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Chapter 12

ROMANIA

INTRODUCTION

With 22 million inhabitants, Romania is the seventh largest among the EU countries, and the second largest in the eastern part of the EU. Although the country has experienced strong economic growth during the last years (6.4 per cent annually from 2003 to 2006), it remains among the poorest of the EU, the GDP per capita reaching only about 35 per cent of the EU-average in 2005. Romania has a particular situation among the Central-Eastern European countries because it was not part of the first wave of Eastern enlargement of the EU (May 2004). Romania presented its request to join the European Union in June 1995 and started the accession negotiations in February 2000[1]. The accession was delayed - as in the case of Bulgaria - for January 2007. This situation had also an impact on the level of preparation for the implementation of the EU Cohesion policy. In consequence, this chapter emphasizes the preparation process of the country for the implementation of the EU Cohesion policy. It will also try to consider the role of those country-specific factors which are relevant for the shaping of the regional policy in Romania: the regional disparities, the regional policies during the pre-accession period, the domestic basic documents for regional policy (the NDP and and the NPTD), the EU pre-accession funds, the regional policy after accession, and finally the question of political parties and regionalism.

CREATING THE INSTITUTIONAL BASIS FOR EU COHESION POLICY

The NUTS system was drawn on the existing administrative-territorial structure of the country, structured in two levels: communes (groups of villages) and towns in the lower level and counties in the upper level. The Law no. 215/2001 regulates the local autonomy, as well as the organization and functioning of the local public

administration. The basic principles of the organization and functioning of the local public administration are the following: decentralization, local autonomy, decentralization of public services. Immediately after stating these principles, the law specifies that they cannot 'offend the national, unitary and indivisible character of the state of Romania' (Article 2/2). The local autonomy is understood as 'the right and effective capacity of the local public administration authorities to solve and manage public duties, on behalf of and in the best interest of the communities they represent' (Article 3/1). This right is exerted by the local councils, mayors and county councils. The law defines the administrative and financial local autonomy as well, which 'concerns the organization, functioning, competencies and prerogatives, as well as the management of resources which, by law, belong to the commune, town, city or county' (Article 4/2). Both local and county councils have a category of competencies related to the social and economic development. For example, the local council approves the strategies concerning the economic, social and environmental development of the administrative unit and the county council adopts strategies, prognoses and county economic, social and environmental development programmes.

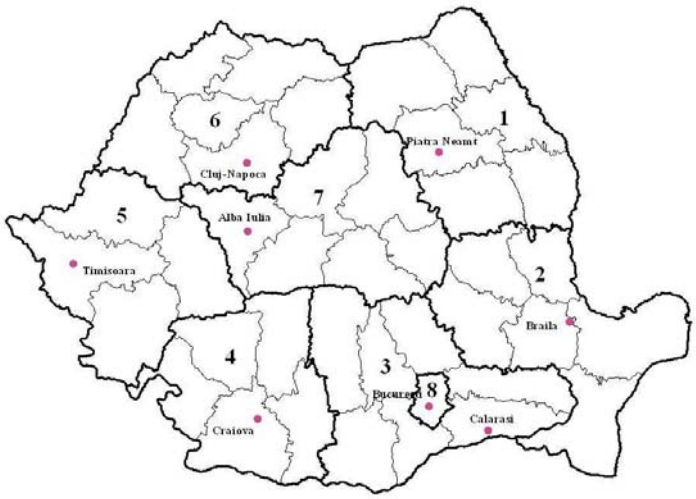
An important factor which has led to the establishment of the regional policy was the EU accession process. During the accession process, the European Commission drew up reports on 'the progress registered by Romania in the perspective of accession'. The first report in 1998 explicitly mentions the impact of the accession process (of the EU Cohesion policy) upon Romania's legislation regarding regional development. The report specifies that 'a Law on Regional Development, drafted with EU assistance and approved in July 1998, has created a framework for the development and implementation of regional policies.' (Commission of the European Communities, 1998, p. 38). Later, Romania had to comply with the EU acquis. It was expected from the candidate country to develop a development system based on the regional principle. The negotiations on the Cohesion policy of the EU were opened in June 2002. As result a new Law on Regional Development (Law no. 315/2004) was adopted. This law has set the objectives, institutions, competences and instruments for regional development in Romania. Therefore, the main objectives of the regional development are the reduction of interregional disparities - by supporting a balanced development and the catching-up of the better developed regions -, the preparation of the institutional framework in accordance with the EU integration criteria and with the criteria of the EU structural funds, the correlation of the sectorial politics of the

government on the regional level, as well as the support of the domestic, international, interregional and crossborder cooperation, in order to promote the economic and institutional regional development.

Territorially, a regional level has been created, without juridical personality - it means that they are not administrative-territorial units - by grouping the 41 counties according to several criteria in eight development regions, equivalent to the EU NUTS II level (fig. 12.1.). They have a framework function for the establishment, implementation and evaluation of regional development policies, as well as a technical function as basic territorial units for the collection of specific statistical data according to the EUROSTAT regulations. The boundaries of the new regions are following the boundaries of the counties and of the City of Bucharest.

The new NUTS II regions were instrumentalized by creating a new institutional network for the administration of these spatial units: the National Council for Regional Development (NCRD), the Regional Development Councils (RDCs) and the Regional Development Agencies (RDAs).

[Figure 12.1. The development regions (NUTS II regions) and the counties (NUTS III regions) of Romania]



1. North-East, 2. South-East, 3. South-Muntenia 4. South-West Oltenia, 5. West, 6. North-West, 7. Center, 8. Bucharest-Ilfov

Source: Benedek, J. (2004), with changes.

The **National Council for Regional Development** is a partnership-based institution for the drawing up and implementation of the objectives of the regional development

policy. The state has a strong position in this institution, because his chairman is the Ministry for Development, Public Works and Housing (MDPH), the Secretariat is held by the same minister, and different representatives of the Government are members of the Council in an equal number with the representatives (the presidents and vice-presidents) of the eight RDCs. It is designed to approve the national strategy for the regional development and of the National Development Plan (NDP), to approve the criteria and priorities for using the National Fund for Regional Development, to propose the use of the preaccession funds for regional development allocated to Romania from the European Union, and to approve the projects proposed by the RDAs.

The eight **Regional Development Councils** represent the territorial structures for regional development. They are deliberative bodies at the level of every development region, without juridical personality. They are responsible for analyzing and deciding on the regional development strategy and programmes, approving the regional development projects, and approving the criteria, priorities, allocation and destination of the resources constituted in the Regional Development Fund (RDF).

The **Regional Development Agencies** are territorial structures for regional development established within the framework of each development region. They are non-government, non-profit public institutions, with juridical personality. RDAs were given the following main aims: to formulate and propose the regional development strategy, the regional development programmes and plans, and the funds management plans for approval to the RDC, to implement the regional development plans and the funds management plans, and to manage the RDF.

We would like to stress two problems related to the Romanian regionalization. First, the criteria underlying the regionalization are heavily disputed and not thoroughly applied. Four main criteria lie on the basis: population, surface, culture and economic interrelations. But the created regions are too large in population and size (above the EU average), one region is culturally heterogeneous[2] and, in many cases, county representatives want other classification on the argument of stronger economic links to other regions, links established and enforced in the recent 20 years.

There was little effort by the state in establishing new territorial symbols or by reflecting the already existing ones. For example the names of the NUTS II regions were given after a very technical view reflecting the geographical position (North-East, South-East, West, North-West, Center), only three of them reflecting also the

historical-cultural background: South-West Oltenia, South-Muntenia and Bucharest-Ilfov.

Second, the regions have a very low power of decision and are financially weak. It means that they have no executive or legislative powers, and are subordinated to the governmental level which distributes the financial resources to them. The regionalization was top-bottom oriented, it is the result of consulting a very limited number of actors.

REGIONAL DISPARITIES IN ROMANIA

Regional disparities in Romania, like in other states, make up a fundamental feature of the society, with changes conditioned by a complex of factors concerning the size of inter-regional disparities, the trajectory of the evolution and the social and economic position of certain regions. The differences in development between cultural and historical regions, reproduced at the level of NUTS II regions, have their roots in the different historical and economic conditions of evolution of these regions (Benedek and Jordan, 2007). Thus, during the modern age, the regions of Central and Western Romania (Transylvania, Bucovina, Maramureş, Crişana and Banat) underwent a development trajectory based on an early industrialization (18th century) and the formation of proto-industrial regions based on mining and metallurgy, textile industry, and a relatively diverse urban economy. Unlike these regions, in the Southern and Eastern parts of Romania the first proto-industrial regions have developed during the 19th century. During the period following the Union of Principalities of 1859, the capital city of Bucharest underwent an uninterrupted cumulative development. Prahova oil region and several ports (Galați, Brăila, and later Constanța) also started their development. The trajectory of a convergent development of the above territorial units began after the First World War, a moment when the differences in development were considerable (Popescu, 2000).

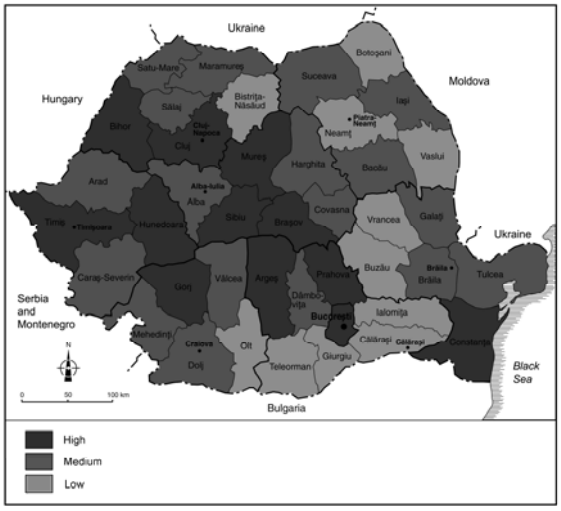
The development policy of the socialist period (1945-1989) had recomposed to a certain degree the regional hierarchy, promoting the equalization of the development (Iara, 2005), but without providing spectacular leaps in the hierarchy of regions.

The Romanian regions reacted differently to the new political and economical framework created after 1989, according to their economic capabilities, competitiveness and institutional networks. The winners of the transition are the urban

agglomerations with a developed service sector, the coastal region and the border regions situated along the western border of Romania, while the big losers are the remote mountain regions, the rural regions and the industrial districts (Ianoş, 2006). The cultural background is still an important factor of regional development in Romania. The pole of underdevelopment is still Moldova (NUTS II region North-East), Dobrogea, Muntenia and Oltenia (NUTS II regions South-East, South and South-West) are situated on an intermediary level, while Transylvania, Banat and Crişana (NUTS II regions Center, West and North-West) together with Bucharest constitutes the pole of development (Sandu, 1999, Benedek, 2004).

The Green Chart of the Regional Development (Government of Romania, European Commission, 1997) offers a global index of development, which was calculated on the basis of aggregating 17 indicators, grouped into four categories (economy, infrastructure, demography, standard of family life). According to the resulting values (fig. 12.2.), the counties of Botoşani, Vaslui (general poverty, few material resources), Ialomița, Călăraşi, Giurgiu and Teleorman (cultural poverty, that is low level of education, infant mortality, and weak sanitary situation) have the lowest level of development. In 2005, the disparity index of the gross domestic product per capita between the region with the highest value – West Region (excluding Bucharest, with a quite outstanding higher level as compared to the other regions) and the region with the lowest value – North-East, was 1.671. At the level of the NUTS III regions the disparities are growing, but are still not dramatic: the first five counties have average values which are 2.4 times higher than the last five.

[Figure 12.2. Regional distribution of the Global Development Index, 1994]



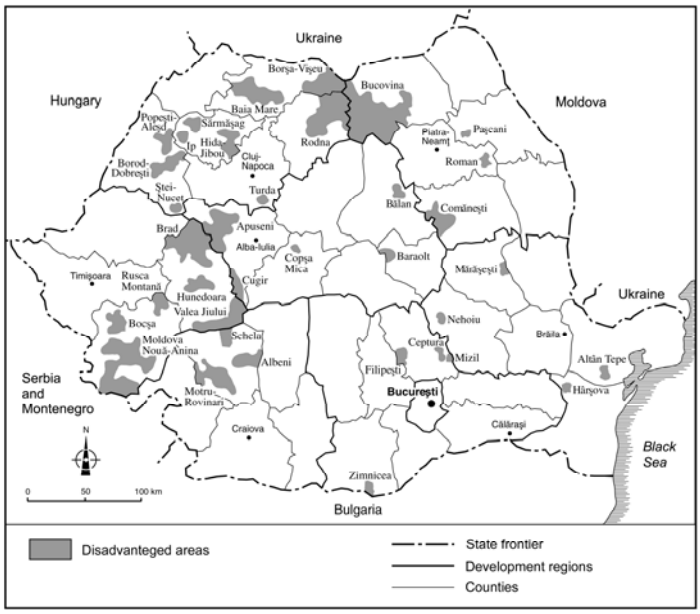
Source: Government of Romania, European Commission (1997), with changes.

REGIONAL POLICY IN THE PRE-ACCESSION PERIOD

In Romania, the delimitation of spaces with specific problems, with particular juridical status and a functioning regime, took place in the form of the **disadvantaged areas**, established in 1998. They are geographical regions defined on the basis of local administrative units (towns and communes). They should correspond to one of the following conditions: the rate of unemployment in the area should be at least three times higher than the national rate of unemployment, calculated for the latest three months before the drawing up of the documentation for the granting of disadvantaged area status, and the lack of the means of communication, the existence of a poor infrastructure. 38 disadvantaged areas have been so far delimited (fig. 12.3.), which concentrate about 1.5 million inhabitants.

Disadvantaged areas may function between three and ten years, with the possibility to prolong this juridical status. Their functioning regime has a fiscal character, with a series of facilities for companies with private capital in majority, Romanian corporate bodies, which have their head offices and develop activities within the disadvantaged region. The purpose of creating these regions was thus to increase their degree of attraction for the carrying out of capital investments which should generate jobs, horizontal relations with the local economic environment, economic growth.

[Figure 12.3. Disadvantaged areas of Romania in 2002]



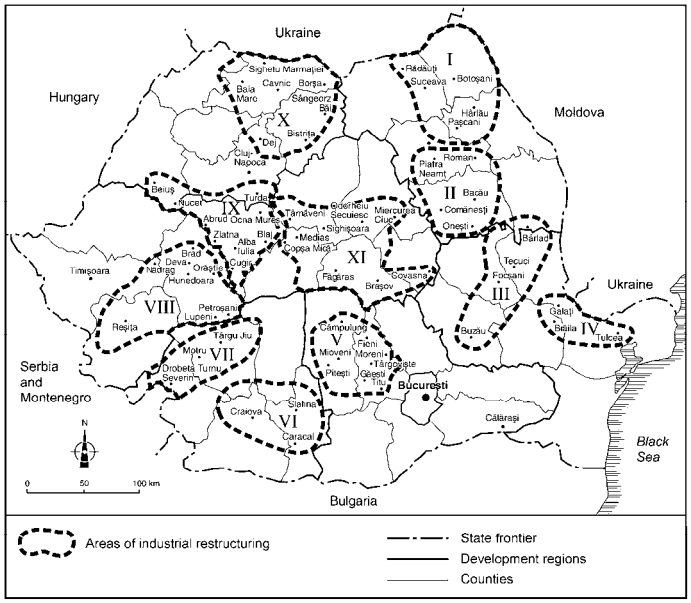
Source: Benedek, J. (2004), with changes.

The fields of interest for the carrying out of investments are established for each area, depending on the economic profile and the territorial and sectorial drawbacks. Such fields of interest are: agriculture, production, service provision, commerce, environmental protection, remaking of natural sites etc. Although these areas have a basis of varied economic resources, they are not turned to account so the capital needed for development. A series of factors have been identified for the reduced level of investments (Government of Romania, 2001). First, the underdeveloped transport and public utilities infrastructure of the disadvantaged areas have considerably hindered the mobility of the production factors and the integration of this areas in larger production chains. Second, the lack of a minimal entrepreneurial education of the population has led to a low level of local firm creation. And third, the lack of a skilled labour force, as well as the skeptical attitude towards the training courses had created difficulties in the adaptation of the regional labour market to the new market conditions.

In fact, the fiscal facilities of these areas disappeared with the new law concerning the profit tax and the value added tax, sanctioned in summer 2002. There is already an alternative concept, that of **assisted areas**. There will be no fiscal facilities for investors in these areas, but irredeemable financing programmes for development projects on an average or short run (6 to 10 years), drawn up by local public authorities (local and county councils).

An adaptation of the concept of old industrial areas and the relevant regional policies at the existing conditions in Romania took place by defining and delimiting **the areas of industrial restructuring** with potential for economic growth. These areas have been defined as geographical concentrations of settlements with high level of unemployment, problems of environmental pollution, and potential for economic growth. Altogether 11 regions or areas of industrial restructuring with a potential for economic development have been delimited (fig. 12.4.), including 25.7 per cent of the population of Romania.

[Figure 12.4. The areas of industrial restructuring of Romania]



Source: Benedek, J. (2004), with changes.

Investment projects in the public and private sector have been selected first according to PHARE procedures in settlements included in the 11 regions. They were in accordance with the development priorities stipulated in the NDP and approved by the European Commission for financing through 2001 PHARE programme. The areas of industrial restructuring have been already included in different financing programmes and they seem to become one of the basic pillars of regional policy in Romania.

THE NATIONAL DEVELOPMENT PLAN

There have been three NDPs for Romania before the country becomes an EU member. The first referred to the 2000-2 period and the document specifies that its drawing up was requested within Romania's preparation to access the EU.

The second NDP comprises the period between 2002 and 2005 and includes both the regional and the sectorial strategies of the ministries (Government of Romania, 2001). According to the document, the NDP fundaments Romania's requests for the development programmes financed from European funds. The stress is laid on this aspect of the NDP, although it is mentioned that the NDP also comprises the government's development strategy.

The third NDP is the one referring to the 2004-6 period, explicitly mentioning that 'it is the first document that performs a multi-annual planning and programming of

public investments' (Government of Romania, 2003). One should notice a gradual increase of the complexity of the plans and their methodology.

The NDP 2000-2 explicitly states that 'the development priorities identified within the framework of the NDP are in compliance with the tasks and necessities determined by the Partnership for Integration and by the Romanian National EU Integration Program.' (National Agency for Regional Development, 1999). The total NDP 2000-2 budget amounted to the sum of 4081,71 million €, 86 percent of which consisted in financing through European funds. It is interesting to note that, according to the NDP, the financing chart for the year 2000 was established in agreement with the European Commission. This chart differentiates NUTS II regions of 1st level priority (North-East, South-East, South, North-West) and of 2nd level priority (South-West, West, Center, Bucharest-Ilfov). According to financing charts, this equals a financing of 94,7 million € for three priorities in 1st level regions: supporting SMEs, development of human resources, development of regional and local infrastructure. For 2nd level priority regions, the available financing is 43,15 million € for the following objectives: supporting SMEs, development of human resources, development of regional and local infrastructure, development of tourism, supporting technical development and innovation, development of the private sphere and the promotion of investments.

It is interesting to remark that **the 2002-5 NDP**, in the conception of its writers, 'is part of the change management'. The need for upgrading the document is mentioned, as the NDP is regarded as the basis of the annual action Plan of the government programme (Government of Romania, 2001). The NDP identifies seven priority axes, out of which six are sectorial (the development of the production sector, the improvement of the infrastructure, the reinforcement of the human resources potential, the support for agriculture and rural development, the environmental protection, the stimulation of research and technological development), while the seventh is regional (the improvement of the economic structure of the regions, the support for a balanced and sustainable regional development) (ib.). One should remark that the seventh priority axis contains the first six priority axes as fields for intervention, being clearly specified that 'axis 7 represents a territorial distribution of priority national development objectives and of funds materializing these objectives' (ib., p. 375).

The elaboration of **the 2004-6 NDP** is basically a result of the process of Romania's accession to the EU. This fact is clearly underlined in its introduction. Among other things, it mentions that the 2004-6 NDP 'has a double purpose: an instrument for fundamenting and financing the national, sectorial and regional development priorities from funds provided by the state budget and local budgets, on the one hand, and an instrument of fundamenting the access of the country to financial assistance from the pre-accession structural and cohesion funds granted to Romania by the EU within the accession partnership' (Government of Romania, 2003). According to NDP, the financing sources for the plan between 2004 and 2006 were stipulated this way: 16 percent EU funds, 5 percent joint financing of Romania with European funds, 56 percent Romanian public funds, 15 percent loans from international financing institutions, 9 percent private funds/resources (ib.).

THE NATIONAL PLAN FOR TERRITORIAL DEVELOPMENT

Another basic document for the territorial development in Romania is the National Plan for Territorial Development (NPTD), which represents the most important planning document at state level. The institutions responsible for its editing and application are the Parliament, the Government, as well as the county and local public administrations. Up until now, five sections of NPTD have been drawn up: means of communication, waters, protected areas, network of settlements and natural risks. There is no official document which clarify the relationship of the NPTD and the NDP. We can only assume that during the process of the drawing up of the NDP the development goals set up by the five sections of the NPTD were taken into consideration.

A high priority of the NPTD is the achievement of 6 new motorways, and the consolidation of the existing one between Bucharest and Piteşti (Law no. 203/2003). The motorways would link Bucharest with a series of important urban centres: Constanța, Braşov, Timişoara, Arad and Ploieşti, while another one would form the ring of Bucharest City. Two of them aim at connecting with trans-European transport systems: Piteşti-Sibiu–Sebeş–Deva–Arad–Nădlac and Braşov–Târgu Mureş–Cluj-Napoca–Borş (fig. 12.5.). They will contribute to the increase of the central role played by Bucharest in the hierarchy of settlements and to a better integration of the neighbouring regions in the urban area of the Capital. The main issue is related to the speed of these works. They themselves would not be enough for ensuring an

economic growth. If other development measures are not to be applied at the same time, some regions will simply become transition spaces for the transportation of goods from the Western and central part of the continent to its Eastern part, on the one hand, and between major growth centres of Romania, on the other hand.

The second section of NPTD (Law no. 171/1997) stipulates the achievement of objective in a scanty field of public infrastructure: the water provision for the population and economy. The problem is especially serious in the rural space. In 2000, only about half of the communes had a public network for the distribution of drinkable water, and only about 55 per cent of the rural population had access to this network. During the last decade, the planning works in this field have concentrated on the rural space, where the water network extended by 35.7 per cent as compared to the 1990 situation.

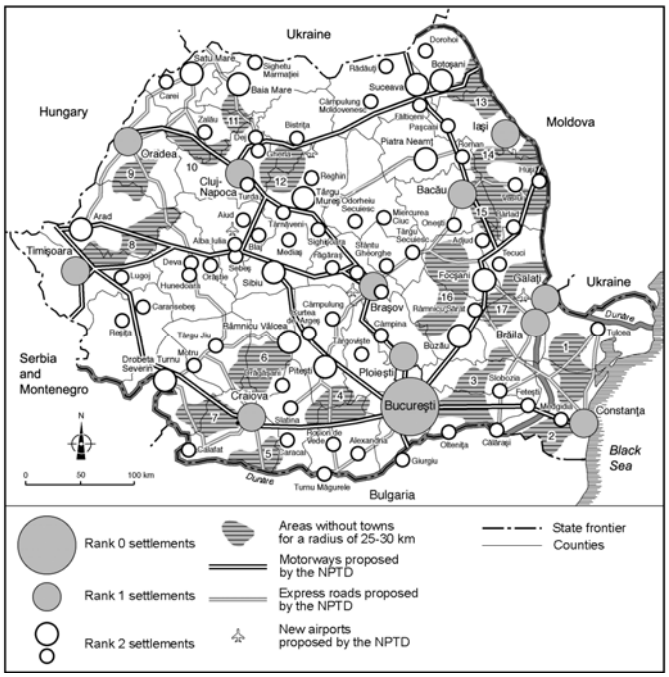
The third section (Law no. 5/2000) includes the lists of the protected natural areas of national interest and natural monuments, and the list of the cultural objectives that have a national value. However, it must be known that the regime of these areas is regulated by a special law, which has not been yet edited. There is another negative aspect: most of these areas do not have an exact delimitation in the territory, at the level of land parcels. There are 827 protected natural areas altogether, covering an area of about 1,230,000 ha (5.2 per cent of the national territory, according to NDP, 2002-2005).

The fourth section (Law 351/2001) regulates the issue of the network of settlements. One of the most important achievements of this law is the **hierarchization of the Romanian settlements** on six ranks, which will be the basis for the establishment of the growth poles as well (fig. 12.5.). It will have practical implications, as taxes and duties are to be established according to each rank.

The fourth article of the law stipulates that the Government and the local public authorities should become involved in **areas without towns for a radius of 25-30 kilometers**. It means that they should allocate resources aiming at modernizing certain rural settlements that provide services and have an area of influence. The purpose is to declare new towns by supporting the institutional development of some rural settlements. Two observations should be made upon the text of the law. First, the term “rural settlements that provide services” is not clearly defined. Their selection will probably be made at lower spatial levels, probably at county level. Thus, there is free field of action for regional planners, which is a positive aspect, as it is difficult to

precisely define generally valid terms at national level for such settlements. Secondly, we do not believe that the declaration of new towns may be solved only by setting up some institutions, because the law establishes exactly the criteria for declaring new towns. These criteria overrun the institutional sphere, including the economic sphere. 17 areas without towns for a radius of 25-30 kilometers have been established (fig. 12.5.), including an impressive number of communes, 452, and a total population of about 1,517,000 inhabitants.

[Figure 12.5. The hierarchization of settlements according to rank, the areas without towns for a radius of 25-30 km and the development objectives of the road transportation network]



Source: Benedek, J. (2004), with changes.

The law also stipulates the solution of several **conflicts related to the administrative organization of the territory**. So, it establishes that the passage of rural settlements from one administrative unit to another is done depending on a local referendum. Another regulation of even higher importance concerns the drawing up of necessary criteria for **declaring new towns**, as well as new **cities**. This appears for the first time in the last 50 years in the shape of a law text. Analyzing these indicators it comes out that the criterion regarding the number of inhabitants (at least 5000) does not involve high values as compared to the practice of Southern European countries (Spain, Italy)

or the Netherlands, but the values are high as compared to countries of North Europe. This is the simplest criterion, and a relatively high number of rural settlements meet its demand regarding the number of inhabitants (Benedek J., 2004). The 'population' criterion is relativized by the economic criterion, the social criteria and the one regarding infrastructure. The accomplishment of these criteria will really be the greatest challenge for the towns to be. In fact, a series of existing towns do not meet many of the demands established by the law. The accomplishment of these criteria would request significant financial efforts for the infrastructural endowment of settlements and a good management of the settlement in order to increase their economic attraction. The setting of these criteria aim at creating future urban centres that should become real centres for the provision of services to a population of an area of influence made by a number of settlements, as the indicators cover almost the entire field of public services (health, culture, education, sports, tourism). The introduction of indicators reflecting the environmental protection activities (purifying stations, controlled waste storage yard, green spaces, etc.) provide an ecological dimension to the urban space, which is very important from the perspective of a balanced and sustainable development.

On the other hand, the law does not regulate a series of other conflicts which came out in the latest ten years: the passage of settlements from one county to another and the setting up of new counties (which are NUTS III units). As the law does not explicitly address these issues, they would remain arguable issues in the future.

Finally, the last section of NPTD (Law 575/2001) refers to areas with natural risks. The section addresses three such phenomena: earthquakes, floods and landslides, while other phenomena (such as air, water and soil pollution) are to be regulated by other laws. During the years to come, the implementation and success of this law largely depends on the explanation of methodological problems related to the delimitation and setting up of areas with natural risks, as well as the concrete measures to prevent and reduce the potential of their development. One should take into account the large territorial extension of these phenomena: floods affect 1 351 administrative units, landslides 987 units (of the total number of 2 951).

EU PRE-ACCESSION FUNDS

During the accession process, Romania benefited from three pre-accession funds: PHARE, ISPA and SAPARD[3]. In the Table 12.1, one may see the amounts allocated from different funds to Romania between 1998 and 2005.

Table 12.1. EU aid to Romania, by category and year (mil. €)

	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**Total**
PHARE	155,2	215,2	254,83	286,69	278,8	283,06	422,3	455,5	2351,58
ISPA			239,2	246	255	260,8	315	348	1664
SAPARD			153,2	156,3	160,6	162,2	158,6	175,2	966,1
Total	155,2	215,2	647,23	688,99	694,4	706,06	895,9	978,7	4981,68

Source: European Commission, PHARE. ISPA and SAPARD official documents.

As for the SAPARD programme, Romania was the second-to-last country which began the implementation of the programme. The report of the European Court of Auditors underlines that this delay did not hinder the Romanian authorities to use all the funds meant for the development of rural infrastructure for the entire period of the programme (European Court of Auditors, 2004)

The European Commission annual report in 2004 noted: 'In Romania, by the end of 2004, the SAPARD agency approved 1 096 projects accounting for 452.4 million € of EU funds. This figure corresponds to 57 per cent of the SAPARD allocation for the years 2000–4' (EC, 2005, p.4).

In Romania, as well as other candidate countries in the pre-accession period, ISPA concentrated on two main fields: environment and infrastructure. The main purpose concerning environmental protection was the support of large investments, related to the application of environmental directives. Regarding the investments in the field of transportation, priority has been given to those which contributed to the integration of the Romanian transport system in the trans-European networks and the EU transport system. At the regional level, financing from ISPA is as following in the Tables 12.2 and 12.3.

Table 12.2. Distribution of the ISPA-environment funds[4]

Development region	Value €	%	Population at 1 July 2004	ISPA/inhabitant (€ /inh.)
Bucuresti-Ilfov	70,395,000	7.09%	2,207,596	31,89

Centru	84,006,701	8.46%	2,539,160	33,08
Nord-Est	199,836,873	20.12%	3,738,601	53,45
Nord-Vest	123,763,435	12.46%	2,738,461	45,19
Sud-Est	199,205,620	20.06%	2,850,318	69,89
Sud-Vest	116,738,325	11.76%	2,317,636	50,37
Vest	113,963,722	11.48%	1,939,514	58,76
Sud	85,162,500	8.58%	3,342,042	25,48

Source: Project implementation, ISPA projects approved by the management committee, http//:fonduriue.mfinante.ro, NDP 2007-13.

Table12.3. Distribution of the ISPA-transport funds [5]

Development region	Value €	%	Population at 1 July 2004	ISPA/inhabitant (€/inh.)
Centru	127,503,364	13.24%	2,539,160	50,21
Sud	438,784,023	45.58%	3,342,042	131,29
Sud-Est	25,787,705	2.68%	2,850,318	9,05
Sud-Vest	164,386,442	17.08%	2,317,636	70,93
Nord-Est	16,362,500	1.70%	3,738,601	4,38
Vest	189,889,065	19.72%	131,547,000	97,91
Total	962,713,099	100.00%	21,673,328	44,42

Source: Project implementation, ISPA projects approved by the management committee, http//:fonduriue.mfinante.ro, NDP 2007-13.

According to the 2005 report of the Commission, the financing of Romania by PHARE between 1990 and 2004 had the following results: 2723.40 millions € were given to the country by different PHARE financing memorandums; there existed contracts for 1860.11 millions € and 1559.37 millions € have been paid[6].

The data regarding the pre-accession funds in Romania are very ill-assorted, and are quite different from one another, while some programmes are still on. Because of this, it is quite difficult to render a more detailed analysis at the level of the results of the pre-accession funds for the whole period. We know for example that the percentage of the payments in those of the commitments for the PHARE–Economic and Social Cohesion programmes implemented between 2000-2 in Romania was 26.58 per cent.

As illustrated in Table 12.4, we also know that the share of the payments in the commitments for ISPA Romania between 2000-5 was low, 22.97 percent.

Table 12.4. ISPA Projects decided 2000-2005 Romania

	Commitments 2000-5 €	**Payments 2000-5 €**	**Payments in commitments %**
Environment	837,613,913	185,983,108	22.20%
Transport	826,663,888	196,020,609	23.71%
EDIS	589,753	471,802	80.00%
Total	1,664,867,554	382,475,519	22.97%

Source: EC annual report ISPA, 2005 and the author's calculations. One should not forget that at that time, there were still PHARE programmes in progress, and a part of the signed contracts could not have been yet paid.

Among the problematic issues related to the implementation of the pre-accession programmes, one may notice the following: the coordination between partners in the development of the programme, the staff turnover, the sustainability of the projects, the insufficiency of the structures involved in the implementation, the administrative capacity to manage EC funds, the monitoring mechanisms, and the project preparation.[7] For example, the audit made by the European Court of Auditors for the 2000 national PHARE programme revealed the following problems: 'For over half of the investment projects audited, assets were not, or only partially, being used for the intended purpose. Outputs and results lagged considerably behind schedule, sometimes by up to two years. These shortcomings were due to the continuing lack of both administrative capacity and national resources, the technical viability of the investment goods is not assured and their longevity is at risk' (European Court of Auditors, 2006, p.3). At the same time, the European Court of Auditors also criticized the Commission's overall management of investment projects because of the overestimation of the management capacity of the public authorities and the neglecting of the principles regarding sustainability and cofinancing (ib.).

REGIONAL POLICY AFTER ACCESSION: 2007-13

In the introduction of the **NDP for the period 2007-13**, the references to the European cohesion policy and European demands are ubiquitous. This is the document which should form the basis for the drawing up of the national strategic

reference framework (NSRF) 2007-13. At the same time, it is mentioned that this document is not a national strategy of economic development, but only indicates 'the public investments priorities for development' (Government of Romania, 2006, p. 4). The purpose set by the NDP is that Romania should reach by 2013 a level of the GDP/inhabitant representing 41 percent of the EU average. In fact, it formulates three major objectives: the Romanian economy should be more competitive on the long run; the basic infrastructure should be developed at European standards; the domestic human capital should be better trained and more efficiently used (ib., p.242). The six priorities that would help achieving the main objectives are: the increase of economic competitiveness and the development of an economy based on knowledge; the development and modernization of the transportation infrastructure; the protection of the environment and the improvement of its quality; the development of human resources, the promotion of the employment and of social inclusion, and the improvement of the capacity of administration; the development of the rural economy and the increase of productivity in the agricultural sector; the decrease of development disparities between the regions (ib., p.243). If the foreseen value of resources was 12,119.66 millions € for NDP 2004-6, the same value reaches 58,673.10 millions € for NDP 2007-13. The European funds are also enlisted among the financial resources of the NDP, but it is underlined that they represent only 'indicative allocations' (ib., p. 350) as they are granted according to the NSRF and to operational programmes (OPs). The distribution of different types of financing resources is envisaged this way: 43 percent European funds, 48 percent national public sources, some of them necessary for the joint financing together with European funds; 9 percent private sources exclusively provided for the financing of European funds (ib., p. 351-352). One may notice that the European resources and Romania's resources for joint financing together with European funds represent more than half of the resources for the NDP.

If NDP 2007-13 establishes six priorities, the NSRF defines only four: the development of basic infrastructure at European standards; the growth of Romanian economy and its competitiveness on the long run; the development and more efficient use of human capital of Romania; the consolidation of an efficient administrative capacity. The stress laid on the development of the infrastructure is obvious, if one takes a look at financial estimations, which assign 60 percent of the total budget for this priority subject (Government of Romania, 2007, p. 153). The NSRF also defines a territorial priority: the promotion of a balanced territorial development. The main

objective of the NSRF is to reduce the economic and social development disparities between Romania and the EU Member States, by generating a 15-20 percent additional growth of the GDP by 2015 (Government of Romania, 2007, p. 85).

Romania falls under the incidence of two out of three objectives of the structural and cohesion funds: the one regarding convergence, and the one regarding territorial cooperation. All regions of Romania are meeting the objective 1 criteria of GDP/capita less than 75 per cent of the EU average. Seven OPs have been drawn up within the convergence objective. One of them is regional and six are sectorial (competitiveness, transport, environment, human resources, administrative capacity, technical assistance). The following OPs have been defined for the objective of territorial cooperation: Cross-border Cooperation OPs (Romania-Bulgaria, Romania-Hungary, Romania-Hungary-Slovakia-Ukraine, Romania-Ukraine-Moldova, Romania-Serbia), Transnational cooperation OPs (South-Eastern Europe, the Black Sea), Inter-regional cooperation OPs (URBACT II, Interreg IVC, ESPON 2013, INTERACT II)

Table 12.5. Financial allocations for Romania for the 2007-13 period

Operational Programme	**EU contribution in €**	**% in total**
Convergence objective		
SOP Increase of Economic Competitiveness	2,554,222,109	12.99%
SOP Transport	4,565,937,295	23.22%
SOP Environment	4,512,470,138	22.94%
Regional OP	3,726,021,762	18.94%
SOP Human Resources Development	3,476,144,996	17.67%
OP Administrative Capacity Development	208,002,622	1.06%
OP Technical Assistance	170,237,790	0.87%
Total Convergence objectives	19,213,036,712	97.689%
European Territorial Cooperation Objective	454,610,340	2.31%
Total	19,667,647,052	100%

Source: Government of Romania (2007), EC documents.

The implementation of the European cohesion policy, or better said the mechanism which allows the money allocated to Romania (table 12.5.) for the convergence and territorial cooperation objective to get to the beneficiaries, is quite complex and organized on several levels. One should state the difference between NSRF

coordination and the authorities responsible for the management of OPs. The NSRF has four coordination institutions (Government of Romania, 2007). First, the National Coordination Committee for Structural Instruments, which is an interministerial board presided by the Minister of Economy and Finances. Its members are the ministers responsible for the management authorities and that of the Certifying and Paying Authority. The Committee is responsible for the coordination of the implementation of European structural instruments and for the correlation between the operative programmes of the structural instruments and the programmes finances by EAFRD and EFF. Second, the Management Coordination Committee, which will coordinate administrative and management issues between the different OPs. Its members are the heads of the OP Managing Authorities and of the Certifying and Paying Authority. Third, the Thematic Working Groups, which are set up whenever necessary. Such groups already exist, for instance for SMIS development. Fourth, the Regional Coordination Committees for Structural Instruments, that are organized in each region as a consultative authority which analyzes the implementation of the European programmes in the regions.

The Minister of Public Finances is the managing authority for the community support framework, coordinating the implementation of structural funds in Romania. For every OP, management authorities and also intermediate bodies have been designated in most of the cases. We may notice that these intermediate bodies are, most of the times, ministries or bodies coordinated by ministries. The Regional Operational Programme (ROP) is the only one that has the RDAs as intermediate bodies. To the RDAs were given the following main prerogatives to provide information to the applicants, to participate in the preparation of appeals for project proposals, to receive and register the applications, to analyze the administrative conformity and the eligibility of the financing applications, to organize the sessions of technical and financial assessment of the registered projects with the help of independent evaluators, to conclude financing contracts, to receive payment applications, to check the correctness of the expenses, and to be in charge as Secretary of the Regional Committee of Strategic Assessment. The ROP management authority is a unit set up within the MDPH, which, among others, drew up the ROP, aims at reaching the ROP objectives; ensures the ROP implementation, develops partnerships, proposes the changes in the ROP, draws up the criteria for the selection and assessment of the projects, approves the projects selected by the RDAs. As one can see, the RDAs are

the institutions that will have the most direct contacts with the potential beneficiaries of the structural instruments.

The Monitoring Committee of the ROP (MC ROP) is made up by three types of members. Eight representatives of the central public authorities, as they are representatives of the managing authorities (of ROP, of six SOPs), of the authority for the coordination of structural instruments and of the managing authority of the national programme for rural development. In addition, eight representatives of the RDCs will be represented, who will be the presidents of county councils. And, finally, eight representatives of the business environment, academic environment or the civil society will complete the MC ROP, named by the RDCs. The president of MC ROP is the Minister of MDPWH. Among the prerogatives of MC ROP, one should list the following: to approve the selection criteria for the projects, drawn up by AM ROP, to approve the implementation reports, to propose AM ROP to revise the OP, to approve the proposed changes regarding the financial assignments of ROP. From the composition of this committee, one can reach the conclusion that the representatives of the RDCs may exert (theoretically) a high influence within MC ROP.

Apart from these national structures, a Regional Committee for Strategic Assessment and Correlation should be set up in every NUTS II region. Among others, it assesses the projects at the level of the region from a strategic point of view and establishes their priority; it approves the list of priority projects for the region, proposed for financing within the ROP.

The five OPs - SOP Increase of Economic Competitiveness, SOP Transport, SOP Environment, Regional OP, SOP Human Resources Development – represent more than 95 per cent of the funds allocated to Romania. Priority axes have been established for each of them, representing the directions for development and investments for the next seven years.

The SOP Increase of Economic Competitiveness has five priority axes: the development of an innovative and ecologically efficient production system; research, technological development and innovation for competitiveness; information technology and communications technology for the public and private sector; the increase of energetic efficiency and of provision security in the context of climatic changes; technical assistance (MEF, 2007a).

The SOP Transport has only four priority axes: the modernization and development of TEN-T priority axes aiming at sustainable transport system integrated with EU

transport networks; modernization and development of the national transport infrastructure outside the TEN-T priority axes aiming at sustainable national transport system; modernization of transport sector aiming at higher degree of environmental protection, human health and passenger safety; technical assistance (Ministry of Transport, 2007).

For the SOP Environment, the Ministry defined six priority axes: extension and modernization of water and wastewater systems; development of integrated waste management systems and rehabilitation of historically contaminated sites; reduction of pollution and mitigation of climate change by restructuring and renovating urban heating systems towards energy efficiency targets in the identified local environmental hotspots; implementation of adequate management systems for nature protection; implementation of adequate infrastructure of natural risk prevention in most vulnerable areas; technical assistance (Ministry of Environment and Sustainable Development, 2007).

The Regional OP has the following priority axes: support of the sustainable development of urban growth poles; the improvement of the regional and local transport infrastructure; the improvement of social infrastructure; strengthening the regional and local business environment; sustainable development and promotion of tourism; technical assistance (MDPH, ROP, 2007).

The SOP Human Resources Development has seven priority axis which are the following: education and training for the growth and development of a knowledge-based society; linking life long learning and labour market; increasing adaptability of workers and enterprises; modernization of Public Employment Service; promoting active employment measures; promoting social inclusion; technical assistance (Ministry of Labour, Family and Equal Opportunities, 2007).

POLITICAL PARTIES AND REGIONALISM

Despite of the existence of strong regional identities in different historical regions of Romania, it has evolved a low intensity of the political regionalism (Benedek, 2008). As a consequence, there is little pressure from inside on devolution and decentralization. Two factors had a huge contribution to this situation. First, the law of political parties makes the registration of a regional party very difficult, because the list of supporters should include at least 25,000 founding members, which are resident in at least 18 counties and Bucharest City, but not less than 700 persons in the case of

each such county and Bucharest City. According to some political scientists (Waele, 2004, Delwit, 2005), the political party which may be conceived as a regional party or autonomist party is the Democratic Alliance of Hungarians in Romania (DAHR). However, this party represents in the first place the Hungarian minority of Romania and not a certain region. The fact that there are elements highlighting Transylvania in the discourse of DAHR members or within the Alliance's programmes is due to the territorial concentration of the Hungarian minority, 98.88 percent of them living in Transylvanian counties.

Second, the programmes of the main political parties do not reflect questions related to the regionalization. Among the parliamentary parties, only the DAHR has the larger chapter regarding the issue of regions[8]. In fact, the issue of the regions appears twice in DAHR's programme. On the one hand, one of the aims from the chapter regarding the local public administration and local democracy is the following: 'regions should be based on the willing association, the economic development region should appear in the Constitution.' On the other hand, DAHR's programme also contains a chapter regarding 'the regional interests of DAHR, regional and territorial development'. According to the programme, 'the region is not an administrative unit, but an association based on economic development'. The programme speaks about the need to change the present NUTS II regions, because certain economic, historical and geographical aspects have not been taken into consideration when they were set up.[9] As for the National Liberal Party, the chapter regarding the regional and local development taken out from the ideas and principles of the party,[10] speaks only about the reduction in regional disparities. The programme of the Democrat Party speaks generally about the support for a federal Europe.[11]

Therefore, the NUTS II regions are not a central issue of the public debates in Romania. However, it does not mean that the issue is not discussed at all. For instance, in many occasions the National Union of the County Councils of Romania spoke out for the reorganization of the present NUTS II regions, by an effective involvement of the counties, thus reflecting the interests of those communities. In 2007 the issue of reorganizing the NUTS II regions came back on the political agenda, as it was included in the debates of the electoral campaign for the European Parliament. DAHR presented a proposal for the reorganization of the NUTS II regions. But the political dialogue was hindered by the wide spread stereotypes related

to the fear that more regional power will lead to separatism and active regionalism (Jordan, 1998, Benedek, 2008).

CONCLUSIONS

This paper provides a number of basic insights into the regional policy of Romania. It suggests that the greatest challenge for the regional policy in Romania is related to the low level of capabilities for the absorption of the EU assistance. The country monitoring report from 2005 (European Commission, 2005) mentioned the need for the structures concerning the implementation of European cohesion policy to become functional, and for the administration to become strengthened. Regarding this, the latest monitoring report also mentioned the need to increase the administration capacity to absorb the European funds (Commission of the European Communities, 2006). As a requirement of EU accession, Romania has created an institutional framework to manage EU assistance, which includes a range of administrative structures as mechanisms for monitoring. In this very early stage of implementation of the EU Cohesion policy succeeding the accession in 2007, it is hard to make other estimations related to the efficiency of using the EU funds.

We underline that in the case of Romania the Cohesion policy of the EU has played a key role in the establishment of the regional policy. The role of the regions was strengthened by the regionalization and the establishment of the NUTS II units, while the NUTS III units (the counties) and the local administration were part of a decentralization process. However, the NUTS II regions are only statistical regions and basic units for the implementation of the EU Cohesion policy. There is evidence that it has emerged as a hierarchical, up-down, multilevel governance, where collaboration and partnership is rather formal and declarative. In accordance with the political tradition of the country and with the EU encouragement of the centralized administration of EU structural assistance, no decentralized managing structures have been created. Even the designated intermediate bodies are, most of the times, ministries or bodies coordinated by ministries.

Finally, we can not underestimate the high expectations related to the economic effects of the EU cohesion policy. The new NUTS II regions are corresponding to inter-regional economic disparities, which were consistent in 1920, have decreased during the long period of state economy, and finally they were reinforced after 1989 by the opening and integration of the Romanian economy into global networks of

production and consumption (Benedek, 2004). A positive impact of the EU structural spending on economic convergence and growth is expected. According to latest estimations of the MEF both the evolution of the last years and the projections until 2008 indicate that the economic disparities between regions are maintained for the moment (MEF, 2007b). The rate between maximum values (West region) and minimum values (North-East region) of the GDP/capita is constantly around 1.7 (the comparison excludes Bucharest region, that has a very high GDP/capita). For the year 2008, the projected evolutions for the North-East region, with levels equal or above the national average, and the West region, indicate that the disparity index between these two regions would slightly decrease as compared to 2005, reaching a level of 1.662. As disparities no longer increase, the premises for the reduction of discrepancies after 2008 are created, especially having in view the positive effects of the attraction of EU structural funds.

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[1] The European Commission recommended the start of the negotiations with Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia in October 1999. This recommendation was approved at the European Council of Helsinki in December 1999.

[2] The South-East region, with counties from three different cultural regions: Moldavia, Muntenia and Dobrogea.

[3] Because of the delay of accrediting the SAPARD Agency, the first calls for projects were launched only in August 2002.

[4] Only projects have been taken into account. The technical assistance for ISPA-environment was not taken into account.

[5] In the case when the inter-regional projects are taken into account for each region (sharing the value of the project to the number of the participating regions). Only projects have been taken into account. The technical assistance for ISPA-transport was not taken into account.

[6] One should not forget that at that time, there were still PHARE programmes in progress, and a part of the signed contracts could not have been yet paid.

[7] Phare National, Multi-Beneficiary, Cross-Border and other Programmes - Financing Memoranda & Project Fiches: the different annexes with the title Lessons learnt; Special report 4/2006 concerning Phare Investment Projects in Bulgaria and Romania, European Court of Auditors. www.europa.eu

[8] The issue of the regions in Romania appears mostly in the political discourse when the DAHR brings along the issue of autonomy or that of regionalization.

[9] http://www.rmdsz.ro

[10] http://www.pnl.ro

[11] http://www.pd.ro