

RDAs generally report challenges in accessing sufficiently in-depth data to clearly understand regional needs and challenges. In addition, there was a recognition that improved access to more sophisticated data tools could offer new insights into regional performance, enabling tailored innovation support services. There is also a tendency for innovation data to be fragmented across regions. For example, the West RDA reported that regional and local level data are not available for some environmental, energy efficiency, research and other innovation metrics, since national authorities do not systematically collect them. This, therefore, necessitates numerous data requests to counties and local authorities and impedes the generation of a coherent, connected or holistic overview of either what this data reveal or how they might be used to fine-tune innovation support within a region.

While the above issues relate to data shortfalls, they are also part of a more deeply embedded challenge relating to relatively weak monitoring and evaluation systems overall and a tendency for the monitoring and evaluation culture of RDAs to be underdeveloped. Together, these shortfalls limit the extent to which innovation policies are truly evidence-based, given the many ambiguities concerning the specific details of innovation strengths and challenges that the regions are facing. In turn, this makes it more difficult to ensure that the innovation support services RDAs are designing meet the needs of the regional innovation ecosystem. It can also affect long-term forecasting of innovation investment needs. For example, if requests for and satisfaction with, a particular form of support are monitored carefully and are decreasing over time, it can be inferred that certain challenges have become less of an issue for regional actors and the RDA will need to recalibrate its offering to respond to emerging innovation needs and challenges.

Many RDAs lack experience in working with monitoring and evaluation systems. As Managing Authorities, there is a requirement to better capture innovation-related performance data and evidence, including tracking the delivery and impact of the Regional Programme and regional S3. However, because the prevalent culture has been to undervalue the role of monitoring and evaluation, there is a risk that many RDAs will be insufficiently informed about their innovation needs and performance. The gap noted previously in this report concerning a general absence across RDAs in adopting a strategic approach to innovation planning is also connected to the gaps in monitoring and evaluation. Therefore, underperforming monitoring and evaluation systems can widely affect the quality and relevance of innovation support services.

Data are key for effective monitoring and evaluation

There are multiple benefits that RDAs can realise from improved monitoring and evaluation procedures and systems. This can contribute to improved monitoring of S3, by identifying issues that might require new responses. Investing in monitoring and evaluation targeting innovation can also help generate an improved statistical base of regional innovation priorities and successes that can help the RDAs create a compelling narrative of their innovation efforts for domestic audiences and wider EU stakeholders. In addition, an improved evidence base could provide a stronger basis from which to prioritise services and support.

RDAs could consider the following actions to help them improve the availability of innovation-related data and to re-position their innovation monitoring and evaluation systems:

- **Align regional innovation data collection to provide a greater depth of evidence about needs and performance**. By bringing together different actors and owners of innovation data within each region a first-stage repository of innovation-related data – sources, timelines for collection and current uses – could be designed and structured to create a database. For this exercise, terms of reference could be drawn up to review the co-ordination of innovation-related data and options for managing this process in the future.

- **Request support from ROREG to undertake a survey with RDA staff into data challenges:** this would help to identify where bottlenecks exist and where there are patterns and differences across the RDAs. Furthermore, the results of the survey could encourage dialogue across the RDAs in sharing experiences in sourcing data to support the upgrading of innovation support services and in shifting to a more granular approach to understanding innovation needs and performance across each region. Advice and support from the Romania National Institute of Statistics could also be explored. An exercise like this could also help establish where gaps in knowledge and capacity exist and how these might be addressed by outsourcing innovation-related data collation.

- **Explore capacity and interest across respective regional innovation ecosystems for the establishment of an innovation monitoring and evaluation committee**. This would strengthen oversight of monitoring and evaluation across these areas, drawing on the collective skills and capacity of each RDA's innovation ecosystem. In turn, this could generate a more positive monitoring and evaluation culture, with the RDAs facilitating capacity-building support across ecosystem actors and encouraging more experimentation in how data are collected and analysed.

Innovation data can support regional development objectives

As Romania's regions work towards greater digitalisation, both through public sector and private sector investments, valuable insights may be drawn from open data initiatives taking place across the European Union. These initiatives illustrate the value that open data can have in supporting regional development and innovation. While the setup of open data repositories is a technical and time-intensive operation, it can provide long-term benefits by engaging regional stakeholders in the process of using innovation-driven data to support their own innovation goals. Trentino, Italy, provides a good case study of the costs and benefits of establishing a regional innovation-driven, open data platform (Box 4.4).

> ### Box 4.4. Innovation and open data in Trentino, Italy
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> Italy's Trentino region has made a strategic investment in innovation data as part of its broader efforts to optimise the performance of its innovation ecosystem. This long-term direction acknowledges the importance of leveraging data-driven approaches to drive innovation and enhance overall outcomes.
>
> To support this initiative, the following resources were required:
>
> - EUR 100 000 per year (for 2 years) during the setup phase.
> - EUR 100 000 per year for ongoing operations.
>
> These types of projects are cost-effective because they capitalise on existing competencies and technologies that have been developed across Europe. Leveraging these resources allows for efficient implementation and minimises expenses. However, political commitment is a critical resource needed to ensure the success of these endeavours.
>
> The related Dati.trentino project contains 6 000 datasets linked to the Italian open data catalogue. This project involves not only the regional administration but also numerous municipalities that automatically publish open data through their websites. More than 51 applications and services utilise the data provided by the initiative, demonstrating their wide impact and value in enabling innovative solutions and services.
>
> Source: Interreg (2018[13]), *Open Data Trentino Increasing Data Culture in the Innovation Ecosystem for a Data Driven Economy*, https://www.interregeurope.eu/good-practices/open-data-trentino-increasing-data-culture-in-the-innovation-ecosystem-for-a-data-driven-economy.

Open data should remain a long-term objective for RDAs

The Romanian government could potentially partner with the RDAs to design an initiative supporting regions in delivering on digital transition goals, based on improved access to and uptake of data and building new monitoring and evaluation approaches for innovation. The long-term objective of this initiative could be to establish an open data platform across each RDA. This could be supported by the new Technical Support Instrument of the European Commission, implemented by the Directorate-General for Structural Reform Support (DG REFORM)[5].

An improved approach to strategy, planning and performance management by Romania's RDAs is evidently required to harness the constructive role of innovation in regional development. Most critically, RDAs should prioritise the formulation of an evidence-based, long-term strategy to ensure that resources are targeted towards innovation support that will have the greatest possible impact. Such a strategy will also assist the necessary transition from the current operational stance that is undermining RDA effectiveness. Further improvements in staff capacity, data collection, monitoring, evaluation and consultation with regional innovation ecosystem actors will enable the RDAs to better understand emerging trends and ensure that their innovation support strategies remain relevant and well-targeted over time.

Finance and implementation

In addition to the challenges posed by strategies and planning, the actual implementation of innovation support services by RDAs has scope for improvement. The most important change required is a renewed focus on beneficiaries – businesses and other innovation actors in the regions – who will require better guidance and clearer information if they are to make use of RDA innovation support services. Reform of

RDA call management processes and better recognition of beneficiary limitations would also greatly improve uptake and impact. Widening the number and scope of funding and financing options for innovation within Romanian regions, which are currently limited to EU funding or private sector loans, would greatly assist potential beneficiaries.

RDA call management and beneficiary support

RDA innovation funding systems and innovation funding in Romania more broadly are somewhat underdeveloped. Access to finance, such as loans for start-ups and scale-ups, is limited by the reluctance of regional investors and lenders to support innovation projects. This leads innovation actors to rely heavily on funding from national and EU sources, but applications are often complex and not user-friendly (OECD, 2023[1]). Communications and diffusion processes for alerting beneficiaries to both innovation calls and wider support services available through the RDAs often lack clarity about how to engage and have a level of ambiguity about the nature of the specific funding and financing opportunities. There is also limited targeting of innovation support services towards different types of beneficiaries, for example, business size or industry. The result is a level of uncertainty for beneficiaries in how innovation support systems operate. Consequently, innovation beneficiaries are sometimes reluctant to pursue innovation funding support. This seems to be especially the case for regional businesses and small and medium-sized enterprises (SMEs).

There is a lack of connectivity between RDA high-level innovation goals and the funding to achieve these. For example, while all RDAs are keen to support the deepening of their regional innovation ecosystems, it is not clear that calls and services are sufficiently oriented towards fostering innovation collaboration. Some RDAs lack the expertise, capacity and know-how to design and upgrade innovation support in this direction. This can lead to a mismatch between the funding priorities identified through innovation calls and the actual needs of industries, communities or research organisations. Further, these capacity challenges are holding back RDAs in delivering and achieving the high-level goals they have set for their innovation strategies.

A further issue is weaknesses in the process of innovation funding calls, including gaps in how some RDAs oversee the implementation and financial management of calls. In some cases, the process is deemed to be cumbersome, not systematic and characterised by long time lags that make engagement difficult and unattractive. In turn, this can affect the quality of funding applications, where potential beneficiaries do not fully understand the process due to unclear guidelines. In addition, there are delays – sometimes significant – in assessing innovation applications. This creates bottlenecks in the call system and can generate uncertainty for beneficiaries. In some RDAs, there are low levels of applications for innovation calls and also low success rates in securing the requested support.

Limited engagement with technology transfer support is a further problem. In some RDAs, these services are not optimised due to low engagement from potential beneficiaries. A possible explanation for this low level of engagement is that RDA services are too heavily geared towards high-technology services despite stronger demand for less sophisticated support. A broader suite of innovation support services, which recognises the different types of innovation, the low levels of technological exposure of many Romanian businesses and the predominant industries of each individual region, would help to rebalance RDA support and boost its impact.

The relative immaturity of regional innovation project proposals is a further barrier limiting the uptake of RDA support. Early engagement at the concept stage and the incorporation of RDA feedback could help develop more advanced and higher-quality projects that can in turn benefit from specialised RDA support. This early engagement would also help to build capacity within innovation actors, a common understanding of key terms and concepts and help develop a deeper regional network of potential partners and collaborators.

Three types of barriers can impede an RDA's ability to generate greater demand for its innovation funding and support services. The first is content-related. It corresponds to flaws in call design, such as complex content, complicated application procedures and unclear guidelines. The second is capacity-related barriers, which can include a mismatch between call aims and the real or perceived relevance to beneficiaries, as well as weaknesses in beneficiary capacity to complete applications or deliver projects. The final type of barrier is process-related, for example a lack of clarity or misunderstandings regarding the steps in a call application process, a lack of guidance or unrealistic timeframes for applications.

Undertaking a review of the nature and relevance of the barriers described above could give RDAs insight into the specific challenges surrounding the uptake of innovation funds. While these challenges require different solutions, some of them are related. It is, therefore important to review them in a comprehensive way. This could be accomplished through a working group set up specifically for this task or by having an existing working group linked to innovation undertake it. Given that it may place an additional strain on resources, the working group should be convened for a limited period of time to complete its tasks. RDAs may decide to work with external support to help the working group retain focus and ensure objectivity in the process.

A potential strategy that RDAs could immediately explore to overcome barriers and boost funding for regional innovation projects is to map sources of funding for innovation at the local, national and EU levels. This would reduce the complexity for beneficiaries about the different types of funding currently available. It entails extensive activity but if the RDAs work together on this exercise, they could benefit from access to a more comprehensive evidence base containing all known EU and national funding sources. After creating an overview of the various funding sources, RDAs could proactively communicate and present options to beneficiaries, who would then be better able to choose and apply options that match their needs. Major funding programmes could be displayed on dedicated RDA platforms whose design should be intuitive, searchable and equipped with filters and sorting options to allow beneficiaries to find relevant funding options for innovation based on their specific needs and challenges. This exercise could also be considered a precursor to a more extensive review of exploring the weaknesses and gaps of regional innovation financing and investment environments since it will have helped to identify the baseline of innovation support and associated funding channels.

A complementary effort to simplify the process for stakeholders to apply for and effectively spend innovation funding could also be pursued by RDAs. This could include improvements in the conditions for beneficiaries to access innovation funding by reducing the complexity of initial enquiries, with more comprehensive paperwork only requested after the beneficiary's support needs and chance of success are more fully understood. RDAs could also explore new options to speed up the application approval process, such as publishing online guidance that is clear and easy to follow (Box 4.5). Simplifying administrative processes, for example by transitioning all RDA operations into a paperless form, will also be necessary. Easy-to-use processes would also reduce the burden on RDA innovation support staff due to fewer problems with the call process requiring their attention and resolution.

> **Box 4.5. Innovation financing for sustainable growth in Poland's Podlaska region**
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> SMEs often face obstacles when applying for funding, such as complex application documents and lengthy assessment procedures, leading some companies to hire expensive consulting firms. Only a few companies have the necessary experience and resources to independently navigate the application process. In the case of the *Podlaska Fundacja Rozwoju Regionalnego* (PFRR), the organisation was selected as a grant operator by the Marshal's Office of Podlaskie Voivodship, which serves as the Managing Authority of the Regional Programme. The PFRR's project Grants for Research and

Innovation aimed to stimulate the demand for innovation and support research and development activities crucial for developing new or significantly improved products, services or production technologies.

The key feature of this practice was the simplified procedure introduced by PFRR, which included a concise and straightforward application form of just five pages, expedited verification processes, and reduced documentation requirements. This streamlined approach enabled SMEs to better engage with the grant process. By June 6, 2018, over 250 applications had been submitted, and 127 projects were qualified to receive grants for implementing their innovative ideas. As a result, these companies achieved their business goals, such as increased sales, profitability, and employment, contributing to the enhanced competitiveness of SMEs in the Podlaskie region.

Source: Interreg (2018), *Grants for research and innovation*, https://www.interregeurope.eu/good-practices/grants-for-research-and-innovation.

Beneficiary capacity

Beneficiary capacity to engage effectively with innovation support (including calls and advice services) was reported to be an issue by five RDAs: Centre, North-East, South-East, South-West Oltenia and West. This is especially the case with the private sector. In many cases, businesses are far removed from accessing innovation support because of a lack of knowledge about services that are available, geographical distance in accessing support and a perceived lack of relevance of the support on offer. On the other hand, there are also challenges for some businesses who, having accessed innovation support, lack the necessary competencies and capacity to absorb the related benefits. For example, some beneficiaries lack the necessary network of innovation actors to find suitable partners and collaborators.

Furthermore, there is limited stakeholder knowledge of the value of strategic innovation and a persistent view that financing tangible support (such as equipment) to address immediate needs is more important than considering the long-term value of more intangible support (such as investing in digital tools). There remains quite limited understanding among stakeholders and beneficiaries of the need to shift from tangible to intangible assets as an enabler of improved performance.

The themes above affect the ability of beneficiaries to fully engage with and leverage the opportunities offered through innovation calls and wider support. Beneficiary capacity to benefit from innovation support is often hindered by limited knowledge about the value of innovation, a lack of technical expertise, insufficient access to funding and a lack of experience in project management. Therefore, even if calls and support are well designed and relevant, beneficiaries may struggle with implementation and maximising full value.

Beneficiaries need greater support to utilise innovation support

The following ideas and suggestions could help the RDAs improve beneficiary capacity while supporting stakeholders to take a more active role in expressing the challenges they face. Due to the low levels of innovation currently occurring throughout Romania, as evidenced by its ranking (last place) in the European Union on the 2023 European Innovation Scoreboard, this will require significant planning, investment and outreach from the RDAs.

- **Build the demand-side evidence base of innovation needs and related perceptions of value**. There is a need to consult with quadruple helix actors to ensure their voices have been heard; this can be done face-to-face and online, using surveys, roundtable discussions and focus groups. Reaching stakeholders from all geographies across the RDAs is an important consideration and will ensure that perspectives and unique problems from across the whole territory of each region

are properly understood. Gathering this evidence and then assessing it to identify key patterns and priorities will help to review whether the current innovation support system meets existing needs. The feedback review should also help establish an improved understanding of innovation issues that fall outside of the RDA remit (e.g. legal and regulatory matters). By sharing these issues across the RDAs, common issues and patterns of challenges can emerge. In turn, these can be taken up with both ROREG and the national government, especially where there is strong evidence of national innovation bottlenecks.

- **Develop and implement a support process to simplify project application and funding processes**. Based on the evidence gathered from stakeholder consultation, RDAs can then take steps to help upgrade their innovation application and funding processes. Final outputs could be in the form of a webpage or guidance document. Some examples of these activities are:
  - Increase the time between the launch of a call and the deadline for project submission.
  - Extend the number of activities that can be funded by simplified cost options.
  - Simplify documentation requirements.
  - Increase the percentage of funding to be transferred to the beneficiary upon project signature.
  - Organise periodic meetings with other RDAs, through ROREG, to share experiences.
  - Assign RDA officers to specific project agreement types.

- **Offer potential and actual beneficiaries tailored support related to technical expertise and project management**. Technical expertise refers to the types of innovation projects that beneficiaries can apply for but for which they lack the knowledge or capacity to engage. An example of this is in the area of collaboration, where businesses are required to work together on innovation projects. Currently, there is a lack of knowledge among businesses with respect to how to do this or the benefits it can generate. Therefore, awareness-raising and promotional activities are necessary to help build this knowledge, such as videos and case studies from other EU regions (Box 4.6). Beneficiaries in all regions also require training sessions on fundamental project management skills in order to promote confidence, capacity and compliance with the innovation project conditions.

- **Upgrade the role and collective importance of innovation intermediaries**. Because intermediaries, such as clusters, science parks, local authorities and universities, can help connect RDAs with potential beneficiaries, they serve an important outreach function. Together with their regional innovation intermediaries, RDAs could explore how to further develop their role as brokers and facilitators, offering more regular support that aligns with the needs of both innovation intermediaries and funding beneficiaries.

Box 4.6. International examples of digital business diagnostic tools for SMEs

Several national and regional governments have experience using digital business diagnostic tools to build interest and stimulate demand for innovation support among SMEs (OECD, 2018[14]). More sophisticated tools of this nature can also provide services that allow SMEs to compare their performance in sales, employment and profitability. This type of analysis could help to stimulate demand for capacity building to improve SME collaboration (within and beyond individual sectors) and could, therefore, also support wider RDA ambitions to deepen regional innovation ecosystems.

- **FUTURESME Capability Diagnostic Model**. This online tool was developed with financing from the European Union for use by SMEs. The SME provides information about the company and responds to questions around several indicators (e.g. strategy, performance management,

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etc.). An output report is automatically generated, highlighting the SME's priority to improve business performance and competitiveness (European Commission, 2011[15]).

- **COTEC Portugal Innovation Scoring System**. This scoring system provides an online self-assessment across five areas related to innovation management. The system automatically creates a feedback report, allowing comparison with average and top performers already using the tool. The system also makes it possible to identify, among all available investment options, those with the greatest potential for creating economic value in line with strategic objectives (Advantage, 2023[16]).

- **Singapore Smart Industry Readiness Index** (Singapore Economic Development Board) (EDB Singapore, 2020[17]). This self-assessment tool scores SMEs against eight criteria and across three dimensions (process, technology, organisation). The resulting performance profile helps SMEs prioritise and implement actions to support their smart industry readiness.

- **e-Estonia** (Enterprise Estonia). e-Estonia offers a digital tool that helps SMEs to identify their level of competitiveness using seven indicators (competitiveness; customers and markets; sales and marketing; products and prices; distribution channels; product development, production, and logistics; and resources and know-how). The tool highlights areas for improvement for the SMEs who have taken the diagnostic and points to further innovation support offered through EU and national funds.

Source: OECD (2018[14]), *Leveraging Business Development Services for SME Productivity Growth*, https://www.oecd.org/industry/smes/Final%20Draft%20Report_V11.pdf; European Commission (2011[15]), *Sustainable Business Model for SMEs*, https://cordis.europa.eu/article/id/86400-sustainable-business-model-for-smes; Advantage (2023[16]), *Inovação*, https://advantage.cotec.pt/inovacao; EDB Singapore (2020[17]), *The Smart Industry Readiness Index*, https://www.edb.gov.sg/en/about-edb/media-releases-publications/advanced-manufacturing-release.html.

Funding limitations

Despite the RDAs now overseeing and managing the funding for the Regional Programme, there are ongoing challenges related to accessing existing sources of funding and the availability of more investment-oriented financial instruments. Throughout 2021-27, approximately EUR 3.1 billion from the 8 Regional Programmes funded by the European Union will be allocated to regional innovation projects under the Smart Europe objective to support regional innovation projects. However, RDAs do not have control of this funding source and can only advise and assist regional organisations and businesses that are interested in applying to support their own innovation investments. A further EUR 2.7 billion has also been planned for allocation towards Smart Europe at the national level, a share of which could potentially help to fund projects led by regional innovation actors.

Although RDAs do not have their own budgets to fund and support innovation projects, some RDAs reported challenges with managing and supporting applications for innovation funds. For example, funding made available through the Regional Programme to deliver innovation support services was often considered to be too limited and not well-aligned to business needs, especially start-ups. Therefore, while prioritisation is needed, this is difficult to undertake in the absence of reliable and up-to-date evidence of innovation needs across different stakeholder groups. In some RDAs, existing Regional Programme funding has been underutilised, signalling a lack of awareness about its availability and limited capacity amongst regional innovation actors to take advantage of the support.

Furthermore, some RDAs have rigidities within their organisational structure that pose challenges to fostering a vibrant investment culture. For example, RDAs have no borrowing capacity. Some of these constraints are related to regulatory barriers and complex bureaucracy that prevent the development of an environment that is conducive to innovation investment. The regions also tend to lack robust non-EU

financial mechanisms (Zavarská et al., 2023[18]), such as venture capital funds or angel investor networks, that can provide the necessary financial support and mentorship to innovative ventures (see Box 4.8). The 2023 European Innovation Scoreboard has also shown that venture capital expenditure, while never very high in Romania, has slipped further in 2023 (European Commission, 2023[8]). In the absence of vibrant innovation investment environments, access to funding and finance for beneficiaries – especially businesses – can be difficult to secure.

Box 4.7. Alternative funding options are being explored by the West RDA

The West RDA is considering diversifying its innovation funding offer through the creation of a regional venture capital fund. This is unique at the regional level in Romania and rare at the national level (Chirileasa, 2022[19]). This fund would invest in companies located in the region and could benefit small, innovative companies by providing access to funding. Not to understate the significant effort required to explore, design and implement such a fund, this is a strategy that the other RDAs could also explore. Long-term investment will be needed to ensure its success and credibility, the start-up costs will be high and the investment strategy will require careful consideration and planning. A prerequisite for success would be to ensure sufficient and stable demand for such investment support from the business sector. To boost this, the West RDA could consider adopting the strategy employed by some private venture capital firms that provide free, non-financial support such as consultancy services, financial advice, marketing strategy and training (European Commission, 2011[20]).

Source: Chirileasa, A. (2022[19]), "EC disburses funds under 2021-2027 MFF to West regional development agency in Romania", Romania-Insider.com; European Commission (2011[20]), *Commission Proposal on Venture Capital for Small- and Medium-sized Enterprises (SMEs)*, European Commission.

Box 4.8. Regional examples of new funding and finance models

The INNOVA-FI policy booklet on financial instruments

The Interreg Europe INNOVA-FI project provides a framework for identifying key public and private sources of finance and funding for innovation investment. It focuses on improving the structure and implementation of financial instruments to meet the financial needs of innovative enterprises engaged in research, technological development and innovation at all stages of growth. By understanding the dynamics of public funding in different regions, the project partners aim to refine the innovation finance landscape and turn existing challenges into sustainable growth opportunities.

The project consortium is addressing several key challenges, including creating financial instruments that cater to different business stages, moving away from a deep-rooted grant culture, aligning financial instruments more effectively with other support mechanisms and developing cross-border instruments.

In addition to these efforts, INNOVA-FI has published a policy booklet with a wide range of financial instrument applications and setups from different partner regions to complement its efforts.

The Paris Region Venture Fund

Created by the council of the Île-de-France region in 2011, the Paris Region Venture Fund is an investment fund dedicated to young, innovative companies. The EU Cohesion Policy European Regional Development Fund and the region each provided 50% of the total funds. By 2021, over 40 investments had been made.

The Paris Region Venture Fund supports growth strategies with very high potential to create sustainable jobs in young, innovative companies in the start-up phase. Specifically, it targets companies working on innovation with high technological stakes and that have a turnover of less than EUR 1 million. Companies span a wide range of sectors: digital, mobility, artificial intelligence, health, sustainable and smart cities and aeronautics, among others. Some of the criteria in selecting its investments include the quality of the teams, the company's growth prospects and its potential contribution to the development of Île-de-France, i.e. local anchoring, participation in the economic dynamism of the region, etc. The fund is managed by Karista, a venture capital firm specialising in health and digital technology investment.

The companies that receive funding will automatically become members of the Paris Region Business Club. This network has more than 3 000 members and offers business opportunities, exclusive contacts, opportunities for networking and experience sharing, and visibility to support the company's growth.

Source: Interreg (2023[21]), *Financial Instruments for Innovation*, https://projects2014-2020.interregeurope.eu/innova-fi/ (accessed on 03 November 2023); Paris Region Venture Fund (n.d.[22]), *Homepage*, http://prvf.fr/ (accessed on 03 November 2023); Région Ile de France (n.d.[23]), *Paris Region Venture Fund*, https://www.iledefrance.fr/paris-region-venture-fund (accessed on 03 November 2023); Karista (2021[24]), "Ten years of success for the Paris Region Venture Fund", www.karista.vc/stories/ten-years-of-success-for-the-paris-region-venture-fund (accessed on 03 November 2023).

Communication and stakeholder engagement

Unsophisticated communications and ineffective stakeholder engagement have undermined the efficacy of innovation support services provided by RDAs. The largest consequence of these failures is the inability of RDAs to connect with potential beneficiaries, which partially explains the low take-up of innovation services. But the negative impacts are much broader. In many Romanian regions, the understanding of innovation, its potential benefits and the S3 remain poorly understood. Businesses and organisations with nascent innovation interests remain disconnected and isolated. Improved communications and stakeholder engagement can help to address these issues but will require a new approach from the RDAs to connect with, engage and influence innovation actors in their respective regions.

Communications and engagement

Romanian RDAs tend to be well-regarded by their regional stakeholders but there has been insufficient investment in systematic communication and engagement related to innovation support. As such, awareness of the innovation role RDAs play is frequently vague and there was limited evidence that RDAs had invested in strong communication plans. As a consequence, RDA visibility concerning innovation services within their respective regions is often weak. While there was some awareness of the RDAs more generally, stakeholders tended to be less informed about their innovation function. This absence of promotional efforts also meant that the regions had yet to put in place a strong innovation narrative that outlined what innovation is and what value could be realised through accessing innovation support.

Further, the communication strategies that have been implemented to connect with innovation stakeholders are limited in scale, could be better targeted and make better use of today's variety of existing media channels. This constrains their ability to generate widespread visibility (OECD, 2023[1]). Alongside the relatively limited outreach efforts of RDAs to communicate their innovation roles and services, there was also a tendency for communications to be poorly targeted. This reduces the possibility of audiences receiving a consistent message on multiple occasions, which is much more likely to be comprehended and remembered than a single communication.

A more strategic approach to communications – using different messages and media to engage with different innovation actors according to their specific interests and needs – would help improve RDA engagement with its more important stakeholders. Within the majority of RDAs, there was scant evidence that efforts had been made to categorise their quadruple helix innovation communities, either by group (such as public sector, private sector, academic, research sector or civil society), industrial sector or geographical communities within their regions. This incomplete approach to communication makes it difficult to share information that is relevant for individual actors. A more strategic approach to communications with the innovation network would make it easier to share relevant information with individual actors and is a way to avoid generic communications.

A new approach is needed to connect with regional stakeholders

Most RDAs need to improve and diversify innovation-related communications directed towards regional stakeholders by using new channels and a more tailored approach to reach specific audiences. These steps would enable key messages to be adapted to match the characteristics and interests of different stakeholder groups. Some ways to re-energise these efforts and develop a more systematic communications plan are indicated below:

- Design and deliver a comprehensive consultation exercise that allows for deeper engagement with different stakeholder groups while demonstrating a clear commitment from the RDA to better understand the needs of the quadruple helix. This type of exercise should also promote the visibility and value of RDAs in the innovation roles they play.

- Review the most effective and flexible methods for sustaining communication and engagement with regional innovation stakeholders. This review should include the whole range of communication tools, channels and content, including the broad innovation narrative. Identifying the language that best supports perceptions of professionalism, trust and expertise should be at the core of this exercise, as should opportunities to reinforce and optimise the diffusion of key messages.

- Ongoing monitoring and collection of communications data across these themes. Measuring audience reach and engagement with RDA communications should be undertaken quarterly, aiming to monitor the impact of communication processes and their outcomes. This will allow periodic updates to communications messages and channels to ensure their relevance and respond to changes in market conditions or media consumption habits.

In order to understand regional innovation needs and to demonstrate the importance of this to the broader innovation community, RDAs could design a consultation process with stakeholders such as businesses, civil society organisations and citizens to identify and share views on key challenges and opportunities. Below are four steps (Wouters, 2021[25]) for conducting an inclusive stakeholder engagement process:

1. **Stakeholder identification**: this entails mapping innovation stakeholders in the region, both internal (to the RDA) and external (to the wider regional community). Team brainstorming can help to ensure as many stakeholders as possible are identified, as well as their characteristics in terms of possible interests in and connections to the wider innovation ecosystem. A database can support this process.

2. **Stakeholder engagement plan**: this plan should define the type of relationship and relative involvement that the RDA wishes to have with its stakeholders and how it will ensure ongoing and effective communication with them. The plan should include information on the frequency of communication and methods of engagement (e.g. focus groups, questionnaires, interviews). At a later stage, an evaluation of the engagement plan will help to verify whether objectives have been achieved.

3. **Continuous interaction with innovation stakeholders**: the stakeholder engagement plan should be used to build relationships. Stakeholder trust is more likely if communication is consistent,

transparent and inclusive. Creating clear communication channels and an open space for stakeholders to express their opinions is crucial for success. For instance, organising regular roundtables with all regional innovation actors could be an appropriate measure, as well as clear online access points.

4. **Accountability with innovation stakeholders**: when in dialogue with different stakeholder groups, it is important to keep track of the commitments made to them and to communicate regularly on the progress of such commitments. Stakeholders should know whether their suggestions have been taken into account by the RDA, what actions have been taken and how the results are being monitored.

Co-ordination and co-operation with innovation stakeholders

The relatively low level of performance of regional innovation in Romania, together with a governance system that tends to generate a siloed approach to related innovation support programmes and strategies within RDAs, means that innovation partnerships across the regions are underdeveloped. The lack of co-ordination of and co-operation among innovation actors has implications. First, potentially productive innovation partnerships are less likely to develop organically despite the benefits that both parties would likely realise if it took place. Second, innovation support services provided by RDAs can be less impactful, as innovation projects pursued by beneficiaries often require local suppliers, partners, and customers to have the desired effect. Third, a diffuse innovation community is a deterrent to attracting new investment and skilled workers, which in turn slows innovation and regional economic development progress.

RDAs could more fully adopt a facilitation function that could connect innovation actors. To date, the focus has been on providing support to individual businesses and organisations, which has assisted them in pursuing innovation projects but has done little to strengthen the broader regional innovation ecosystem.

RDA co-ordination of innovation actors is particularly important in Romania due to low rates of university-industry collaboration. Many collaborations that have developed within the regions are rudimentary and insufficiently market-oriented. In some regions, there are challenges in engaging local universities with the wider innovation system and university-business collaborations are sometimes not sufficiently geared towards transforming innovative ideas into concrete products or services that meet consumer needs.

Collaboration will require buy-in from all actors and sub-regions

Actors from different sub-regions and different parts of the quadruple helix need to have clear and concrete reasons for making an investment in learning more about each other as a precursor to co-creating an innovation ecosystem orientation. Therefore, details about any previous collaborative efforts facilitated by RDAs should be shared broadly by the RDA throughout the region. Examples from other EU countries and regions can also act as a source of inspiration.

The RDAs should also invest in designing, organising and facilitating events and discussions that help to improve knowledge and trust across quadruple helix actors. These can be supported by other similar interactive events, such as challenge labs. Within the European Union, these events are usually designed around big, modern-day problems and themes with wide applicability, such as food security (EIT Food, 2022[26]), modernisation of university education (STARS EU, 2023[27]) and other pressing societal challenges. This approach could also be tested in Romania, focusing on themes that affect all regions and could include collaboration with the university network, which could provide facilities and valuable academic expertise. The experience in the Abruzzo region of Italy highlights the significant benefits as well as complexities and potential hurdles of industry-academia collaboration (Box 4.9).

Box 4.9. Regional strategies to improve collaboration within innovation ecosystems

Connecting enterprise and academia in Italy's Abruzzo region

In the 2014-20 EU programming period, Abruzzo's strategy of bringing together academia and the private sector did not deliver the anticipated job creation (Fontana, Bisogni and Renwick, 2023[28]). The limited involvement of small enterprises compared to medium-sized enterprises was identified as a key factor to be improved. In response, the region's current S3 introduced a diversified approach to working with SMEs through a greater articulation of the technological readiness trajectories related to different projects. Another lesson from the Abruzzo experience – highly relevant to Romanian regions – is the uneven growth rate of the strategic sectors within the S3. For example, while the technology sector is developing rapidly, the tourism sector is lagging behind due to its fragmented nature, consisting of small, micro and individual businesses that are not well networked. There are also implications for the agriculture sector in Romanian regions and pathways to diversification and upgrading driven by technology. Such collaboration is not a guaranteed solution for regional innovation but it does provide valuable insights into broader strategic issues that may need to be addressed in the pursuit of an ecosystem-based approach.

The Challenge Lab in North Middle Sweden

In 2019, the region of North Middle Sweden established a space for collaborative transformation and trust building in the region: the Challenge Lab North Middle Sweden (Douglas, Holmberg and Holmén, 2021[29]). In a first step, the region formed a working group to identify and frame the challenge with which the lab should work. The region decided to focus on how to develop hydrogen because of its regional focus on sustainable production and advanced manufacturing. In a second step, the Challenge Lab designed a series of workshops to establish guiding principles, analyse the current situation and gaps, focus on the potential in the region to bridge the gap and identify priority actions and next steps.

An important focus of the Challenge Lab was stakeholder engagement from the region's quadruple helix. lab has been instrumental in building closer relationships among actors that did not previously co-operate. Not only has it strengthened co-operation activities among the different partners but it has also led to joint applications for EU projects, generating opportunities for collaboration.

Source: Fontana, S., F. Bisogni and R. Renwick (2023[28]), *The Future of Regional Smart Specialisation Strategies: Sustainable, Inclusive and Resilient*; Douglas, A., J. Holmberg and J. Holmén (2021[29]), *Challenge Lab NMS Log Book: Exploring the Role of Hydrogen in Realising a Good Life in North Middle Sweden through Circular and Low Carbon Industrial Transformation*.

Beneficiary understanding of innovation and S3 promotion

The potential beneficiaries in most regions of Romania, with the exception of the North-West and Bucharest-Ilfov, were reported by the RDAs to have an incomplete understanding of what innovation means or how it could assist them. This absence of knowledge also extends to a lack of awareness of different types of innovation support, their relevance and value. Furthermore, the language used by RDAs when describing innovation and offering support services has been perceived by many regional stakeholders and beneficiaries to be disconnected from their most pressing needs (OECD, 2023[1]). In many instances, even the regional S3 is not well-known across the innovation stakeholder community and its value is not well-understood, especially in the business sector. As a consequence, it can be difficult to engage and provide assistance to large sections of the innovation community within RDAs.

Greater awareness is an essential first step towards understanding

Some RDAs could benefit from investing in a wide-ranging information and awareness-raising campaign to improve knowledge and understanding of innovation across their regions. A campaign of this kind should be focused on members of the quadruple helix. Targeted messaging for different stakeholder groups will be essential, appealing to their different needs, interests, and levels of comprehension about the value of innovation.

The innovation support services provided by RDAs should not be positioned or promoted as an independent function since their value is best understood in the context of both the regional development plans and the Regional Programmes. For this reason, innovation consortia can play a very powerful role in supporting RDAs to translate the relevance of S3 through core regional challenges and ambitions. Therefore, RDAs and innovation consortia should consider a collective, regional response to creating and disseminating a joint narrative and key messages about innovation challenges and actions. Promoting consistency across the S3, Regional Programmes and regional development plans can help to create a level of coherence while promoting the relevance of S3 to regional development challenges and opportunities.

Across the RDAs, there is scope to strengthen regional innovation governance structures through existing innovation consortia (or similar fora). Maximising the engagement and commitment of quadruple helix actors who are part of these fora is critical and is strongly connected to S3's Entrepreneurial Discovery Process. Fully integrating these actors into regional innovation planning and implementation requires continuous investment and support to build ownership and commitment. Part of this investment also requires that actors get to know each other better and understand the added value to their own organisation of collaboration across the quadruple helix. Having this group act as champions for regional innovation is critical for diffusing interest and uptake of innovation support across the regions.

It is equally important for RDAs to consult with innovation stakeholders to understand the bottlenecks that sometimes prevent effective engagement and collaboration. Exploring breakdowns in feedback loops offers an interesting approach to consulting with innovation consortia members (individually and collectively) and could also help RDAs to understand better what motivates members in playing a continuous and more strategic role in the consortia setting. Areas of particular significance for review with members are:

- **Cost, time and distance**: across the whole territory of the region, there are costs and challenges involved in accessing innovation support. Consortia membership can help sustain interest and engagement by providing feedback about the nature of innovation support in the region and how this might be upgraded.

- **Lack of will and capacity**: unless members understand the relevance to them of being part of the innovation consortium and unless they feel able to contribute, they are unlikely to prioritise their engagement.

- **Information asymmetry**: this relates to dynamics across the members of the innovation consortium, who have different incentives and motivations related to innovation and probably use different innovation language and terminology. Furthermore, across the group, there will be different levels of knowledge. These imbalances can create different power dynamics in how the innovation consortium performs. In turn, this can lead to unfulfilled expectations for all parties. Joint capacity building offers a means to explore these differences across the group to build trust and understanding. Importantly, the differences across the membership need to be harnessed as an advantage for the region since these members represent the different innovation communities of the regions.

Furthermore, there could be merit for some RDAs to extend awareness-raising about innovation to an EU dimension, explaining the evolution of EU Innovation Policy over the last ten years and its connection to

each specific region and S3. With strong visuals and jargon-free language, capacity-building sessions could be supported by innovation intermediaries, inviting reactions and feedback. Connecting the European Union's innovation story to the regional one is very important, not least in promoting the value of innovation collaboration to improve performance at local levels. EU innovation networks could also support this kind of effort by offering short insights – through videos, written case studies or online exchange sessions – from different EU regions into innovation projects and initiatives, especially where these mobilise different partners across the quadruple helix.

S3 promotion can be achieved by engaging stakeholders through domain-related interests

Aligning S3 domains to the regional development plans could help create a new level of relevance and interest across RDA innovation communities. A core group of regional actors from across the quadruple helix could be mobilised to act as champions under each domain, setting out the relevance of the domains to all stakeholder groups and to all territories of the region. Opportunities to identify both diversification potential and collaboration should be encouraged.

Further considerations for innovation support in Romania

Future opportunities and challenges

Many EU regions face challenges related to disparities, inequalities and a slow pace of convergence with their EU peers (European Commission, 2022[30]). Furthermore, the recent Innovation Scoreboard and Regional Innovation Scoreboard reports have shown that an innovation divide still exists across the European Union. Romanian regions remain less developed in their status and are all classified as "emerging innovators". In addition to improved capacity to deliver high-quality and targeted innovation support, RDAs should remain vigilant to EU policy and investment opportunities that might complement domestic efforts to improve this classification.

RDAs should also consider working together to both evidence the challenges they face and mobilise efforts to connect with and access EU-level support. For example, the EU Green Deal agenda seeks to address digital and energy transition challenges through a wide range of policy and support measures and could provide future opportunities for Romanian RDAs to support innovation. To best prepare for and capitalise on future EU support, it is important that these challenges are further embedded in regional innovation frameworks. Sharing of practice across the RDAs, to support knowledge and capacity related to digital and green innovation, would further assist in the preparation for future collaboration with EU programmes. Furthermore, by harnessing the collective knowledge and capacity of regional innovation ecosystems, RDAs can help to identify specific opportunities and projects that align with these EU-wide priorities.

There is strong evidence that Romania is investing more in digital infrastructure, with information and communication technology growing at around 8% nationally between 2017 and 2021 (McKinsey & Company, 2022[31]). This trend could help spur digital innovation developments, not least where the public sector can adopt a catalysing role. Collective efforts across the RDAs could help to strengthen the evidence base of performance, demand and potential, especially where RDAs are able to connect their innovation ecosystems to maximise expertise and investments. The potential networking of Digital Innovation Hubs (European Commission, 2023[32]) could support this direction championed by the RDAs. Discussions with the national government could also help to unlock and spread the benefits of digital infrastructure investments, not least by providing a bottom-up intelligence base of digital skill needs.

Potential innovation goals and objectives for RDAs

The anchoring capacity of Romanian regional development plans to better ground and connect the objectives of the Regional Programmes and S3 is a powerful tool in the hands of the RDAs. Acting as strategic conveners, the RDAs have the potential to carve out stronger added-value roles for regional innovation.

RDAs have been somewhat hampered by capacity challenges owing to the recent shift in their roles as Managing Authorities. At the same time, a dynamic EU Innovation Policy agenda is taking shape with many opportunities to both influence its direction and to take part in related opportunities. Staying informed of these opportunities is not easy, especially because not every RDA has a permanent presence in Brussels to track developments and generate EU engagement opportunities. Designing a more collaborative and systemic approach to engagement with relevant EU innovation networks is also critical but can be expensive and time-consuming. RDAs could collectively discuss possible options to increase visibility, profile and proximity to EU spheres of innovation policy influence.

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Notes

1 A quadruple-helix collaboration is a form of collaboration in research and development between the four major sectors of society: industry, government, research institutes, and the public (European Commission, 2021[33]).

2 New ideas, activities or products that have the power to transform an industry or organisation. Within the EU innovation policy context, it refers to innovations that will help address societal challenges and support large-scale transitions (Laranja, Perianez Forte and Reimeris, 2022[34])

3 https://s3platform.jrc.ec.europa.eu/

4 The 2023 Regional Innovation Scoreboard noted that the capital region's innovation performance is more than three times greater than the lowest performing region (South-East) (European Commission, 2023[8]).

5   https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/technical-support-instrument/technical-support-instrument-tsi/technical-support-instrument-2024-call_en.

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Enhancing Strategic Planning and Innovation Services

SUPPORTING ROMANIAN REGIONAL DEVELOPMENT AGENCIES

Regional development is rooted in place-based strategic planning and strengthened regional innovation systems. In Romania, the eight Regional Development Agencies (RDAs) are responsible for strategic planning for regional development and delivering innovation support services to regional and local actors. They also manage the public investment funds dedicated to these activities. These are challenging tasks. Many RDAs face difficulties in ensuring that regional and sub-regional development objectives and priorities align, expanding the definition of innovation, and activating their regional innovation ecosystem. Equally difficult is keeping stakeholders engaged and committed to the regional development and innovation agendas. This report synthesises the regional development and innovation challenges facing Romania's RDAs and potential activities to overcome these in three areas – strategic planning and performance measurement, finance and implementation, and communication and stakeholder engagement. It also offers insights and recommendations for higher-levels bodies to further support RDAs through guidance, facilitating peer-exchange, and actively engaging the RDAs in regional development decision making.