THE CITY MANAGEMENT AND COMPETITIVENESS: ELEMENTS OF THE URBAN DEVELOPMENT OF BUCHAREST CITY

Abstract

Global development trends and the EU Europe 2020 strategy directs the development towards a smart growth, inclusive and sustainable, which will help the planet to recover after the economic crisis and achieve high levels of productivity and employment rate, territorial and social cohesion. All the great capitals will have to follow these criteria of economic and social development.

Bucharest, like all great capitals, makes great efforts to meet current urban problems generated by permanent urban development and competition. To meet these demands is required a new way of urban governance and management, oriented towards market and results. Urban management task is to improve the attractiveness of the city and its competitive position in an integrated, harmonious and sustainable way.

The objective of this paper is to indicate the manner in which management and urban competitiveness can help shape a viable strategy that will lead to a harmonious and integrated development of urban Bucharest Municipality, designed to allow its inclusion in major cities of the world map.

Keywords: urban development, development strategy, city management, city competitiveness, strategic planning.

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MANAGEMENTUL ŞI COMPETITIVITATEA URBANĂ: ELEMENTE ALE DEZVOLTĂRII URBANE A MUNICIPIULUI BUCUREȘTI

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Rezumat

Tendințele dezvoltării globale, precum și Strategia Europa 2020 a Uniunii Europene, orientează dezvoltarea către o creștere inteligentă, inclusivă și sustenabilă, care va ajuta planeta să se refacă după criza economică și să atingă niveluri înalte ale productivității și ratei de ocupare, a coeziunii sociale și teritoriale. La aceste criterii de dezvoltare economică și socială trebuie să se ralieze si marile capitale ale lumii.

Bucureștiul, ca de altfel toate marile capitale, depun eforturi considerabile pentru a răspunde problemelor urbane curente, generate de permanenta dezvoltare și competiție urbană. Pentru a răspunde acestor exigențe este necesar un mod nou de guvernare și management al orașelor, orientat către piață și rezultate. Sarcina managementului urban este de a îmbunătăți atractivitatea orașului și poziția competitivă a acestuia într-un mod integrat, armonios și durabil.

Obiectivul acestei lucrări este de a indica maniera în care managementul și competitivitatea urbană pot contribui la conturarea unei strategii viabile care să conducă la o dezvoltare urbană armonioasă și integrată a municipului București, menită să permită includerea sa pe harta marilor metropole ale lumii.

Cuvinte cheie: dezvoltare urbană, strategie de dezvoltare, management urban, competitivitate urbană, planificare strategică.





1.INTRODUCTION

To meet current urban problems generated by the continuous development and urban competition, it is necessary a new way of governance and management of cities, market, action and results oriented. Urban management task is to improve the attractiveness of the city and its competitive position in an integrated, harmonious and sustainable way (Rocoviceanu, 2004, p. 70).

Urban management, by its instruments, should increase as much as possible the attractiveness and competitive advantages of cities, as places with a high standard of living for the resident population, as the location for business, as opportunity for investments and as tourism attraction.

Management and competitiveness of cities represented, in the last decade of XXI century, a priority on the public agenda of most countries of the world. A competitive city, developing an effective management, can be considered a real growth engine for the region or country where it is located.

Today, the world needs a new model, a comprehensive and integrated urban management that includes all sectors - government, private sector and civil society - as equal partners of development, responsible for making decisions in a participatory manner.

An effective urban management is characterized by sustainability, subsidiarity, equity, efficiency, transparency, civic engagement and social responsibility.

Cities in the same country or region register different levels of urban development and competitiveness, which means that it is for local leaders, the local authorities (political and executive) to ensure implementation of urban management that makes the difference. A competitive city cannot reach the top levels in respect to all dimensions of competitiveness, but the most important aspects to ensure a city's competitiveness are: good human capital, well-functioning markets and institutions, a conductive investment climate, good infrastructure and good government (Stanley, 2011, p.1).

As such, an efficient system of urban management and competitiveness will provide to any metropolis, including Bucharest, to become more attractive for the private national and foreign investors and to contribute to the achievement of their development objectives.

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2. CITY MANAGEMENT AND COMPETITIVENESS - THEORETICAL APPROACH

Urban management

Global trends and Europe 2020 Strategy require a city management characterized by efficiency and effectiveness, based on transparency, participation, accountability, efficiency, subsidiarity and coherence, and which to use in large part specific instruments for private sector. Urban management must be proactive and develop a holistic strategy that takes into account the relationship between demand for services and urban functions, urban planning and funding through an allocation of public resources and increase the direct participation, involvement, commitment and accountability of citizens.

World Bank, in cooperation with UNCHS, supports urban development through Urban Management Program, whose main objective is to improve performance in key areas of urban development planning. The program supports integrated development and finance operations that relate to infrastructure, land and environmental management (Racoviceanu, 2004, p. 71).

Urban management can be defined as:

- the development process, execution, coordination and assessment of integrated strategies, with the help of relevant urban actors, in line with public interest and goals of private sector in national development policies, in order to identify, create and exploit the urban potential for sustainable economic development (Bramezza and van Klink, 1994); or
- activity that attempts to mobilize various resources to make them act in a cooperative manner in the planning, programming, budget preparation and implementation, but also the operation and maintenance, to the objectives of city development (Davidson, 1996).

Common to all definitions set forth is that urban management requires a level of decision and an organizational structure able to coordinate the relevant urban actors to formulate and implement a development strategy, using tools that are available.

Urban management tools are:

Urban marketing - involves the juxtaposition of two elements - the city and the market - focus all actions from the urban level to the market, together with analysis of groups of actors involved and existing competitors.

 Strategic planning - is a process of developing a long term plan to achieve strategic objectives set by the main actors (political leadership executive of a city and key stakeholders), and includes providing the necessary resources.

Overlapping of strategic planning and urban marketing, leads to a market-oriented strategic planning¹, focused on increasing the competitiveness of cities.

Advanced funding represents financial management mechanisms designed to ensure implementation of urban development programs and projects. Depending on the size and characteristics, funding mechanisms can range from local funding - budgets on programs up to municipal loans, international funding grants, or partnerships with the private sector.

Urban competitiveness

Competitiveness, as a basic element of urban economic development of a city is defined by the ability of cities to generate added value in the long term, from a comparative perspective (Ciupagea, 2002).

Characteristics of concept are given by the productivity and the attractiveness of the location, in the first place, and also by the aggressiveness with which the image is promoted.

Competitiveness of cities is considering two aspects (Smith, 2007):

- The spatial scale: competitiveness operate on different spatial scales local, regional, supra and intra-regional. City districts compete with each other, municipalities compete within the same regions and there is competition at larger scale;
- The nature of the subject competition: each city has more or less obvious, one or more specializations, for example in trade, tourism or business. This specialization is called urban functions and is, indirectly, the cumulative effect of the components given by the factors of location.

Location factors are necessary but not sufficient for a city's competitiveness. They are: an efficient infrastructure system, an adequate supply of urban strategic services; a good life and activity environment; an appropriate urban management (Popescu, 2007).

¹ Kotler (1999) introduces the concept of "strategic market planning", translated here by "market-oriented strategic planning".

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3. ANALYSIS OF URBAN MANAGEMENT OF BUCHAREST

This analysis results in a functional analysis of organizational and financial management of Bucharest, in relation to its territory of support and influence. The objective of the analysis is to assess how management is done in Bucharest Municipality, which authorities are involved in managing public services and which are municipal relations with citizens, private sector and other public authorities2.

Strategic planning

At the level of Bucharest Municipality there are no coherent strategic documents. In the past 20 years have been initiated projects of development strategies, but most remained at the design stage, not implemented. Also, political support for existing projects and programs was insufficient and lacked continuity. Strategic documents were developed in the medium term and there was no vision of developing Bucharest on long-term, which has led to inefficient management of the city and to chaotic growth.

Coordination and cooperation on the "vertical" and "horizontal"

Different levels of central and local government in Romania did not settle forms of effective cooperation and coordination to regulate and promote local economic development in Bucharest. Urban policies have not been adopted in an integrated approach that would allow recognition of links between education, housing, transport, health, social and governance policies. Support for implementation of urban policy was not present in the last 20 years in Bucharest, which determined that their effects are not visible. Institutional and economic collaboration between rural and urban regions (the Bucharest-Ilfov Region) was not encouraged, the city and the region's interests should be interconnected, and relations between responsible institutions should be built on the basis of partnership and collaboration.

Using national and international best practices

At national and international level there are examples of good practices adopted by some cities, such practices that can help solve common problems. Although Bucharest is twinned with several cities in Europe and other continents, these cities experience in urban development has not been used to provide better governance.

² A series of data and information are provided by the 2035 Strategic Concept of Bucharest, Bucharest 2011

Management structure and coordination

At the level of Bucharest Municipality there isn't a specialized department for urban development projects, with its role to coordinate initiatives in this field at the level of the entire city. Each district city hall has a specialized service for planning projects, but there is no correlation and inter-connexion between them. For the success of local policies is needed the support of all stakeholders and especially is needed the participation and involvement from the Bucharest citizens.

Human resources policies

In the Bucharest local government has existed in recent years a staff turnover, particularly management staff, determined by the political changes and not least by the wage cuts of the administrative staff implemented in 2010. Also it has not been invested enough in developing knowledge and skills of people that lead and manage the city.

Efficient use of funds

Bucharest is one of the Romanian cities that attracted the fewest grants. This is due to lack of staff training in attracting and managing such projects and to lack of development strategies.

Transparency and civic participation

Because, at the level of local government, decision makers are primarily a political factor, the trust of citizens in Romanian participatory democracy mechanisms is continuously decreasing. This is also felt at Bucharest Municipality level, as reported the following deficiencies: the lack of a rigorous public consultation practices, lack of know-how in the organization of public consultations, lack of effective information and consultation tools, limited access to public information (City Hall website is unattractive, with unstructured information and is not translated into any foreign language), lack of modern and efficient systems.

Public finance

Municipal budget expenditure analysis reveals a relatively high flexibility of these, situation which helps the municipality to be more financially stable and reliable. Thus, personnel costs have a relatively small share in operating expenses. Regarding operating costs, note that, if consistently implement the recommended set of fiscal policies, their share in total expenditure remains at reasonable levels, ranging between 68.7% and 71.9%.

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Analysis of investment capacity based on budget forecast scenario, highlights the feasibility of a high share of investment expenditure in total expenditure (levels between 23.3% and 26.5%) and this situation may be considered a favourable one.

4. DIRECTIONS OF ACTION TO IMPROVE THE URBAN MANAGEMENT OF BUCHAREST

The improvement of urban management performance of the municipality of Bucharest, assumes, on the part of all actors involved in the development strategy of the city, an integrated action on the following levels:

Increase administrative capacity and strengthen the position of the capital on regional level

Territorial planning and formulation, implementation and monitoring of policies and strategic documents are essential tools in the development process of Bucharest and its territory of support and influence. It requires an integrated legislative approach regarding components such as urban planning, metropolitan services, public finance / taxes, providing representation in local elections and the existence of institutionalized forms of participation, consultation, coordination and cooperation with all factors involved and interested.

Bucharest will have to coordinate its development with the local administrative units from its area of influence, will have to invest in all types of networks (roads, water, electricity, gas, phone, etc.), but also in communication, social and organizational networks, for which public authorities should exercise their planner and regulator function.

Urban policies should be adopted in an integrated approach that would allow recognition of links between educational, housing, transport, social, environmental and health policies. To access EU funds, the municipality would have to build "partnerships for Bucharest," aimed to finance and planning the city development.

The existence of an Agency of projects coordination and programming can help to coordinate the own development objectives of Bucharest with the strategies and development priorities of the Bucharest-Ilfov Region.

The effective use of information and communication tools, the transparency of administrative act

The quality of local government is given by the extent to which local authorities inform the community regarding its activities and the extent to which local authorities provide consultation and stakeholder



participation in decision-making process.

Priority actions in this regard include:

- Simplify procedures for authorities to issue permits or authorizations necessary to carry out specific activities (planning approvals, building permits);
- Establish in each institution a unique office for receiving the citizen's request;
- Develop a database for the public access and other interested persons:
- Performance evaluation of local councillors and mayors by applying polls on the City Hall website:
- Develop projects in partnership with other European capitals "digital and virtual community" in accordance with Europe Strategy 2020.

Human Resources Management

The human resources management issue is complex and requires the adoption of many human resource policies: guidelines for recruitment, selection, motivation and career development. Effective measures are needed to identify, mobilize and allocate human potential to develop new ideas, solutions for citizens' problems and to increase productivity of system services management through effective and creative communication.

Coordination of public investment activities, the partnerships between administrative-territorial units, partnerships with the private sector, the university environment, and accountability to citizens, requires the creation of an Urban Observatory to collect data and keep them up to date and to identify and develop of forms and processes to strengthen the capacity within the General Hall.

Improving public services

It is necessary to provide public services based on performance indicators and to create of a monitoring/evaluation system of these indicators (benchmarking), a system that allows in a transparent way the results comparison and improve performance of service delivery.

Efficiency of the municipal budget and the support of the implementation of strategy

Regarding the revenues of the Bucharest budget, is noted however, that in conditions of rising economic dynamics and consistent implementation of the minimal set of fiscal policy, could be achieve annual growth of 3 to 10% of the volume of receipts from taxes on that public authority has the legal

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power of establishment, increase and collection. In these circumstances, the tax revenues and the revenues are steadily increasing dynamics.

Municipal budget expenditure analysis reveals a relatively high flexibility of these, situation which helps the municipality to be more financially stable and reliable.

Investment capacity analysis reveals the possibility of achieving a high share of investment expenditure in total expenditure (levels between 23.3% and 26.5%). So it can be supported by the local budget consistent public investment programs, which creates the premise of a successful implementation of local development strategy.

5.COMPETITIVENESS ANALYSIS OF BUCHAREST

The strategic directions for integrated urban development of Bucharest start from theoretical and empirical analysis of urban and regional competitiveness dimensions.

Description of the existing situation takes into account the Bucharest municipality and its influence territory (the Ilfov county). Most data comes from databases of the National Institute of Statistics and Eurostat, supplemented by data from available surveys and independent studies³.

Most data cover the period 2007-2011 and include the 12 pillars of competitiveness essential that characterize a city or a country, according to The Global Competitiveness Report 2011-2012, World Economic Forum (2011, p 9).

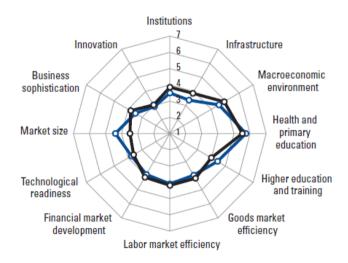


FIGURE 1. THE MAIN PILLARS OF COMPETITIVENESS FOR ROMANIA (BUCHAREST) Source: Schwab, 2011, p. 304

³ A series of data and information are provided by the 2035 Strategic Concept of Bucharest, Bucharest 2011

Economic and demographic aspects

In perspective of developing a smart economy (Europe 2020), the region population meets the basic requirements. The persons with higher education represent almost one third of the population of the region, a percentage that represents more than twice the national average and higher than the EU-27. However, capital is still far from the top 10 European regions, in this regard, which have a share of highly educated people of 40-55% of total occupied population⁴. The occupied population in industries and intensive services in technology and knowledge in Bucharest-Ilfov Region is over three times the national level. The share of occupied population in research and development activities is over four times the country level and higher than the European average.

Regarding unemployment, the region's unemployment rates are much lower than those in the country level. In conclusion, Bucharest-Ilfov Region has a occupied population concentrated in service sector, which is relatively young and well qualified, that represents a key resource for development of competitive and intelligent regional economies.

In terms of economic performance in 2008, (according to a Eurostat Report of February 2011) Bucharest region, with a GDP of 28,300 euro⁵ (PPP) per capita reached 113% of the EU-27average, equalling region that includes Athens and beyond other capitals, for example, Lisbon. In contrast, other regions of Romania were at 51% (West) or less of the average European GDP per capita.

From 1993 to 2007, Bucharest became the main pole of attraction for investors and development. Bucharest-Ilfov Region participation in creating value added (GVA) increased by over 9 percentage points from 1993 to 2007 (from 13.8% to 22.9%) (Chivu and Ciutacu, 2010). On the other hand, inside the region, participation of districts in creating GVA sectors has changed significantly. In 2007 compared to 1993, agriculture's contribution decreased from 3.1% to 0.3%. Industry and construction have reduced the weight from 44% to 30.5%, while services rose from 52.9% to 69.2%.

R&D and Innovation

In the last decade research and development intensity in Romania increased from 0.37% in 2000 to 0.48% in 2009, an upward trend which does not change the overall ranking (European Commission, 2011) that places Romania in the area of the lowest scores in Europe. Increased budget for research

⁴ The top 10 regions are: London, Brussels, Brabant Wallon (Belgium), Pais Vasco, Vlaams-Brabant (Belgium), Madrid, Ile de France, Hovedstaden (Denmark), Utrecht (Netherlands) and Eastern Scotland. Eurostat, *Regional Year-Book*, 2010.

⁵ PPC - purchasing power parity.

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and development, planned and announced in the National Strategy for Research, Development and Innovation, has not occurred because of the crisis, but authorities propose an ambitious target for 2020 when the budget for R&D is projected at 2% of GDP.

The number of jobs in intensive activities based on knowledge seems to be one of the lowest in the EU. Romania has a particularly weak growth in private sector research and development and also in the framework conditions set by national authorities for research and development. But Romania is above the European average in R&D spending and in number of graduates of doctoral programs. Bucharest is in this context the leader of the most active regions of Romania in participating in FP7 research program concentrating over 45% of total EC contribution given to Romania, followed by Cluj, Ilfov, lasi and Timis.

Transport and infrastructure

Although it is favoured by the geographical position, Romania has a underdeveloped transport system, and the lack of capital invested in this area is becoming an increasingly barrier to economic development of the country. Therefore, the failure to modernize the main transport corridors can result in a loss of benefits offered by Romania's geographical position, on transit routes West - East and North - South.

The European Studies regarding the accessibility of the national territory indicate its situation (including Bucharest) on lower parameters for all types of transport: road, air and rail.

Functional characterization

The functional aspects that characterize Bucharest (Epson Report - Study on Urban Functions, 2007) show that competitive advantage should be generated by the decision and administrative functions, the knowledge functions and also by the connectivity - geographical position - the main transport hub.

- Administrative functions are translated into functions of national importance specific to capitals - and international - European and international offices: Bucharest is in 9th place, ranked first are Rome and Brussels;
- Decision functions are expressed by the location of headquarters and subsidiaries of major companies nationally and internationally: Bucharest is in 7th place, first ranked are Madrid, Amsterdam, Vienna.
- Transport functions measures the connectivity of a city with other cities containing connectivity by road, rail, air and sea: Bucharest is in 16th place, ranked first are London, Paris, Amsterdam, Brussels.



- Knowledge functions measure the location of universities, of research centers and of production using high technology: Bucharest is in 23rd place, first classified are London, Paris, Amsterdam, Helsinki
- Tourism functions measure touristic activities estimated by the total number of tourist accommodations, the number of overnight stays in tourist facilities, the appreciation reflected by tourist guides (Michelin only). This criterion can be supplemented with other cultural criteria congress hosted, number of museums, theatres, festivals, etc. Bucharest is the 17th place, first classified are London, Paris, Rome, Athens.

The position in international and European rankings of competitive cities

The pop competitive cities rank6 locates Bucharest on the 76th place out of 120 cities with an index of 44.9 (maximum 100), Budapest on the 55th place, Rome on the 50th place, Vienna on the 25th place, Moscow on the 54th place, Madrid on the 28th, Paris 4th place, 6th place Tokyo, London 2nd place New York on the 1st place.

Among the 32 European cities that were included in the survey, Bucharest ranks only 29th, the top European cities being led by London, Paris, Zurich, Frankfurt and Geneva.

Bucharest ranks among the top 60 cities of the world only in economic soundness (46th) and institutional efficiency (54th).

		Overall	Economic strength	Physical capital	Financial maturity	Institutional effectiveness	Social and cultural character	Human capital	Environment and natural hazards	Global appeal
	Category weight		30.0%	10.0%	10.0%	15.0%	5.0%	15.0%	5.0%	10.0%
1	New York	71.4	54.0	92.0	100.0	85.8	95.0	76.5	66.7	35.7
2	London	70.4	41.9	90.2	100.0	83.8	92.5	75.6	75.0	65.1
3	Singapore	70.0	46.0	100.0	100.0	87.8	77.5	69.8	87.5	43.2
=4	Hong Kong	69.3	43.8	100.0	100.0	85.3	79.2	82.4	66.7	37.7
=4	Paris	69.3	43.6	93.8	83.3	72.7	90.0	80.1	91.7	64.8
75	Tianjin	45.4	56.6	67.0	33.3	37.6	20.8	61.1	50.0	0.8
=76	Bucharest	44.9	37.9	65.2	33.3	66.1	56.7	55.0	41.7	5.7
=76	Rio de Janeiro	44.9	27.9	65.2	50.0	59.6	74.2	53.6	62.5	11.9

FIGURE 2. GLOBAL RANKING OF COMPETITIVE CITIES Source: Economist Intelligence United Limited, 2012, pp. 26 – 27.

⁶ Hot Spots - Benchmarking Global City Competitiveness, realized by EIU (Economist Intelligence United Limited) for Citigroup, may – august 2011. The 120 cities evaluated by the EIU represent 29% from the world economy, with a combined GDP of 20.000 billions of dollars. The cities were selected based on size and regional economic importance.

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Also, the analysis of regional competitiveness index shows that Bucharest-Ilfov Region is situated in position 177 of the 268 European regions.

6. PRIORITIES FOR THE COMPETITIVE DEVELOPMENT OF BUCHAREST

To increase competitiveness at the European level and to assert Bucharest as a metropolis with European and regional role, integrated urban development strategy must act on the following levels:

- Establishment and correlated development of a urban agglomeration and metropolitan regions by developing strategic partnerships at the local level, to build strong bridges to Eastern and South-Eastern of EU by the economic point of view.
- In terms of transport and infrastructure, should be capitalizing on opportunities offered by the development of European corridors (including the Danube vector), which will lead to increased accessibility at European level.
- The development of tourism and manufacturing industry by developing key commercial and business urban poles, creating scientific and technological parks, development of the metropolitan functions outside the territory (recreational and tourist areas, intermodal hubs, logistics platforms, park activities, etc.).
- Locating functions of decision in the private and public sector from the European and national level, in Bucharest.
- Assuming an essential role of government national and local- in solving the main issues which are delaying the development of local competitiveness; they are, on one side, at public sector level - government and public health policies, education, research and development, and on the other hand, at companies level - improving technological readiness and increase regional market size.
- Taking into consideration the competitive development opportunities given by the large share of highly educated people in the region's population and high employment rate, closed to European average and targets. The occupied population concentrated in the services sector, relatively young and well qualified, is a key resource for the development of competitive and intelligent regional economies.
- Location and localization of universities, research centers and production using high technology, the support of programs and projects that enhance connectivity should be the municipality's development priorities.

7. CONCLUSION AND RECOMMENDATIONS

Bucharest, like all the great European capitals, makes considerable efforts to respond to the current urban issues, generated by the continuous urban development and competition.

To respond to all these demands, it is necessary a new model of city government and management, results and market oriented.

A competitive city, which develop an efficient management, can be considered a real drive for the economic growth of the region or country, where is located.

For the improvement of the city management and competitiveness and for assertion of Bucharest city as a metropolis with regional and European role, the Integrated Development Urban Strategy should action on the next levels:

- The raise of the Administrative Capacity and the Reinforcement of the Capital Position at Regional Level
- The Efficient Use of the Information and Communication Instruments, the Transparency of the Administrative Act
- The Improvement of Human Resources Management and Public Services
- The Efficiency of Municipal Budget and the Sustain of the Implementation Strategy
- To correlate settlement and development of a urban agglomerations and regional metropolis by the development of strategic partnership at territorial level
- Turning account of opportunities offered by the development of the European Passages which will have effect on the raising of the accessibility at the European level
- The assumption of an essential role of the public administration for the solution of some principals issues which delay the development of local competitiveness
- The occupied population, concentrated in the services sector, should represent a key resource for the development of a competitive and intelligent economy.

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