



Implementing Regional Development Policies: What are the key factors for success?

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Workgroup 2: How to ensure effective project identification, prioritisation and preparation for regional development?

FINAL PAPER

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The enclosed paper served as background to Workshop 2 discussions at the CORD Conference. Subsequently it was re-worked to take on board some of the issues raised by participants.

1. Introduction

Guiding questions:

- *Is there anything to learn from the EU Commission's new preferred approach to "regional development plans"? Regional Strategies and Plans – how deep and how early do we need to plan in order to ensure focus and concentration of resources on key interventions and projects?*
- *Regional Planning – is there a "smart" road to effective regional planning for regional development that rapidly identifies feasible programmes and projects?*
- *How can we manage together a pipeline of projects under preparation for financing and wider (mid-term) investment planning?*
- *What are the conditions and capacities required to prepare a large pipeline of regional development projects?*

Practitioners of regional development are often confronted by an underlying tension: **should they put more time and effort into policy and strategy or should they**

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focus more concretely on what to do and how (issues often implied by the term “policy implementation”)? In the context of programmes and projects, this simply means the following: **an investment programme that seeks to support policy or strategy implementation cannot succeed if it fails to rendezvous with effective investment projects and related “soft” development activities.** Results, impacts and sustainability: these are but an impossible dream if we cannot identify, prepare, and ultimately implement, well-designed projects. This holds good for all kinds of projects at all times.

In general the literature – often driven by academics with less exposure to practice – argues for the primacy of strategy and this focus is often privileged among international development organisations. This paper does not argue against policy or strategy: on the basis of experiences it simply re-affirms that even good policies and strategies are useless if they cannot be effectively operationalised. The experiences described in this background paper focus on strategy implementation down to and especially including project identification and preparation, including in the form of a so-called “project pipeline.”

Let us be honest: implementation and operationalization of strategic good intentions is clearly a problem – if we are to look at any one of many EU reports on the implementation of Structural and Cohesion Funds, or the frustrated levels of success often encountered by donor organisations in the field. It is also an issue of those for whom development is undertaken: the citizens, communities, and economic and social actors of countries in dire need of development. You cannot sustain support for development if people do not see it happening on the ground.

Countries in transition (ENI, EU Pre-Accession or Candidate, and even certain new EU member states²) often do not have in place the requisite policies and strategies for regional development. Moreover, it is the case that they often lack the instruments (programmes, schemes, projects and institutions) to ensure effective implementation. There need to be extremely close and tight linkages between strategy and its implementation through programmes, and especially on the ground. **The absence or inadequacy of this link has been a recurrent and major problem in the countries discussed below** and, more generally, in others at a similar stage of development.

Conceptually we view a “programme” as an intermediate level between (a) policy and strategy and (b) project or operation. A “programme” is – or should be - a composite framework, including both strategic and operational elements. Arguably in regional development and especially within EU Structural Funds practice (whose influence goes well beyond EU member states) so-called “operational programmes” are primarily analytical and strategic and secondarily operational³. They programme

² One might want to suggest even some older EU member states!

³ Most classical forms of strategic planning for development of regions (or even localities) involve a broad brush analysis leading to some form of diagnosis, sharpened into a vision and intervention logic, articulated through priorities, measures, actions or some combination of these, supported by a resource plan and M&E system. Within EU policies of Economic and Social Cohesion or simulations of these in pre-accession or ENI contexts, it is

the financial resources into broad priority areas: they do not get to the detail of actions – and indeed, the international or European authorities (whether under Structural Funds, Budgetary Support or even EU Pre-Accession funds) do consider this level of detail is a concern of the beneficiary country and not for them⁴.

This location of responsibility for the development process and its content at the level of beneficiary country – and in regional development to a large extent at the sub-national level - poses obvious challenges and makes significant demands on national and regional actors. How can you develop your economy and society when some of the key institutions and capacities may themselves be under-developed or poorly adapted to certain critical tasks on which the entire enterprise depends?

These tensions – implicit in any development process that is supported from outside as well as inside – are sharply evidenced in the fundamental programming, planning, project identification and project preparation processes in regional development.

This paper is based on experiences from four different countries, (three of them around the moment of EU Accession).

Country ⁵ date	- Context	Main Actors
Czech Republic 2003-4	Preparation for first EU Structural Funds programmes (Operational Programmes – Regional Development; Human Resource Development (labour market); Industry and Enterprise)	Ministry of Regional Development (Ministry of Industry and Trade; Ministry of Labour and Social Affairs) NUTS 3 level regions (<i>krajs</i>) Local public authorities
Bulgaria 2007-8	Preparation for first EU Structural Funds programmes (Operational Programme – Regional Development)	Ministry of Regional Development & Construction NUTS 2 level regional secretariats Local public authorities
Romania 2007-9	Preparation for first EU Structural Funds programmes (Operational Programme – Competitiveness)	Ministry of Economy Deconcentrated/intermediate bodies of Ministry of Economy (SME Agency; National Agency for Research; also Ministry of Information and Communications Technology)

generally assumed that such strategic planning can be built on existing, often more detailed sectoral or other programmes, strategies and plans. In this logic, EU and international assistance supports existing policy orientations and should be programmed by those domestic institutions usually involved in promoting broad economic and social development.

⁴ Clearly there are some differences between different financing paradigms (EU Structural Funds, EU Pre-Accession Funds and various forms of donor funding and Budgetary Support). Larger projects often do however involve directly international donors and under EU Structural and Investment Funds, the EU Commission and IFIs are generally closely involved in operational details of larger infrastructure projects which they fund.

		Local public authorities, private companies, universities etc
Moldova - 2012-on-going	Follow up effort to stimulate project development consequent to first experiences of Regional Development 2010-11	Ministry of Regional Development & Construction Ministry of Environment; Ministry of Economy/Energy Efficiency Agency; certain other line ministries) Regional Development Agencies (3) Local public authorities (especially <i>rayon</i> level) Municipal level local public authorities, water companies, schools, hospitals etc.)

The intervention areas were quite different from country-to-country, and include public infrastructure (urban, social), SME/business development, RTD/Innovation, ICT, labour market support, tourism and especially in Moldova environmental infrastructure (water & sanitation, solid waste management). In each case there was some fear that it would be difficult to use or “absorb” the funds because of a likely lack of good projects (where “good” implies projects that produce beneficial results for target groups, regions and/or specific sectors).

In the Czech, Romanian and Bulgarian situations, the process described below was initiated during the actual programme elaboration process, meaning that the partly agreed operational programmes already indicated major priority areas for funding and within these sub-areas (variously termed “measures” or “areas of intervention”). However this is a key point: in none of these sub-priority areas and in none of the programmes was the level of detail adequate to answer the key questions of “What really do they want to fund? What scale, size, nature of project (as opposed to a list of a la carte activities) do they want to fund?”. In short these documents – even in final form – did not give adequate orientation to project-makers as to what was required – and even left many questions in the minds of those tasked to manage the programmes!

In all of the situations the experiences involved a high level of external consultancy and technical assistance, under the guidance of relevant ministries nationally. Except for Romania, in each situation a regional level mechanism involving regional and local actors/stakeholders also guided the work, with more (Czech Republic and especially Moldova) or less (Bulgaria) formality and structure. In Czech Republic this was a partnership-based “regional working group” at NUTS 2-region level, in Bulgaria an ad hoc group clustered around the 5-6 employees of MRDC regional secretariats at NUTS 2- region level, in Moldova, a “regional sector working group” for each of the development regions, North, South, Centre.

Partly in the Czech and especially in the Bulgarian experience actual programme design was influenced by an understanding of the kinds of projects that were possible – a knowledge gained in the process of a wider project mapping undertaken to identify projects to be prepared.

In each of the three – and to some degree in the Moldovan experience - a common approach was adopted to supporting the **development of projects** by assisting relevant “project-makers” according to a structured and staged approach or “pathway” (described below) and the management of project development through a project pipeline⁶. The inference from the last point is that the task of identifying which project concepts would be worth preparing for eventual funding lacked a clear, unambiguous starting point within the higher level documents (i.e. operational programmes or strategies).

2. Is there anything to learn from the EU Commission’s new preferred approach to “regional development plans”? Regional Strategies and Plans – how deep and how early do we need to plan in order to ensure focus and concentration of resources on key interventions and projects?

Our understanding is that for the current Structural Funds programming period (2014-2020), the EU Commission (and especially the Directorate General for Regional and Urban Policies) has sought to encourage the earlier identification of projects for funding, in order to avoid “granulation” effects that usually have arisen from projects, belatedly conceived often in the context of “calls for project proposals”. By “granulation effect”, we refer to the situation – deriving from poor design of the programme implementation systems and often inadequate responses from beneficiaries – whereby projects are often much too small and disconnected in cases where they should be larger and systemically linked. The new approach implies **a form of upfront choreography and pre-selection of projects, or at least project concepts - a practice which until now has been required by the Commission only for projects supported under to the EU’s Cohesion Fund.** Member states do not necessarily need to share with the Commission details of such projects but are strongly encouraged to pre-select for each programme a number of projects and ensure a process that will mean these projects can be of good quality, and be funded in a timely manner. In Romania, for example in the new programming period, this has led to a greater effort than in the past to pre-identify projects that can then be prepared and eventually funded.

The experiences of the countries examined in this Paper **would strongly support a shift towards upfront project pre-identification.** This shift appears particularly appropriate to many new member states, and more widely to other countries outside the EU. Of course it would require a more pro-active and pro-development approach from many ministries – but this is long overdue. So-called “operational programmes” (the basic EU-member state programming document in Structural Funds) have unfortunately become steadily less operational and more formalistic in the period 1994-2013. By this we mean that the omission of more and more operational details, especially any reference to the precise focus, scope and organisation of programmes, schemes and projects has reinforced a laissez-faire tendency with regard to what is actually financed and to development outcomes. This “laissez-faire” approach may have suited Western European member states (anxious to resist what

⁶ The approach is starting in Moldova since January 2014 (see below)

they see as excessive interference from the EU and in any case comforted by relatively good internal planning processes); but it has been poorly geared to the needs of new member states, and is not a good direction for Neighbourhood and Pre-Accession States. In practice in many new EU member states, EU strategic priorities drive the national EU strategy (National Development Plan or its equivalent in each programming period) but there is often a huge gap between these 'EU led' national strategies and more concrete plans and capacities at the national and in particular sub national levels.

Each of the three EU states studied in this Paper faced huge difficulties around, or on entry to the EU, precisely because they had little idea about what types of projects they would support with the substantial EU funds provided to them. Most of their efforts were expended on higher level strategy documents whose disconnect from operational reality became rapidly obvious at implementation stage. They lacked the kind of internal planning process and corresponding documents that most Western European administrations would have developed over many years in different sectors. In many of the new member states, below their "operational programmes", there was a vacuum: no such vacuum existed in many Western European countries, more used to extensive and repeated regional (and sectoral) planning exercises. All three experiences indicate that prospective project-makers need to know the following as early as possible: **how many of which kind of project are required and by when?** Furthermore, **how is this question to be answered?** If this is not answered, how can pro-active project identification and preparation actually take place?

The Czech, Bulgarian and Romanian experiences were robust, if belated, attempts to: (i) identify a set of fundable projects and seek to prepare them; and, (ii) at least in Czech Republic, and especially in Bulgaria, to apply lessons from the project level to better focus specific areas of intervention/measures, schemes and programmes. But none of these efforts could overcome the fundamental problem, namely, that the operational programmes were drafted (with few exceptions) **with inadequate reference to what could be achieved on the ground.**

The emerging lessons seem to be that:

- Ideally there needs to be a robust planning process and the core programme document (in the three cases studied the "operational programme") should be sufficiently detailed to clearly point towards the kind of projects required and provide the operational conditions in which they should be located.
- If, however – and unfortunately - , it is the case that the operational programme does not give adequate detail, then **some form of pragmatic, "smart" intervention will often be required to identify and prepare projects.** The alternative of doing nothing is not acceptable. The pragmatic approaches in Czech Republic and Bulgaria especially appear relatively successful.

Comments derived from workshop participants:

- *Participants, especially from EU member states strongly argued that a good strategy is not enough to signal the kinds of projects and operations required to implement the strategy. A strategy is necessary but how and through which kind and number of operations it should be implemented needs to be understood at an early stage. This allows for design of operations and projects to begin in a timely manner and stable environment. Participants considered that this applies whether or not a country or region is in receipt of much or little financial assistance. Indeed many argued it was even more essential to be clear about what should be financed in cases where financial resources were lacking. Participants strongly supported the shift by the European Commission to encourage earlier, upfront identification of the types and kinds of projects and operations really required to implement strategies and programmes.*
- *A form of planning more detailed than strategy development or programming of assistance is also required to avoid endless dispersion of resources across many projects, especially in cases where projects needed to be more integrated and connected.*

3. Regional Planning – is there a “smart” road to effective regional planning for regional development that rapidly identifies feasible programmes and projects?

Already the Bulgarian experience involved an extensive, but pragmatic mapping of 1,500 initial possible project ideas. This was undertaken primarily to help identify possible projects which would then be prepared (see Q3). But it also gave rise to very clear identification of practical problems and bottlenecks surrounding their conception and further development of projects. It generated very specific recommendations and possible design improvements for particular areas of intervention in the “Operational Programme for Regional Development”, then under preparation. Its forecasts for the future implementation of the OP were in the end largely correct. This suggests that **a better understanding of the realities on the ground would have provided a good basis for targeting financial support more effectively towards real needs and possibilities.**

In Moldova, the poor quality of regional development projects across many sectors was observed during first regional development exercise in 2010. Projects were very granulated and disconnected from any wider strategic and operational context. Water and solid waste projects, for example, were far too small, non-systemic and not networked with each other. The same tendency was evident in other sectors. But in Moldova something was done about this problem once it was recognised in a review in early 2011. Some attempt was made to pre-screen project concepts in the

regional development exercise of 2012. And since then a more robust form of pragmatic sectoral planning has been initiated in four sectors. **This is described below and offered as good practice.**

In Moldova, the main objective was to carry out a form of more operational and detailed planning that would clearly indicate possible projects to be prepared for later funding. This would give adequate time to prepare them well, and to address related context problems. A pragmatic form of “hybrid” planning was conceived for specific sectors. It was termed “regional sector planning” and was much more precise and focused than existing priorities of regional development strategies. The process took less than a year in each region and sector. Line ministries have been actively involved in “regional sector working groups” along with regional and local representatives and technical practitioners. Today [Spring 2014], Moldova has identified a starting point to project preparation in three, soon to be four sectors, which consists of an initial list of project concepts which are now being taken through the steps of project preparation. **All of these projects are consistent with existing national and sectoral strategies, have been aligned on regional and local needs and demand and are supported by identified stakeholders.** They are being developed with technical assistance but in a participatory process led by Regional Development Agencies.

An alternative approach to this – suggested by certain experts in the environmental field – was to undertake a complex and lengthy “master planning” exercise. It was estimated this would have taken around four years to do and would have required even more substantial resources. A counter-argument against such planning was that: (i) it was not appropriate to the requirements of regional actors and regional development at this stage; (ii) it was too ambitious and difficult, and in any case could be undertaken later by national sectoral ministries as required; and, (iii) it was possible to find a smarter way forward that would produce success and then, in turn, feed into even better (possibly “master”) planning in the long-term. **(Details of the Moldovan Experience are given in Annex 1).**

The Moldovan experience seems to provide a balanced top-down/bottom up orientation towards identification of projects. In fact, it helps flesh out the top-down orientations within national policy and strategic frameworks. Results from the exercise appear to vindicate the approach. In solid waste management, energy efficiency (public buildings), soon water and sanitation – teams will be active working on project concepts that have already been through a first screening and flow directly from the regional sector “programmes” elaborated in 2013.

From this experience and its partial precursors in Bulgaria, Czech Republic, the following questions may be suggested:

Comments derived from workshop participants:

- *Participants believed that a pragmatic form of planning in particular sectors could help identify projects and start a process of project preparation – even if the kind of planning envisaged fell well short of classical master planning.*

Master planning was considered too ambitious for many countries. A mediating process which transposes the sectoral process to the regional level was needed. It needs to be undertaken well in advance of the availability of funding.

- *Participants agreed that the kind of approach adopted in Moldova (its Regional Sectoral Planning approach) would enable early identification of project concepts which could then be progressed within a project pipeline.*
- *While it was suggested by some that any prior identification of project concepts would inevitably be political, others indicated that an appropriately designed process, methodology and criteria (proportional to the reality that initially mere concepts are being identified) could work elsewhere as it had done in Moldova.*

4. How can we manage together a pipeline of projects under preparation for financing and wider (mid-term) investment planning?

However we arrive at project identification – whether through (i) some form of ideal or more pragmatic planning or (ii) some form of project mapping or some combination of both – **there comes a time when we are faced with the task of ensuring that a relatively large number of project concepts can be transformed into good development projects.** If this can be done then they can be financed and implemented and will help produce good outputs and results on the ground – contributing to the development of sectors and regions.

All four countries included in this paper have:

- i. Tried to develop projects according to a “common” but not identical “**pathway**”. This approach means projects can be easily tracked and monitored and there is an efficient discipline in the process. The “pathway” used in all the experiences has four stages – **conceptualisation, outline design, elaboration, finalisation**. Broadly the first two stages are those of “pre-feasibility”, stage 3 and 4, stages of feasibility, full design and finalisation. Project actors themselves are involved very closely in all stages and especially in key decisions: their involvement is especially possible and important in the early stages.
- ii. Tried to build this approach into a systemic management tool – ie a project pipeline
- iii. Tried to ensure that project-makers are fully active in project development
- iv. Used technical assistance in their efforts.

In Czech Republic, Bulgaria and Romania the supporting technical assistance limited their role to facilitating the project-makers through the various stages and steps. The main work was done by the project-makers and their own consultants.

In Moldova, however, the technical assistance team provides more formal consultancy and technical support for two reasons: (i) the project-makers have little internal resources and capacity; and, (ii) the sectors being covered are extremely technically complex.

The **Pathway Approach** provides not only a common route through which projects can pass on their preparation road from concept to final proposal/ready to finance but also a management tool for actually monitoring and managing the preparation of a series of projects, i.e. a project pipeline. To some extent it was developed in reaction to the prevailing approach to project development witnessed in the Czech Republic and other countries. That often overlooked or underestimated basic developmental considerations, was overly focused on “studies” rather than thinking through problems, was excessively expert and often engineering-driven and tended to focus almost exclusively on infrastructure, while neglecting the positive results and benefits any such investment should have for specific target groups and wider development.

PDP is a methodological and practical tool designed to assist project facilitators (RDA staff, consultants, advisers etc) and project teams to work through all stages involved in developing a public project and accompanying application for financing in a logical and systematic manner. PDP was applied and taken over successfully in different countries (e.g. in Czech Republic, Serbia, Bulgaria, Romania, and more recently and is now being applied in Moldova). It is consistent with the logic of Project Cycle Management, but provides a simplified and practical approach to project development for countries facing challenges in strategic planning and especially solution identification.

The Pathway Approach (PDP) is:

- Focused – on the key issues to be addressed to the depth required at the stage required (Example: in Stage 1 you don’t make a financial assessment by carrying out a full cost benefit analysis!)
- Sequential – we deal with key issues in the order required – not all issues at the same time
- Staged – we seek solutions incrementally. (Example: In Stage 1 we may not ensure a full resolution of ownership issues but at least we should identify what will need to be resolved, how and when, resolve now what can be resolved, identify the level or risk associated with the issue)
- Partner focused, not consultant driven: many of the issues should be considered initially by the project “maker” or initiator, with or without a consultant. If a consultant is involved he should try to “think through” the issues with the project “maker” before rushing off to carry out major studies
- Economic: issues are resolved by the most easy and cheap manner possible. We only do studies where really required and to the depth really required. We do not do studies to tell us what we all already know, and we do not seek to prove every issue to 100% certainty.

When many projects are under preparation then the need for a project pipeline management approach becomes evident. By considering that for each project a stage of progress can be identified, then a numerical value can be given to record the progress against particular steps (or milestones) within the stages. It becomes possible to describe project progress towards finalisation in the form 2.6 (more than half way through Stage 2) or 3.8 (towards the end of Stage 3 – Elaboration). In Bulgaria it was estimated this could be done with a margin of error of around 0.25-0.50. Obviously on a large scale it allows for aggregation of the progress of many projects, ie of projects considered within a project pipeline. It therefore becomes possible to develop a system that records the progress of each project, aggregates the progress of many projects, grouping them according to different sectors, sub-sectors, priorities or measures or whatever. This allows for reporting of the progress of a projects tending towards the same financing source.

The results of these experiences using the Project Pathway Approach are generally quite impressive: in Czech Republic projects worth several hundred million EURO were rapidly brought to finalisation within 14 months, especially in the small business, roads, social/community infrastructure and tourism. In Bulgaria, a large number of projects were brought through the first two stages. In Romania the results were more mixed and the conditions for implementation of this approach more problematic. The sectors may not have been the most suitable. Lastly, in Moldova, since start 2014, around 33 possible project concepts in energy efficiency worth around 25MEUR are in Stage 2, and soon a number of these will enter Stage 3 (full elaboration). Three major solid waste management projects are already under elaboration in Stage 3. And it is expected that around 30 water and sanitation projects worth around 60 MEUR will be developed through to end of Stage 2: thereafter a smaller number of these will be elaborated further. In short, Moldova can already see the end stages of a project pipeline which from mid-2015 (until end 2016 at least) will be producing projects collectively worth around 100 MEUR.

The experiences suggest a common understanding of how any project progresses from concept to ready-for-financing is essential to any pipeline approach. Despite differences, if a “common” pathway can be described, then any project can be managed and monitored in terms of the pathway. This then allows us to give numerical values to progress steps or milestones and enables aggregation and comparison. A “common” pathway is not an “identical” pathway and need not interfere with the specific approaches often used by different professionals and institutions to project development. To use a linguistic analogy: they can continue to speak their vernacular language (French, Romanian, Czech or whatever) but they must also be able to understand their actions and those of others according to a common Esperanto. The Pathway Approach provides a common Esperanto and sectoral project actors can understand its key steps according to their own methodologies.

Comments derived from workshop participants:

- *Participants considered project stakeholders can and should be involved in designing projects they will one day implement – even if technical and other expertise is also required.*
- *The experiences of all countries suggest that when it comes to project development, there is too little focus on economic and financial viability and on the “developmental” benefits. Significant capacity development is required in this regard.*
- *Participants agreed that often there was too much focus on procedure rather than substance.*
- *A project pipeline, adequately managed, can act as a predictor of when projects will come on-stream and require financing. Participants considered that donors would react favourably to this predictability since it would assist them programme their financial assistance. Equally the perspective of financing would motivate project stakeholders and speed up the passage of good projects through the pipeline and various stages of preparation. Participants however saw the need for leadership and management skills to sustain this process. Some considered this was an ideal and obvious role for Regional Development Agencies.*
- *Participants showed interest in an exchange of experience with regard to project preparation and pipeline management according to the Moldovan approach. It was suggested this could be articulated through e-learning modules and made available on-line.*
- *Participants considered that development of a substantial project pipeline would also make serious demands of donors, often used to acting in piece-meal. For example, the Moldovan authorities indicated a funding requirement for projects well over 100 MEUR starting in 2015 and resulting directly from their current approach. Can donors really respond to this kind of predictable demand?*

5. What are the conditions and capacities required to prepare a large pipeline of regional development projects?

If there is any advantage in applying any of the elements of practice discussed in this paper, then the question might be posed: **how we can ensure success?** And more concretely: **what conditions and capacities are required?**

On the basis of the experiences – taken together – the following lessons are suggested:

- **Good programming that leads to identification of projects is essential.** This requires that programme-makers know and understand the operational level, specifically the kinds of projects that are required and the prevailing conditions. Or at least that they are closely connected to this level. Structures such as the regional sector working groups used in Moldova are useful in this regard. Someone needs to be able and willing to put these in place and to facilitate them. That might be a task for RDAs, as in Moldova.
- **Programming and project development capacities are not merely formal.** Those involved have to understand more than process and procedure. They need to have some developmental understanding and experience, especially relevant to the sectors in which the projects are located.
- **Very often in the experiences reviewed it can be seen that project-makers focus excessively on technical and engineering issues.** This suggests that there is a need for capacity development to ensure sustainable economic, social, environmental projects and related services.
- **The entire process of project pipeline management requires a high level of management and monitoring.** In the cases described here it was done largely with the assistance of external consultants. That is not a satisfactory solution. These competencies need to be more embedded in organisations like regional development agencies. Some institution needs to manage the overall pipeline and provide expertise and support to the projects within it. At lower levels – starting at the project level – progress needs to be reported on, and reported upwards, often from the sub-regional or regional level, ultimately to a national level if required. Predictions can be made with regard to when financial assistance needs to be able to come on-stream to meet emerging projects. And lessons can be learned and recorded about problems that hinder project preparation in specific sectors and these can be acted upon.
- **Ultimately, regional project pipelines should be managed by agents for regional development.** To effect this task, they need to get inside the heads of project-makers and understand the necessary results-oriented focus that all investments and development activity must have. They must be facilitators and capacitated as such, possessing appropriate coaching and listening skills. They require some technical knowhow, especially for later stages of project development. In short, there need to be balanced teams of facilitators and experts working closely together, and especially with the project-makers.

Comments derived from workshop participants:

- *Participants stressed that beneficiaries should know sufficiently well in advance what level of funding is available for particular kinds of project (i.e.*

per specific sector/activities or type of beneficiaries) since this would allow more targeted and timely project preparation.

- *Participants also suggested that beneficiaries were often unable to cover financial costs of project preparation, especially the more technical parts of the process. This was seen as an issue to be addressed within the programme design itself.*
- *Participants supported the idea that capacities to develop projects and to manage project pipelines could be improved through exchanges in the context of e-learning.*

Towards a smart form of regional programming and planning that leads to project identification - The Moldovan Approach (2012-)⁷

This initiative grew out of the first experiences of Regional Development as recorded in the DFID/SIDA Review of early 2011⁸ and both the Review and implementation of the initiative described below involved some of the actors from previous experiences in Romania, Czech Republic and Bulgaria⁹. This review found that neither Regional Development Strategies nor Regional Operational Programs (two key instruments of RD in Moldova) provided an adequate basis to ensure good quality projects. The Review emphasized the need for better planning and coordination especially between strategic and operational levels, between relevant actors – especially national ministries (main strategic actors) and local public authorities (both levels) and between local public authorities themselves.

The on-going experience in Moldova – with regard to regional sector planning in the context of its Regional Development Policy - carried out under the auspices of the Ministry of Regional Development and Construction and its Regional Development Agencies is of particular interest to the problematic of this paper for several reasons:

- i. A particular approach to planning sectoral development at regional level was conceived as a practical response to the “granulation” or fragmentation of the first wave of regional development projects in Moldova in 2011-11
- ii. The approach sought firstly to translate (national) sectoral planning to *regional* level (i.e. closer to the conditions where the strategy should be implemented) and then directly, on the basis a better planning, to identify *possible* project concepts
- iii. Then to start developing these concepts through various stages of preparation ultimately to a ready to go stage, accepting of course that some of these concepts, will never reach the stage of viability and will therefore be eliminated.

In Moldova the following is the sequence of key activities, started in summer 2012 until today (summer 2014):

⁷ The Regional Sector Programmes (RSPs) referred to in this annex are for sectors water/sanitation, energy efficiency (public buildings), solid waste management, and regional and local roads in Regions North, South and Centre of the Republic of Moldova. Many of these programmes are available in Romanian and English on www.serviciilocale.md. Others will become available in the course of 2014.

⁸ “Moldova: Cooperation in Regional Development” Project - “Review of Moldova’s Regional Development Legal Framework - Conclusions and Final Recommendations” (DFID-SIDA, OPM, February 2011).

⁹ The initiative described therefore is clearly built on lessons learnt in other countries. In Moldova it is being implemented in the context of GIZ project “Modernization of Local Public Services”.

- A formal regional development framework (Policy, strategy (national and regional), law, ministry, regional institutions (RDAs), funding mechanism (National Fund for Regional Development) was already in place since 2010 and operational.
- Regional Development projects are not delimited sectorally: most projects correspond to broad priorities in regional development strategies which cover broad areas – infrastructure, economic development /tourism, environment. In practice most projects fall into categories of: roads, water and sanitation, solid waste management, tourism/business.
- Since 2010 many national sectoral strategies have been drafted or revised and gradually a national strategic framework in many sectors is falling into place. But it is far from complete and in particular leaves major legal/regulatory and operational gaps – especially in areas which require tight regulation and planning of services (water/sanitation, solid waste management, health and education provision etc). **Awaiting the realisation of such a framework, the main challenge in Moldova – given that no one wants to call a halt to practical and positive experiences on the ground – is to move quickly to an intermediate planning capacity which allows for medium term implementation of good projects which however will remain relevant within a longer term strategic framework.** In short the key challenge in Moldova is not to define the “end game” but rather to shift to the next practical (medium term) stage – beyond ad hoc granulated projects towards real action on the ground.

In this context a pragmatic form of regional “sectoral” planning has been conceived and implemented in three sectors in 2012-13: solid waste management, water and sanitation, energy efficiency in public buildings.¹⁰ The entire approach consciously addresses several key issues:

- Project identification and preparation should not be held back until a perfect planning framework is put into place. Planning in detail depends on operational as well as strategic capacities: and it is important to support the development of operational capacities by learning lessons on the ground
- The kind of “master planning” often recommended by professionals (especially in sub-sectors that require a strongly integrated systemic approach, eg environmental sub-sectors) is certainly desirable – but It is complex, difficult, elaborate and time-consuming. It supposes a series of conditions (data, evidence, policy maturity) and capacity (technical, regulatory, etc) that in transitional societies often does not exist. It is not achievable rapidly: development “on the ground” cannot and should not wait

¹⁰ Regional sectoral planning in regional and local roads is on-going since January 2014. The entire regional planning process for two of the three sectors has just been reviewed. See

on it. By contrast developments on the ground can assist it. Lessons learnt from the ground (eg. Lessons set out in the DFID Review of 2011, based on the first Regional Development projects) can help improve planning. Practical experience can improve policy and strategy. Therefore in Moldova the intention has been to put in place a better planning framework in which good (not perfect) projects can be identified, prepared and ultimately implemented.

The broad format of the Regional “sector” plans (in their final version they are termed “programmes”) was conceived as follows:

- The main text of any analysis must be short and targeted. The analysis must be really analytical (and not merely descriptive) and lead to synthetic judgements as to what can be done and how. It must identify a way through the policy confusion that leads to long-term vision and medium term rationale for developing projects and related services
- A process, methodology and criteria for identifying project concepts to be worked on (termed “possible project concepts”) should be part of the “plan/programme” and must be implemented as part of the elaboration of the programme. The programme therefore includes in annex a list of possible project concepts – consistent with it – on which work will be start imminently, after adoption of the plan
- The planning process must be participative in a good sense: by this we mean national and regional/local representatives must work actively and closely in the central messages and key decisions implicit and explicit in the plan. Key line ministries, the Regional Development Ministry and regional and local actors must all be involved.
- The process must be facilitated: in Moldova it was facilitated by the Regional Development Agencies supported by the Ministry of Regional Development and German Technical Assistance.
- The planning process must be time-limited: in Moldova a first draft of the document was generally available within around 8 months, and the process was finalised after consultation in around 12 months. There must be some sense of urgency: otherwise inertia will kick in.

In Moldova the background discussion paper proposing “regional sector planning” aptly stated the challenge.



*“The process of identifying and planning project concepts needs much more time and resources: it needs to begin much earlier relative to planned future funding than it does. Above all it needs to be based on a more **precise** view of what is required within regions. There remains for the moment a kind of **gap: between Regional Development Strategies which fix the broad orientations and particular projects which define particular solutions.** In between there is a lack of definition and key questions remain (largely) unanswered until the moment arises to develop projects for funding:*

- *how many of which kind of project do we need and by when?*
- *what exactly do we want to achieve in specific sectors, not so much in thirty years’ time, still less in 2 years’ time but rather in 6-8 years’ time?*
- *what level of service do we feel is possible, desirable within this time frame?*

If we knew more exactly the answers to these questions, then we could plan better how we want to get there – especially in terms of:

- *Which main projects and investments do we require?*
- *Which projects and investments should we start planning now (knowing that for complex projects, project preparation takes at least 2-3 years, implementation a further 2-3)?”*

In particular sectors we find it hard to answer these questions because everything seems to be inter-related, one thing dependent on another. And yet we must start somewhere!”

The “generic” format proposed for the “plan/programme” was originally envisioned as in the following page (Table 1). The format may look similar to EU Operational Programmes and other typical strategic-part operational planning documents: but there are some key differences. The analysis is unashamedly summative: it comes to clear conclusions on the basis of best available evidence (however imperfect) as to the real nature of the situation (problems, issues, possibilities). Further it is radically precise in its findings and conclusions.

It seeks to define the reality through clarity, not through endless qualification, saying “more and more about less and less”.

Table 1: General Structure of Regional “sector” Plans/Programmes (Moldova: 2012-14)

1. Description of Overall Situation in Region/Sector

Identification and description of state of current sector/region; relevant national (sector) strategies/plans/ adopted legislation in terms of the directions and parameters they seem to suggest for medium term planning in sector/regions; all existing local/regional strategies or plans in relevant sector/region; for each sector/region of specific gender issues, or issues related to acute disadvantage; analysis of existing service delivery structures and capacities in sector/region; analysis of current /future levels of financing (national, donor, local), future projected such levels in sector, regulatory issues ; analysis of relevant lessons already learnt in the region/sector, including any specific experiences

Note: the analysis is intended to define (honestly!) the context in which we are seeking to identify and develop projects. It answers the question of “where we really are?”. It is short and takes clear positions.

2. Proposed Level of Service by 2020

This section will be based on an informed “*visioning exercise*” to be facilitated within the technical workgroup and discussed in smaller groups within a wider consultation. It will be based on expert analysis deriving especially from work in section (1). The key elements of the “vision” will relate to the nature, level and possible organisation of relevant service. This “preferred scenario”, once agreed, will have the status of the “regional partnership’s informed vision of what is realistically possible and desirable” for the period (roughly) 2018-2020.

Note: While the national and legal policy framework may give guidance on this, the target level of service should be the result of a common understanding among regional stakeholders on what is possible and realistic by this period. In other words it is their studied vision of the future.

3. Vision, Rationale

The vision was based on national strategic parameters translated to the level and scale of the region, calibrated by regional realities as agreed by the regional stakeholders

4. Process, Methods and Criteria for Identifying Possible Project Concepts on which to work

Note: This is consistent with the vision and rationale. In fact it was agreed half-way through the process: then the actual process of project concept identification began. The final text in the document is a resume of what was agreed and implemented.

5. Action Plan

Identifying various accompanying measures, relating especially to conditions and capacities required to remove obstacles to project preparation, implementation and sustainability)

Note: this had not been foreseen originally but since the analysis identified very concrete bottlenecks to project preparation and implementation, then this was included. It specifies key actions to be undertaken by different actors. The implication is that if they are not undertaken then there will be problems in developing, implementing and sustaining projects. The Action Plan is very tightly focused on immediate and urgent actions, directly related to project preparation and implementation.

The vision and rationale is based on what people understand – on the basis of the analysis – is possible and not simply desirable. This was worked out in facilitated, structured discussion. The programme defines the “kinds of project” that are possible, not simply desirable and then proposes (and agrees with the stakeholders working on the programme) a process, method and criteria that efficiently allows the identification of a relatively small number of project concepts. In Solid Waste Management the initial concepts correspond to

the definition of the solid waste management zones (and there are therefore only nine (9) such projects for the three regions); in Water and Sanitation the analysis points towards a logic of initial investment in more populated areas and therefore, de facto, limits the number of possible locations. Further the policy analysis points towards a logic of integrated water and sanitation (WSS) project concepts and this sets a practical limit to nature and size. As a result there will be no more than around 30 possible project concepts as starting point to project preparation. In Energy Efficiency the situation is somewhat as in WSS. However the projects are focused on public buildings and theoretically there are around 7000 such in Moldova. By focusing on “kinds of building” that will produce greatest energy savings the number is radically reduced, but still it was essential to agree a practical delimitation of three proposals from each of the 32 rayons. After preliminary analysis this number of around 100 was brought to around 30 as starting point to project preparation. Compared with a generalised mapping this approach was much more efficient and effective. The lesson is clear: tighter programming and planning down to the details enables an easier route to project identification.

To conclude: in Moldova a means has been found, and piloted in three areas (i) to put in place a form of **pragmatic but effective planning** that is much more precise than usual broad-brush regional priorities and therefore rapidly indicates project concepts to be worked on, and (ii) that avoids a form of over-ambitious, time-consuming and extremely demanding “master planning” that is probably impractical at the current level of development. Comparing the Moldovan approach to the situations of the three other countries at their moment of accession into the EU, we may conclude that it probably would have been of considerable benefit to them at that point – and maybe still can be. In three sectors, the regional “sector” programmes have already identified and described in outline project concepts likely to require a financial allocation of around 80 MEUR, some of which will be ready for financing already in 2015. This supposes – realistically – that a number of the project concepts will not be realised at all. And critically the entire process has commanded the cooperation and agreement of the relevant national ministries as well as regional actors.

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