

## DIAGNOSTIC-STRATEGIC ANALYSIS OF SUSTAINABLE DEVELOPMENT OF BRĂILA COUNTY

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### **Abstract**

*The diagnostic analysis on the sustainable development of Brăila County represents a broad investigation of the main political, economic, sociological, technical, ecological and legislative aspects. It was carried out in order to highlight the strengths and weaknesses of the reality of Brăila, but also the opportunities and environmental threats that favour or endanger sustainable development, including the root causes. The method is materialized in recommendations regarding the sustainable development of the analysed county (for capitalizing on the strengths and opportunities) or corrective (for eliminating or mitigating the weaknesses and threats identified).*

**Keywords:** *sustainable development, diagnostic analysis, strategic analysis*

**JEL classification:** *Q56, O11, R11*

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### **1. Introduction**

Specifically, the strategic diagnostic analysis is a process structured in three stages: the *analysis of the external environment* that aims to highlight the opportunities and restrictions that the external environment offers sustainable development from Brăila County, the *analysis of competence* that aims to highlight strengths and weaknesses, the elaboration of a *system of values of the management in the activity of planning the sustainable development* that

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supposes the analysis of the mission, of the objectives, of the levels of performance that the strategy aims to achieve.

When strategic planning is done correctly, this type of analysis provides a solid basis for future development.

The elaboration of the PESTEL analysis aimed at highlighting a long-term perspective and clarifying the strategic opportunities and threats facing Brăila County. The following were analysed:

- **Political** factors, respectively government policies such as European funded programs, support in various forms of local initiatives;
- **Economic** factors, which include economic growth, sustainable agriculture;
- **Social** factors, given that the demographic structure of the population, rejuvenation or aging of the workforce, education and access to health are defining factors that influence the sustainable development of Brăila County, which can have a variable long-term dynamics;
- **Technological** factors: new technologies are constantly changing and those who do not keep up with them are quickly overtaken by those who manage to adapt, often "on the go"; research and development ensures progress in all sectors of activity and contributes to harmonious sustainable development;
- **Ecological** factors, determined by the more and more accelerated climate changes, which affect to the greatest extent agriculture, tourism, but also the increasing concern for the protection of the environment;
- **Legislative** factors: European and Romanian legislation, harmonized with EU requirements.

Based on the detailed analysis of the situation of each factor, taking into account its level or importance, it is assessed the influence it exerts on the overall activity of sustainable development of Brăila County and the degree of performance achieved in the area of that factor.

## **2. Political factors**

At the heart of the European Union's foreign policy is development policy. It aims to eradicate poverty, support sustainable growth, uphold human rights and democracy, promote gender equality and address climate and environmental challenges (Hall J.K., 2010). The EU acts globally and is the largest financier of development in the world. The EU's response to the 2030 Agenda includes two areas of work: the first is to integrate sustainable development goals into European policy and into the Commission's current

priorities; the second is to launch a reflection on the further development of the EU's long-term vision, focusing on sectoral policies after 2020.

Changing perceptions and awareness of the unprecedented evolution of society, the dynamics of birth rates on a global scale, the acceleration of the economies of developing countries and social disparities have highlighted the limits of planetary growth. Mankind has realized that the natural resources that society needs (and which are limited) have been exceeded, while creating a global ecological imbalance through irresponsible economic growth. Thus, it has been found that only by simultaneously supporting the three pillars - social, economic and environmental - can sustainable development and a common global future be achieved.

Globalization has helped to reduce absolute poverty, but it is necessary to continue efforts to reduce relative poverty and ensure a dignified life for all. The 2030 Agenda targets the peripheral segments of society and encourages the direction of society in a direction that ensures a fair, dignified and prosperous life for its citizens.

Within the financial year 2014-2020, at the level of the South-East Region and in Brăila County, a series of projects were carried out on priority axes. Thus, on the Investment Priority axis, ADR South-East carried out the project "Supporting ADR SE as IB SOP IEC, in the period 2016-2018, for monitoring the projects financed within POSCCE 2007-2013", whose general objective was in ensuring an efficient management and control of the interventions financed from the Structural Funds through the support granted to ADR SE in the period 2016-2018.

Through the Operational Program Administrative Capacity 2014-2020, in Brăila County, the project of Brăila Municipality was developed in partnership with the Association "Partnet - Partnership for Sustainable Development", a project entitled "Supporting Brăila Municipality for the introduction of quality management". The general objective of the project was the introduction of quality and performance management systems, tools and processes, such as ISO 9001: 2015 and CAF, at the level of Brăila, decentralized and subordinated services, by sustainably improving the effectiveness of management at local level, by providing high standards of knowledge and expertise for civil servants within the City Hall of Brăila. Through the same operational program, in Brăila County was developed the project "Quality and performance in public administration in Brăila County" which aimed to streamline the activity of local public administration in Brăila

County by implementing a unitary quality management system, in accordance with the Plan of actions for the staged implementation of quality management in public authorities and institutions 2016-2020.

Within the Competitiveness Operational Program, in Brăila County, the project “Increasing the competitiveness of SMEs by implementing an innovative digital solution for a successful management of projects with non-reimbursable financing” was carried out, the beneficiary being “Logic Ecomsol SRL” (Dess, G.G., 2014, Popa, I., 2004).

Through the Human Capital Operational Program, in Brăila county, a series of projects were carried out on priority axis 4 technical assistance, among which the project “Age of vulnerability”, whose main objective aims to reduce the number of people belonging to the vulnerable group of persons aged 65 and over, by providing integrated social services appropriate to the specific needs of each individual, so as to ensure that they are maintained, as far as possible, in their living environment, the prolongation and improvement of the quality of life, promoting their active and dignified participation in the social life of the community to which they belong.

Through the Regional Operational Program, a series of projects were carried out that aimed at modernizing or expanding some economic activities. Thus, Happy Tourist Transport SRL benefited from funds for the diversification of the activity through the acquisition of equipment for the development of tourist services; ReGeCad SRL carried out a project with the purchase of specific, high-performance equipment and licenses, necessary in the performance of geodesy services and cadastral measurements; SC FDI Top Consult SRL had as objective of the project the extension and modernization of the activity by purchasing specific equipment; Euroglass SRL developed the project on increasing competitiveness by modernizing technology; SC Valyzet Tour SRL benefited from funds for the purchase of equipment for the provision of services in special construction works; AmiBios SRL purchased specific equipment within the project to create innovative products using 3D technology; ItesSolutions SRL aimed to increase the company's competitiveness by expanding the project development activity and consulting in the field of thermal, sanitary and electrical installations, for a wide range of constructions; Iolubo Trade SRL benefited from funds for the construction of an accommodation structure with a capacity of 10 rooms/apartments; Venticosin SRL purchased equipment in order to create a new player on the market of construction works of utility projects for fluids, the objective being

that the newly created unit to perform high quality works, at international standards; Badenmob SRL aims to consolidate its competitive advantage on the bathroom furniture manufacturing market by expanding and modernizing the production capacity for which it purchased specific equipment and promoting the furniture manufactured by participating in international fairs; Navriv SRL had as objective of the project financed by ROP the acquisition of equipment specific to the diversification of the range of services, and Sanitop SRL aimed at diversifying production by purchasing high-performance equipment for the production of furniture; Paper Print Invest SA developed the project "Performance in printing", which aimed to purchase printing equipment with software components, which on the one hand to reduce the time to make the company's products, and on the other hand to develop a new range of products, the book with hard covers.

The rehabilitation and modernization of the regional transport infrastructure between Gulianca-Ianca-Viziru localities, but also the rehabilitation and modernization of the road transport infrastructure on the route Silistraru-Unirea-Gropeni was carried out with funds allocated through ROP projects. Also through this program, the quality and efficiency of hospital care within the Emergency Reception Unit of the Brăila County Emergency Hospital was improved. Sustainable development policies have materialized in a series of investments completed with European funds: 6 ROP projects, with a total value of 5656175 lei, of which EU funds 3055483 lei; 2 POCU projects, with a total value of 5640094 lei, of which EU funds 4777789 lei; 1 POAT project, with a total value of 3802822 lei, of which EU funds 2409842 lei.

### **3. Social factors**

*The demographic profile* of Brăila County highlights a significant decrease of the population, a trend that is still manifested today. Of the 40 rural localities in the county, half registered less than 3000 inhabitants (4 of them registering less than 1500 inhabitants). In the case of urban localities, the small demographic size raises the issue of their ability to support the county economy and to create a polycentric network strong enough to support the development of the territory. In the case of very small towns (less than 10,000 inhabitants) and communes with less than 3000 inhabitants, the small demographic size is reflected in small local budgets and low administrative

capacity of local public authorities, respectively in fragile financial sustainability and insufficient resources for invest in development projects.

In Brăila County, the age pyramid indicates an aging population, respectively a low share of young people (24.73%) and a high share of adults and the elderly. This is the consequence of a low birth rate, with an obvious maturation and aging of the population, which contributes to the demographic vulnerability of the county.

The most pronounced aging trend is noticeable in rural areas, especially in the eastern and southern part of the county, corresponding mostly to communes with less than 1500 inhabitants, which also records the most significant decrease in population. The demographic decline of the county is supported by the natural movement and the migratory movement of the population, respectively by a negative natural increase, below the regional and national level and by a negative migratory balance, both in the case of internal and external migration.

The decrease of the population and the decline of the available labour force are tendencies with chances of aggravation in the future, in the conditions in which the average birth rate registered in Brăila County in the period 2014-2019 is lower than the one registered at national and regional level. Temporarily became constitutive phenomena for the social landscape of the county. Not at all encouraging, the salary gain is lower in Brăila County compared to the one registered at the regional level, as well as in all economic activities in general, except for the agricultural sector.

Regarding the training of the workforce, the classification of the active civilian population according to the level of education of the last graduated educational institution indicates a high percentage of people who graduated high school, followed by people with higher education, middle school and vocational education and apprentices. . In 2019, Brăila County was among the counties at the top of the ranking on passing the baccalaureate, with 73.40%, significantly above the national average which was 67.2%.

The high share of the active population graduating from high school (to the detriment of technical or university studies) raises the issue of the need for post-high school training programs to prepare high school graduates for the labor market. The analysis at territorial level highlights the concentration of the active population graduating from university, post-secondary and technical studies in the municipality of Brăila.

#### 4. Economic factors

The county with the lowest degree of attractiveness in the South-East Region in terms of foreign direct investment is Brăila County, which in the period 2016-2017, out of a total of 7277 million Euros attracted only 2.82% (205 million Euros). Brăila has 1101 foreign companies (62.3 million Euros subscribed capital). The largest concentration of foreign capital is found in Brăila County in the industrial production sector, the leaders being the Norwegians who currently own the "VARD Brăila" Shipyard, and the main target of the Italians was agriculture and textiles.

A factory specialized in the production of lighting devices was inaugurated in May 2019 in Brăila. The new production unit of the company Glorious Lighting S.R.L., with an investment value of 17 million Euros, employed, in a first phase, 200 people. Glorious Lighting plans to invest another 15 million Euros in the next 5 years and reach 800 employees. The Vard Brăila (and Vard Tulcea) construction sites are owned by the Italian group Fincantieri through the Vard subsidiary and are among the most modern in the country and in Europe, given that the group has invested heavily here in recent years. Over time, the activity of the two shipyards has been progressively adapted - thanks to a diversification strategy implemented by the group - from ships for offshore operations and specialized vessels, to shipping and cruise ships, the shipyards being flexible enough to follow the course. They have the necessary expertise to build both hulls for cruise ships under construction on the group's shipyards, as well as complete ships, such as tugs and transport ships, delivered by Vard Brăila and Vard Tulcea. The effect has been a continuous increase in workload, so that the two shipyards now have the capacity to build military ships as well.

**Fig.1. Dynamics of the activity of the enterprises at the level of Brăila County, in the period 2014-2017 - CA - turnover (millions of lei - current prices); IB - gross investments (millions of lei - current prices); IN - net investments (millions of lei - current prices); NS - number of employees (number of people)**



Source: insse.ro, processed data Tempo online, 2020

The companies from Brăila County exported in 2018, means and transport materials, the share of these products being 49.88% of the total exports made by the companies from Brăila county. Also, in 2018, companies in Brăila County also exported textiles and textile articles (17.89%) and live animals and animal products (10.84%). The radiography of the economic activity reveals the fact that agriculture traditionally plays an important role in the economic structure of Brăila County.

As for tourism, although Brăila County benefits from a very high number and variety of tourist objectives, the tourist infrastructure and implicitly the number of overnight stays and arrivals are far below the existing potential.

In terms of tourism promotion, there are already areas that have developed a strong identity but are not well enough promoted through online platforms. A significant challenge at county level and at the same time an important step for the development of tourism is the consolidation of the identity of Brăila County, bringing together and promoting under one brand - umbrella the individual values and brands in the territory and supporting their development. The specificity of the county is given by the duality between the established tourist brands and identity areas that include an important variety of material and intangible heritage elements. Thus, the tourist identity of the county must be built starting from the existing and visible objectives such as Brăila with all monuments and heritage buildings or Lacu Sărat resort, in parallel with the promotion of identity areas in Balta Mică Natural Park of Brăila.

## **5. Technological factors**

Among the directions of action for increasing the economic competitiveness of Brăila County are the training of the labour force in the required fields, through quality training programs and supporting companies in order to endow them with modern equipment / machinery.

Considering the assumed mission and the adopted strategy, the Brăila Chamber of Commerce, Industry and Agriculture proposed as priority objectives the internal and international representation of the members' interests, through an efficient lobby and direct involvement in creating a modern business environment; ensuring a range of high quality services, with high added value due to the professionalism of employees, as well as improving the offer of services in order to increase the competitiveness of its

members. From the perspective of entities operating in the field of RDI, the most important challenges facing the business environment in the region are the lack of skilled labor and its migration to other more developed areas, poor collaboration and interest in building partnerships, and difficulties in legislative and administrative nature (Schaltegger, S., 2011).

At the level of Brăila county there is a Cluster of Innovative Technologies for the fight against Counterfeiting/Advanced anti-counterfeiting technologies-Innovation Cluster (AACTIC), which was established in 2015, among the founding members of the cluster being SC Cephrohart SA Brăila. SC Cephrohart SA (3) is a research and development institute for the pulp and paper industry in Romania, based in Brăila. The legal status of the institute is that of a joint stock company with 58.76% state capital and 41.24% private capital. The company provides qualified research and development services for the pulp and paper industry and related fields. Within SC cephrohartSA Brăila there is a physical and mechanical testing laboratory for cellulose, paper and cardboard, along with a mechanical-physical testing laboratory for cellulose, paper and cardboard, a preparation laboratory for fibrous pulp and stock additive - chemical dosing for additives.

In Brăila County there are other companies that carry out research-development and innovation activities such as: SC Vard S.A. in the field of shipbuilding or Braiconf S.A whose activity is the manufacture of underwear. At national level, a series of initiatives were put into practice regarding the creation and development of value chains, to which companies or associations from Brăila County also subscribed. In recent years, the number of projects that enhance the direct relationship between farmers and the customer are increasing. The Internet abounds in sites that link supply and demand, farmers and the urban population. The length of the short food supply chain does not refer in particular to the distance between the place of production and the place of distribution, but to an imperative to keep most of the benefits for the producer, while respecting the specifics of extensive production in alternative food systems. This can be done without any intermediary (direct sale) or with one or more intermediaries. The relationship between the intermediary and the producer is mutually binding, based on clear information about the origin of the product, about the producers and the conditions in which it was processed, so as to allow consumer contact with the people involved in production and the purchase of a high quality product. The essential difference is given by this

personalized character of the food, significantly different from the anonymous products of the food industry.

In Brăila County there are households that are part of the chain called "peasant mall". This approach initiated by the *Growing Romania Together Association* (Braşov) is represented by a commercial component of supply-demand type online, through [www.malltaranesc.ro](http://www.malltaranesc.ro) platforms and by involving other local actors in collecting, processing and managing data from the territory. In this way, the *Peasant Mall* is organized in districts with peasant products, but also independent online stores that cover various well-defined geographical areas, have their own identity, autonomy and administration. The purpose of this initiative was to encourage the local economy, the consumption of Romanian healthy products, simultaneously with the education and accountability of the urban communities in the choice of some natural, healthy products, but also of some objects created by the Romanian craftsmen. The creation of this peasant mall helps small local producers to exist and produce, helps consumers to replace imported food with local, tasty and healthy products, contributes to the preservation of ancestral crafts and traditions, but also allows the direct link between producer and consumer. is part of the European line of sustainable territorial development, which is based on a series of guiding principles: promoting territorial cohesion through balanced socio-economic development and improving competitiveness, supporting the development generated by urban functions and improving rural-urban relations; more balanced accessibility conditions, developing access to information and knowledge, reducing damage to the environment, capitalizing on and protecting resources and natural heritage, promoting quality and sustainable tourism (Burns, M.C., 2008).

## **6. Ecological factors**

In order to improve the ecological conditions, it is necessary to strengthen both the capacity and the efficiency of the monitoring of protected areas, through actions of the administration of protected areas, of the Environmental Protection Agency and the Environmental Guard. Projects that help maintain or improve the quality of the natural environment and its biodiversity and reduce the pressure on it should be promoted and supported by the local and county administration.

At the same time, projects that form synergies between various fields such as environment, tourism, small business, services, etc. should be

promoted through which public services (transport, water distribution, sanitation, etc.) are improved for the development of the economy and the increase of the quality of life.

Within the county of Brăila are registered the Association of the Local Action Group “Câmpia de Vest a Brăilei”, the Association of the Local Action Group “Câmpia Brăilei” and the Association of the Local Action Group “Terasa Brăilei”. The main purpose of the associations is to implement local development strategies materialized through concrete projects, which aim to increase the competitiveness of the agricultural and forestry sectors, improve the environment and rural areas, increase the quality of life and diversify economic activities in rural areas (Glinka K., 2020). These projects are developed by local actors, authorized individuals or legal entities operating in the territory of the Local Action Group. The three Local Action Groups operating in Brăila County decided to join forces by setting up a Federation with founding members LAG “Câmpia Brăilei” LAG, LAG “Câmpia de Vest a Brăila” and LAG “Terasa Brăila”. Thus, the County Federation of Local Action Groups (FJGAL) Brăila, which has legal personality, covers a number of 21 territorial administrative units: the communes Unirea, Viziru, Bordei-Verde and Zăvoaia within the LAG “Câmpia Brăilei”, the city of Făurei and Cireșu, Galbenu, Grădiștea, Jirlău, Mircea Vodă, Surdila Găiseanca, Surdila Greci, Șuțești, Ulmu, Vișani communes within the “Câmpia de Vest a Brăilei” LAG, Cazasu, Tudor Vladimirescu, Traian, Movila Miresii, Gemenele and Rom communes "Terrace of Brăila". The purpose of the Federation is to further ensure a sustainable and balanced development of the area by attracting non-reimbursable funding in all areas of interest: basic infrastructure, public services, agricultural and non-agricultural economic agents, social protection.

Regarding the Intercommunity Development Associations, at the level of Brăila County there is the Brăila Danube Eco Association, consisting of 44 administrative-territorial units, of which 3 urban ATUs (Brăila municipality, Ianca and Însurăței cities) and the County Council. Among the objectives of the Eco Dunărea Brăila Association are the elaboration and development of projects aimed at conserving and rehabilitating biodiversity, developing hydrological modeling tools, carrying out clearing works and other hydrological improvements, ecological restoration, including reforestation, reduction of pollution with natural waste in solid areas and investments in controlling and reducing water nitrate pollution.

At the locality level, the association carries out investment projects to improve energy efficiency in public buildings, public lighting, and households, in the heating, water, waste and public transport sectors. Added to this is the development of a program to promote the use of renewable energy sources, the establishment of a local climate change fund for residents and SMEs, as well as measures to mitigate and adjust to climate change.

## **7. Legislative factors**

At European level, a number of pieces of legislation governing sustainable development are in force, with which national legislation and regulations are harmonized and support local actors. Among them are a series of state aid measures implemented by the Ministry of Public Finance: the state aid scheme implemented based on Government Decision no. 807/2014 for the establishment of a state aid scheme aiming at stimulating investments with major economic impact, with subsequent amendments and completions; the state aid scheme implemented based on the Government Decision no. 332/2014 on the establishment of a state aid scheme to support investments that promote regional development by creating jobs, etc.

At the same time, through the Start-up Nation Romania program, scheme was implemented starting with 2017, with the role of encouraging and stimulating the establishment and development of small and medium enterprises. Regarding the national fiscal policy, during the period 2014-2020 various measures were implemented to support small and medium enterprises, as well as to support investments: reducing the income tax rate in the nature of dividends obtained from Romania by non-residents from 16% to 5% (January 2016); unlimited application in time of the tax facility for tax exemption of reinvested profit (January 2017); exemption from the payment of profit tax in the first 10 years of activity, for taxpayers who carry out exclusively innovation, research and development activities (January 2017); the possibility of opting in the case of micro-enterprises for the payment of profit tax instead of income tax, with the mention that they have a minimum share capital level of 45,000 lei (April 2018) and at least 2 employees.

## 8. Conclusions

As is normal, the diagnostic process focuses mainly on strengths and major weaknesses, which have a significant influence on the evolution of activity in all sectors and performance. But at the same time, we must not neglect weaknesses that, under certain internal or external circumstances, can amplify their influence on the situation in the area, and can even become threats. The PESTEL analysis of Brăila County meets all the attributes of a SMART diagnosis because it is:

- **specific**: provides detailed information on economic, social and environmental characteristics;
- **measurable**: presents quantitative and qualitative aspects of the analysed indicators;
- **accessible**: the proposed objectives can indeed be achieved with the available capacity and resources;
- **relevant**: highlighting the indicators that contribute to the sustainable development of Brăila County;
- **framed in time**: with references to the analysis period 2014-2019.

In order to implement a sustainable development strategy, you must believe in it and that is why the diagnostic analysis represents a contribution to the sustainability of the development of Brăila County in the next European financial year.

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