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## ***NEW APPROACHES ON REGIONAL DEVELOPMENT POLICY IN ROMANIA***

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*Abstract: With the preparation and implementation of a regional development policy in Romania and from shaping the development regions, institutions for managing these policies were created. Their main role, in addition to the design and implementation of a regional development strategy became managing EU funds. The European Union attaches great importance to these institutions so.*

*Representation of regional interests is a fact that is required in terms of territory and population of Romania. Administrative-territorial reform implies a number of other related conceptual delimitations, but not both at the administrative and territorial aspects of making powers. One of the most important is the distinction between the concepts of administrative decentralization and deconcentration.*

**Keywords:***decentralization, devolution, regionalization, regional development, efficiency, institutional structure.*

### **1. Introduction**

Regional development policy is a set of measures planned and promoted by local and central public administration authorities, in partnership with various actors (private, public, volunteers), in order to ensure economic growth and social dynamic and sustainable, through the effective use of regional and local potential.

Regional development policies is manifested in two ways: the preventive effect, ie by removing the causes that generated the lack of development or development of regions difficult, and combative sense, by removing the effects of backwardness of dezvoltării regions. Regional development policies aim is to reduce disparities and strengthen economic and social cohesion of European countries. The development of less favored regions resulting in more rational distribution of industrial, labor and infrastructure. Another consequence of regional development policy is to boost trade and create new markets for industrial goods and consumer goods. No less important is the effect they have demogafic regional development policies, in particular by reducing population migration from these regions to more prosperous regions.

Making regional policy in Europe was a response to different types of regional issues, that required direct government intervention. Regional issues in northern industrialized countries of Western Europe mainly concerned the industrialized areas in decline, facing the severe difficulties of adapting to structural changes are associated with high levels of long-term unemployment. For southern European countries and Ireland, regional issues related to under development: low levels of GDP / capita, competitiveness and low labor productivity, high unemployment rates, lack of jobs and basic infrastructure, regional development projects

### **2. Regional development policy in the European Union**

Regional development policy is a key policy of the European Union. This is based on financial solidarity principle, that provides support states and less developed regions or those experiencing structural difficulties.

In the European countries there are various models for managing the funds, but tend Member oldest European tendency is generally decentralized management in order to "ownership" for the citizen and customer.

Decentralization trend is apparent in "General Regulation 1083/2006 of the European Commission"<sup>1</sup>. It defines common principles, rules and standards for the implementation of the three cohesion instruments: European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund for 2007-2013.

Regulation is based on the principle of shared management between European Union Member States and regions. This Regulation establishes a renewed programming process, based on Community Strategic Guidelines for Cohesion and their follow and common standards for financial management, control and evaluation.

Given the political realities differ from state to state, even within the European Union, according to legal status can formulate a new typology of regionalization:

**1. Administrative Regionalization:** involves the delegation of authority by the state government to subordinate structures or bodies that are locally, whose shares are controlled by the state, while at the same time, have some legal autonomy; the functions and duties they hold, they aim to promote economic development and regional mobilization is based on local and economic organizations (eg, the Luxembourg government has defined four regions that were not equipped with their own authority because small area of the state).

**2. Regionalisation through local:** is based on cooperation between local authorities, which have extensive powers and a wide field of action. This type of administrative regionalization regionalization differs in that it is carried out in the framework of its powers (examples: Denmark, Finland, Ireland, Hungary).

**3. Regional Decentralization:** refers to the formation of a new local authority, the region at a higher level than the existing territorial collectivities. The region receives specific institutional expression and form a new category of local authorities which, although having the same status in law as existing local authorities, are distinguished by a broader constituency and their skills in economic development. This region is part of the constitutional order of the unitary state, even if changes territorial organization (eg, example: in France there are 26 regions, except the external ones, which enjoy unfettered principle of territorial communities).

**4. Regionalisation political or regional autonomy**(institutional regionalism) is characterized by assigning legislative power to regional assemblies, which has extensive powers whose content is defined and guaranteed by the Constitution or by a constitutional text, and to exercise it is an executive with features regional government; alter the structure of the state and alter the Constitution; differs from the federal state in that region are not states, and the composition remains, in principle, the unitary state (examples: Spain, Italy, Belgium).

<sup>1</sup>Council Regulation ( EC) no. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund , European Social Fund and the Cohesion Fund and repealing Regulation ( EC ) no. 1260/1999

**5. Regionalisation by federal authorities:** the federal state is not opposed to the nation-state, in many cases constituting a national integration; federal states are born from a union of states, that is, in fact, political entities that have a number of regional and ethnic peculiarities (eg Germany).

It is noted that regionalization implies a top-down approach, meaning that the state can recognize a regional identity as a homogeneous territory can participate in managing their own doings through the mechanisms established by the State.

Each state sets its regionalization model based on a specific internal logic, but also external factors such as: the new requirements of European integration, the need for territorial development or strengthening of democratic values and the rule of law.

EU regional policy became more focused regional aid and partnership between the actors involved in regional development has widened.

EU seeks strategic dimension of cohesion policy to be strengthened so that EU policies can be better integrated in national and / or regional development. For the implementation of regional policy measures, Member States, local authorities and the European Commission are working together. National authorities define development strategies and implement them, and the Commission ensure harmonization of regional strategies with the overall strategy of the Community, monitors and controls expenditures made from Community funds.

The region is "more than a simple intermediate between the state and local authorities", becoming, along with state and local third point of the triangle that develops in the European integration process.

### **3. EU investment policy Home Regional policy is the main investment policy of the EU.**

Regional policy is intended for all regions and cities of the European Union, supporting the creation of jobs, business competitiveness, economic growth, sustainable development and improved quality of life. In the period 2014-2020, was allocated € 351.8 billion - about a third of the total EU budget - for cohesion policy in order to achieve these objectives and to meet the diverse needs existing in all EU regions. Regional policy objectives are achieved through three main funds:

European Regional Development Fund (ERDF), Cohesion Fund (CF) and European Social Fund (ESF).

They constitute, together with the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), the European Structural Funds and Investment (ESI).

The funds allocated to regional and cohesion policy for the period 2014-2020 amounts to EUR 351.8 billion by.

European Regional Development Fund ERDF aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. Other instruments ERDF focuses its investments on several key priority areas. This approach is known as "thematic concentration":

- Innovation and research;
- Digital Agenda;

- Support for small and medium enterprises (SMEs);
- low-carbon economy.

ERDF resources allocated to these priorities depend on the category of the region.

• In more developed regions, at least 80% of funds must focus on at least two of these priorities;

- The transition regions, the concentration is 60% of the funds;
- Focus is 50% in less developed regions.

In addition, some ERDF resources should be channeled to projects specifically related to a low carbon economy:

- More developed regions: 20%;
- Transition regions: 15%; and
- Less developed regions: 12%.

The European territorial cooperation programs, at least 80% of funds will focus on four priority areas mentioned above.

ERDF also pays particular attention territorial features. ERDF actions aimed at reducing the economic, environmental and social conditions in urban areas, with a particular emphasis on sustainable urban development. At least 5% of ERDF resources reserved for this sector through "integrated actions" managed cities.

Naturally disadvantaged areas of geographic (isolated areas, mountainous or sparsely populated areas) benefit from special treatment. Finally, the outermost areas also benefit, specific assistance from the ERDF to address potential disadvantages caused by their degree of isolation<sup>2</sup>.

#### *Cohesion Fund*

Cohesion Fund for Member States whose gross national income (GNI) per capita is less than 90% of the EU average. It aims to reduce economic and social disparities and promoting sustainable development.

It is currently subject to the same rules of programming, management and monitoring as the ERDF and ESF, by Regulation laying down common provisions.

In the period 2007 - 2013, the Cohesion Fund aims Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

Cohesion Fund provides a total of 63.4 billion for activities in the following categories:

- Trans-European transport networks, in particular priority projects of European interest as identified by the EU. Cohesion Fund will support infrastructure projects in the 'Connecting Europe Facility ";
- Environment: In this field, the Cohesion Fund can also support projects related to energy and transport, as long as they visibly benefit the environment in terms of energy efficiency, use of renewable energy sources, the development of rail, supporting intermodality, strengthening public transport, etc.

<sup>2</sup> [http://ec.europa.eu/regional\\_policy/ro/funding/cohesion-fund/](http://ec.europa.eu/regional_policy/ro/funding/cohesion-fund/)

Financial assistance from the Cohesion Fund can be suspended by Council decision (approved by qualified majority) if a Member State has an excessive government deficit or if not remedied the problem or has not taken appropriate measures this<sup>3</sup>.

#### *European Social Fund*

Is investing in people, focusing on improving employment opportunities for employment and education within the European Union. It also aims to improve the situation of the most vulnerable people who are at risk of poverty.

#### Other instruments

Is investing in all EU regions. For the period 2014-2020, over 80 billion are allocated to Member States for investments in human capital. This will be added at least 3.2 billion euros allocated to the 'Jobs for Youth'.

For the period 2014-2020, the ESF will focus on four thematic objectives of cohesion policy:

- promoting employment and supporting labor mobility;
- promoting social inclusion and combating poverty;
- investing in education, skills and lifelong learning; and
- strengthening institutional capacity and efficient public administration.

In addition, 20% of ESF investment activities will aim to improve social inclusion and combating poverty.

This is known as thematic concentration<sup>4</sup>.

EU Solidarity Fund: European Union Solidarity Fund (EUSF) is the main instrument of the EU's disposal to deal with major natural disasters and show solidarity with European regions affected by disasters. The Fund was created in response to the devastating floods that hit Central Europe in the summer of 2002. Since then it has been used for 63 different types of disasters: floods, forest fires, earthquakes, storms and drought. So far, have been supported 24 different European countries, the total allocation exceeding 3.7 billion euros.

#### **4. Regional Policy and Strategy 2020**

Regional policy has a strong impact in many areas. Its investment contributes to the achievement of the objectives of EU policy and complement other EU policies, such as education, employment, energy, environment, single market, research and innovation. Regional policy provides, in particular, the investment necessary to achieve the objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth in the European Union by 2020.

The five EU targets for 2020 are:

1. Employment: 75% of people aged between 20 and 64 years to be employed
2. Research and development 3% of EU GDP is invested in R & D
3. Climate change and energy sustainability
  - reduction of greenhouse gas emissions by 20% compared to 1990 level
  - 20% of energy from renewable sources

<sup>3</sup> [http://ec.europa.eu/regional\\_policy/ro/funding/erdf/](http://ec.europa.eu/regional_policy/ro/funding/erdf/)

<sup>4</sup> [http://ec.europa.eu/regional\\_policy/ro/funding/social-fund/](http://ec.europa.eu/regional_policy/ro/funding/social-fund/)

- increasing energy efficiency by 20%

#### 4. Education

- reduce early school leaving rate below 10%
- decrease in the number of people in or at risk of poverty and social exclusion at least

20 million

5. Combating Poverty and Social Exclusion: Decrease people in or at risk of poverty and social exclusion at least 20 million

Each Member State has adopted national targets in these areas. Regional policy is the basis of European solidarity

Most of the funds available for cohesion policy are targeted by European countries and regions that are lagging behind to help them to recover and reducing the economic, social and territorial still existing in the EU.

Regional policy has mitigated the negative effects of the crisis on highly regions and cities of Europe. By supporting public investments and flexible implementation of EU investment, for example by reprogramming funds or by increasing the rate of co-financing in countries such as Cyprus, Greece, Hungary, Ireland, Portugal and Romania, regional policy has mitigated the financial crisis that began in 2008. Also, in the context of sustained fiscal consolidation, EU regional policy became paramount. In the absence of cohesion policy, much needed public investment in less developed Member States would be decreased by another 45% during the crisis.

### **5. Regional development policy in Romania**

The regions are the most important territorial allocation criteria Structural Funds, the European Union's regional policy is the determinant of the emergence and development of regional statistics statistical areas. In this regard, regional statistics should allow both measuring regional economic situation and substantiation criteria for EU intervention. A pressure factor and targeting processes of regionalization is the EU-wide in recent decades, cohesion policy and regional development. The need to create an institutional framework and a territorial planning instrument for pre-accession funds are used and structural accession, Romania led to a form of regionalization, achieved by setting up eight development regions.

If until 1989, Romania was based on an economic development through industrialization and agricultural cooperatives, after 1989, with the transition from socialism to capitalism, Romania's regional economy has evolved from a highly centralized power domination state to an economy based on private property.

Thus, on 15 July 1998, Romania has taken the first steps in terms of legislation regarding the development and implementation of a regional policy when designing decentralized regional development law approved in 1998, which defined the content of regional development, was created legal support for the establishment and development regions have established national and regional institutional structures for regional development. Later came the Law no. 315/2004 (which repealed Law 151/1998) - Law on regional development in Romania. The law establishes objectives, institutional framework,



specific skills and tools necessary to promote regional development policy<sup>5</sup>.

## 6. Conclusions

Cohesion policy is a catalyst for additional funding from public and private funds, as it requires Member States to co-finance the national budget and also generate confidence among investors.

After the adoption of partnership agreements, the Commission and national authorities agree on programs setting out the priorities for each country, region or policy area concerned.

- Structural Funds and the European Investment - programs and budgets
- Programs funded by the European Regional Development Fund and the Cohesion

Fund

- Programs funded by the European Social Fund
- Programs funded by the European Agricultural Fund for Rural Development
- Programs funded by the European Fisheries and Maritime Affairs

Taking into account national contributions and other private investment, the impact of cohesion policy for 2014-2020 is estimated at about 450 billion euros.

So far, for the 2007-2013 programming period, the main achievements of regional policy are:

Creating jobs and growth

- Revenue grew in the poorest regions of the EU, GDP per capita recorded here a jump from 60.5% of the EU average in 2007 to 62.7% in 2010.
- It is estimated that in 2007-2013 were created 769,900 new jobs.

Investing in People

- Each year, approximately 15 million people are involved in thousands of projects cofinanced by the European Social Fund (ESF) across the EU.
- 2.4 million participants in the ESF to support access to employment and found a job within 6 months (2007-2010).

Support for businesses

- 225,560 small and medium enterprises (SMEs) received direct support for investment.

- 101,970 for start-ups were supported.

- 274 000 jobs were created in SMEs.

Strengthening research and innovation

- 72 920 research projects have been supported.

- Broadband Internet access was extended to a further 5 million EU citizens.

- Cooperation: 27 800 cooperation projects supported.

- were created 35,125 jobs lengthy research.

Improving the environment

- Water supply systems were upgraded, benefiting 4.2 million citizens.

- 11 050 projects have improved durability and attractiveness of cities.

<sup>5</sup>Law no. 151/1998 on regional development in Romania , repealed and replaced by Law no. 315/2004 on regional development in Romania , with subsequent amendments

Modernization of transport

- 1800 km of roads and 1,355 km road railway contributed to the creation of a trans-European transport network (TEN-T) effective.

Priorities for 2014-2020

What's new period 2014-2020?

- Greater emphasis on results: clear and measurable targets for a high degree of risk.
- Simplification: the same set of rules for the five funds.
- Conditions: introducing prior channeling funds specific preconditions.
- Strengthening the urban dimension and combating social exclusion: a minimum amount of ERDF allocated to integrated projects in the cities and the ESF to support marginalized communities.

- Connection with economic reform: the Commission may suspend the financing of a Member State that does not comply with EU economic. What are the priorities?

Cohesion policy has 11 thematic objectives for growth for the period 2014-2020.

- ERDF investment will support all 11 goals, but goals from 1-4 are top priorities for investment.

- The main priorities of ESF objectives 8-11, although the fund also supports the objectives 14.

- Cohesion Fund supports the objectives 4-7 and 11.

1. Strengthening research, technological development and innovation
2. Improving access to information and communication technologies, and improving the use and quality

3. Enhancing the competitiveness of SMEs

4. Supporting the transition to a low carbon economy

5. Promoting climate change adaptation and risk prevention and management

6. Preserving and protecting the environment and promoting resource efficiency

7. Promoting sustainable transport and improve network infrastructures

8. Promoting sustainability and quality of jobs and supporting labor mobility

9. Promoting social inclusion and combating poverty and all forms of discrimination

10. investing in education, training and lifelong learning

11. Improving the efficiency of public administration

So far, the European Commission adopted the Operational Programmes "Administrative Capacity Development" and "Human Capital" for 2014-2020, developed in Romania with support from the European Social Fund (ESF).

Administrative capacity building program describes the priorities and objectives of investments amounting to EUR 658 million (of which 553 million came from the EU budget) that will cover the remaining gaps in public administration in Romania and will contribute to a better functioning judiciary by supporting structural reforms. This program seeks to ensure that public administration and judiciary in Romania to become more efficient, more transparent and accessible.

About 90 000 employees in public administration and the judiciary will attend training during the funding period, and about 250 public and judicial institutions will directly benefit



from funding under this program, thousands of institutions enjoying the benefits indirect result of the planned interventions.

The "Human Capital" describes the priorities and objectives of investment of about 5 billion (of which EUR 4.3 billion from the EU budget) to facilitate finding a job by developing the knowledge and professional skills, contributing to poverty reduction and social exclusion and supporting the improvement of social services and labor market institutions. It pays special attention to youth, Roma and rural population<sup>6</sup>.

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