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## THE IMPORTANCE OF THE REGIONAL OPERATIONAL PROGRAM IN THE REGIONAL DEVELOPMENT OF ROMANIA

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### Abstract

The European Union's enlargement on 27 member states gave rise to discussions on the issue of the social and economic internal competitiveness. The competitiveness will increase the risk of the existing gaps between the states and different regions. These gaps are from the structural deficiencies of key factors of the competitiveness, which means inadequate human capital and the lack of infrastructure. These key factors are followed by the insufficient capacity of innovation and business support and a low level of environmental protection. The Regional Operational Program (ROP) 2014 – 2020 is the successor of POR 2007 – 2013 and is one of the programs from Romania to access European structural funds from the European Fund for Regional Development (EFRD), period 2014 -2020. Through this program, is intending to reduce the disparities between different regions of the country and to approach to the European standards.

### Keywords

Cohesion, regional, program, structural, funds.

### JEL Classification

O10, O20, O47

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### Introduction

The European Union is one of the most promising regions in the world, but not all the European citizen have the same benefits and chances in terms of economic and social life. The difference is made by the area they are living – if is a strong develop area or a poor one, an area in a continuous economic expansion or an economic decline, an urban or rural one, at the East or West of the European Union. In these conditions, the European cohesion is

necessary, being also one of the main objectives of the European Union.

The economic and social cohesion policy of the European Union is, before of all, a policy of solidarity. The main scope is to promote a high level of competitiveness and a high level of work occupation, by offering financial support to the low develop regions and to those that are facing structural issues. It ensures that the reliable and durable development at the EU level and an optimal function of the Internal Market. The regional policy is based on financial solidarity, which means a distribution of the Community budget realized with the contribution of Member States, to the poorest regions and social vulnerability groups.

In the same time, European Union is confronting an accelerating process of an economical restructuration from the international globalization, opening international market and technological revolution, ageing population and a high level of immigration population.

For the purpose of the Treaty regarding the objectives of the European Union, the actions which will be funded by the EU budget, for the cohesion policy, must become a result of the sustainable growth, increasing competitiveness and increasing occupation degree.

The cohesion policy has a strong character in the field of research and it is important that it contributes to the objectives for other policies of the Union - such as the agricultural policy, the social policy and the policy for the environment protection.

### **1. The policy for regional development**

The concept for regional policy is define in the European Union as an ensemble of structural policies designed to assure the reducing level of disparities and the elimination, in perspective, of disparities from different regions from member states (Uniunea Europeană, 2020).

The policy of the European Union's regional development has its origins in differing degrees of inequality in the area of geographic distinction. It is better to say that the most ten flourish regions of EU are three times richer and they are investing three times more in their unit of production compare with the most ten low developed countries (Ionescu and Toderas, 2007). This problem has been attributed to the widening of the Union, which has the power to name 27-member states of the world, which is a community and an internal market of 493 million citizens, which causes the economic and social inequalities in this state and the whole 271 regions (Uniunea Europeană, 2020).

The essential objective of the Regional Policy is the realization of the economic and social cohesion of the European Union, being at the same time an important instrument in the crystallization of the European identities. Cohesion is defined and reaffirms the importance of reducing gaps regarding the level of development between regions and to support of those remaining behind to evolve. The base idea in spite of the cohesion policy, it is that the economic disparity affects the sentiment of the community which aspires to be in the European Union. Moreover, disparities in countries or regions can determinate greater tensions since they are rich and poor in a particular geographic area, partly because of the exuberance of a nationalist stench in European space. Principles of these policies and goals of the European Union's main fallow to promote economic and social progress and to eliminate the differences that exist in the standard of living on the different regions and Member States ([www.ier.gov.ro](http://www.ier.gov.ro)).

EFRD redistributes the community budget to productive economies (in terms of job creation and sustainability in some sustainable jobs) and in infrastructures (Miclăuș, 2000).

An important moment in the development of regional policy has been the adoption of the Single European Act, in 1986, which introduces the concept of economic cohesion – which means the elimination of economic inequalities in different areas - and the assumption of a policy of economic and social cohesion as self-contained policy and having the purpose of facilitating adherence to the single European market of southern European countries (Pușcașu, V., 2000). In February 1988, the Council of Europe gave Bruxelles the support of the funds to solidarism, to make funds available to the European Union and now called Structural Funds

- a more precise allocation of which is now available in the Community budget. It is officially recognized and officially declared the importance of this instrument in the development of regional disparities at Community level.

In 1994, a new structural fund, the fourth one, Financial Instrument of Orienting in the Fishing Area (FIOFA - IFOP), was set up, through the pool of all Community instruments on the fleet exits. The FIOFA was created to the EU development to the north, with the accession of Finland and Sweden in 1995. At the same time, the Advisory Committee set up by the Treaty of Maastricht, acting as an adviser on the process of deciding and supporting the European Commission in the activities of the Regional Development Agency, is active (Pușcașu, V., 2000).

The reform is a very important goal of combining Community assistance through these funds together with the simplification and de-centralization of their management. An important novelty of the Phare program is the two tools of the project - ISPA (Instrument for Structural Policies for Pre-Accession) and SAPARD (Special Accession Programme for Agriculture and Rural Development), which promote the economic and social development of the countries Candidate from Central and Eastern Europe (Miclăuș, 2000).

A new (and last) instrument of solidarity was carried out in 2002 following the major floods suffered by the countries of Europe, with the aim of integrating in the case of major natural disasters and repercussions on the conditions of living in a refugee affection, on the environment or on the economy.

The Committee of the Regions is composed of representatives of the regional and local authorities, which reflects the political, geographic and regional/ local balance of the Member States (Wallace and Wallace, 2004). The European Investment Bank (EIB) is the institution that funds EU funding and has a dual role in this policy, being both an institutional actor of policy and regional funding, as well as an instrument of funding. The Bank grants loans and guarantees, with a low interest, to all states involved in the financing of the project from all sectors of economies, by supporting the policy of regional development at the EU level, the Social Found objectives and other financial European instruments.

## **2. Cohesion Policy 2014-2020**

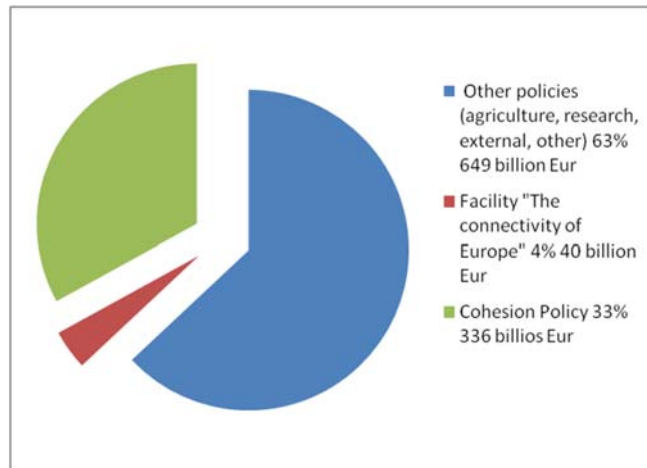
The legislative package of the project that will form the framework for the EU's Cohesion Policy for the period 2014-2020 was adopted by the European Commission on 6 October 2011, within which the Commission proposed important changes in the way in which the policy is coordinated and set in application. The main changes are: the realization of the objectives of the 2020 Strategy; the accent put on success; maximizing the impact of UE funding; enhancing efficacy and productivity - this is in line with the outcome (common indicators and programs, reporting, monitoring and evaluation).

This was due to the Commission's adoption in 2011 of the proposed multi-annual financial frameworks for the 2014-2020 financial periods (the Europe 2020 strategy paper).

For 2014-2020, the proposed total budget of € 1.025 billion, out of which € 336 billion is allocated to the Cohesion Policy Instruments 2014-2020, € 40 billion to facilitate the "Europe Connectivity" - these finances the trans-frontier project of energy, transport and technological information, and 649 billion euro for the policy of agriculture, research, other.

The system is equitable for the allocation of European funds, for all EU regions and is the basis for the simulation of GDP dates of the eligibility for all three categories of responses (less development, transition, develop regions). So, the regions from the European Union are ready to receive support from the European Social Fund (ESF) and the European Regional Development Fund (ERDF). However, there will be a distinction between the low developed countries, the transition one and the develop one to ensure the matching of funds according to the level of the Gross Domestic Product (GDP). In the case of less-developed regions, support of those will remain an important priority of the Cohesion Policy. This category is

likely to affect those whose GDP per capita are less than 75% of the medium GDP of the EU-27.



**Fig. no. 1 Distribution of Structural Funds 2014-2020**

Source: [www.fonduri-structurale.ro](http://www.fonduri-structurale.ro)

The second category, the transitions regions, will be introduced to replace the current system of progressive elimination and to introduce progressive assistance. This is the basis for all regions with a GDP per capita between 75% and 90% of the EU-27 average.

Finally, the third category, the developed countries; to those whose GDP per capita is more than 90% of the GDP of the EU-27 average. Those, less development countries will remain the priority of the cohesion policy, even if there are important challenges that all the state of the member states is facing.

The Cohesion Fund continues to support Member States whose Gross Domestic Product (GDP) is less than 90% of the EU-27 average for the transport sector: Trans-European Transport (TEN-T), transporting system with low carbon dioxide emissions and urban transport, but also in the domain of environment: adapt to climate change and risk mitigation, waste water management, biodiversity, urban improvement, emissions of carbon dioxide. So, part of the Cohesion Fund (€ 10 billion) will be disbursed on the financing of transport from the European Connectivity Facility.

The Partnership Agreement (PA) includes five Structural Funds and the European Investment Fund (EI Funds): European Regional Development Fund (ERDF), Cohesion Fund (CF), European Social Fund (ESF), and European Agricultural Fund for Rural Development (EAFRD), European Fund for Fishing and Maritime Affairs (EFFMA).

In the 2014-2020 period, the funds allocated to Romania amount to approximately € 22.4 billion in Cohesion Policy (ERDF, FSF, Cohesion Fund), to which an additional € 106 million from the Youth Employment Initiative. Funds allocated to the development of agricultural land and rural areas will be supplemented by € 8 billion from the Rural Development Fund for Rural Development (FEADR). Allocation to the European Fund for Fishing and Maritime Affairs (EFFMA) amounts to approximately € 168 million ([www.ec.europa.eu](http://www.ec.europa.eu)). The whole territory of Romania with the exception of the Bucharest -Ilfov area, falls into the category of less development areas.

Considering the importance of the development in Bucharest and more importantly, the importance of this area in terms of the fact that it is pursuing on research activity and development, Romania has decided to increase the allocation of 839 million euro to Bucharest-Ilfov through its transference rate of maximum 3% from less developed counties.

### **3. Regional Operational Program (ROP) 2014-2020**

The 2014-2020 Regional Operational Programs (ROP) is one of the programs by which Romania is accessing the European Structural Funds and the European Regional Development Fund (ERDF) in the 2014-2020 periods. The 2014-2020 Regional Operational Program (ROP), decided by the Minister for Regional Development and Administration, was published by the Commission of the European Communities (CE) on 23 June 2015.

The strategic vision on the need for development to which the ROP 2014-2020 is responding is based on the analysis of the economic and social situation of Romania's regions (in the National Strategy for Regional Development 2014-2020), which led to the identification of the main problems ([www.ec.europa.eu](http://www.ec.europa.eu)):

1. Development of research and innovation: limited transfer of market research results and low levels of business innovation, SMEs: insufficiently developed SME sector, with a negative impact on the competitiveness of the regional economies. The main point is the weakness of the SME sector, in the documentary of national strategic programming, are: the ruthless degree of entrepreneurial culture - reflected by the lowered turnover of businesses in all sectors, the low reluctance of new businesses - 2/3 of the company's disappearance of the market in the first year of life.
2. Energetic efficiency: Energetic consumption is not sustainable and has a high cost in public infrastructure, including public buildings and non-residential buildings.
3. Environment: high pollution in urban areas.
4. Urban development: urban areas are degraded, vacant or unused in the city of Romania.
5. Patrimony resources: valuable resource of cultural poorly capitalized.
6. Tourism: a valuable touristic resource, balanced distributed territorial - alternatively to areas of lesser development/ isolation.
7. Road Infrastructure: the low degree of accountability of certain areas of the country, which may be attributed to a low attractiveness, and extremely low investments.
8. Social and Education Infrastructure: infrastructural, educational, health and social services that undermine the social inclusion and development of human capital.
9. Cadastral: the low level of cadastral endeavours, which affects the implementation of policies on socio-economic development of local communities.
10. Administrative Capacity: the need to strengthen the administrative capacity of the Management Authority, of the Implementing Bodies gives the ROPs and the beneficiaries, for a good implementation of the ROP.

These actions have been corroborated by the strategic action taken by the European Commission as part of the Structural European Funds and the Investments Fund through the European Regional Development Fund for the 2014-2020 periods: innovation and research; digital aging; support for small and medium-sized enterprises (SMEs); economy with low carbon dioxide emission.

ROP 2014-2020 proposes that the general objective is the growth of economic competitiveness and the improvement of the living conditions of local and regional communities, by supporting the development of business, infrastructure and security, the sustainable development of recessions and the fact that it is able to harness itself effectively reevaluate and capitalize its resource innovation and assimilate the technological progression. For the Regional Operational Programs, a total of € 7.9 billion has been allocated for the period 2014-2020, of which € 6.7 billion is the support of the European Union through the European Fund for Regional Development and approximately 1.2 billion Euros is the national contribution, generated by the public funds and the local budget.

The financial resources of the ROP have been partitioned, taking into account the common need for development, which have been identified during the programming process, while at the same time coinciding with the strategies of the researches, as well as with the national

strategy, The Europe 2020 Strategy, the special recommendation of the Regions, the document gives the position of the European Commission, with the answer to the objective themes and the priorities of the budget, which is reflected in the policy of cohesion 2014-2020.

With a view to responding to all the specificities, within the Regional Opportunity Program, 9 of the 11 objectives are addressed, establishing the priority of the institution and the objective of the co responsibility. The priority axes and priority of the invitational programs included in the program is to address all the regions less development (North East, South East, South Muntenia, South West Oltenia, West, North-West and Central), in the process of recovery of gaps, all so the Bucharest-Ilfov region, which is highly develop, to use the competitive potential.

The achievement of the ROPs is based on the integrated use of the allocated budget, which will have an essential role to play in achieving the objectives and assumed objectives by our country within the framework of the 2020 Strategy, along with the decrease of the delays between different regions.

Taking into consideration the certificate concentration between the ERDF, allocating 58% of the financial resources to the ROP will be allocated to the objective 1, 3 and 4 objectives. This emphasizes the importance of the investments to the consolidation of the research, technological development and innovation, as well as to the competitiveness of small and medium enterprises and to the promotion of low carbon dioxide emissions ([www.europa.eu](http://www.europa.eu)).

#### **4. The impact of the ROP on the regions**

Bucharest - Ilfov region is the most developed region in the country and is the main beneficiary of the results of the research activities, innovation and development. An important problem with the results of these activities is represented by their insufficient capitalization because of the weakness of the government, which is in the hands of the institute of the enterprise and the middle of the affairs.

In 2012, in all Romania, exist 46 innovation infrastructures and technological transfer, and the biggest one is in Bucharest-Ilfov region (46%), the results of the activities are then utilised in all development region.

ROP is addressed to whole development regions from Romania, including Bucharest – Ilfov region, having the purpose to contribute to the raise of quality and the competitiveness of the products, the services and the processes from companies, in all 8 development regions form Romania, through achievement of technological transfer, by different results of research who can bring added value to the market economy through the intransigence of energies, innovate and technological transfer (business and technological incubators, technological transfer centre, technological information centre, and so on).

For the 2014 -2020 programme will be used, in Regional Operational Program, the instrument on local development placed under the responsibility of the community (CLLD), at urban level, in poor / disadvantaged areas within the cities ([www.europa.eu.int](http://www.europa.eu.int)).

The needs addressed through CLLD at urban level are, mainly, the lack of access or limited access to nice and decent habitation condition, to infrastructures and educational resources, occupation and employment conditions, to quality medical services, poor capacity for innovation and knowledge at the level of the area the high risk of poverty and social exclusion for disadvantaged groups identified within vulnerable areas of urban areas.

The implementation of CLLD in urban areas has as objective the social integration and the development of marginalized communications in the cities of Romania by stimulating the bottom-up association of actors from a territory that develops and applies integrated and multisectorial strategies of local development.

The types of investments included in the integrated projects funded through the CLLD will focus both on housing infrastructure (social housing), social infrastructure (education, health,

social services) and on measures to encourage employment (through social economy activities), in parallel with the implementation of integrated communication development activities (information / counselling / mediation).

The selection of urban areas that is indicated to apply the CLLD approach will be based on dimensional and coherence criteria. In terms of size, the population targeted by a local partnership will have between 10.000 and 150.000 inhabitants. Thus, 185 cities and all the six sectors of the capital are eligible for funding under Priority Axis 8 of ROP 2014-2020 dedicated to CLLD. Eligible cities (depending on the number of inhabitants) show a distribution covering all regions and country counties (Fonduri UE, 2020).

The local action group will be responsible for developing an integrated local development strategy that will include, among other things, a "project package" that will target infrastructure investments (funded through the ERDF through the 2014-2020 ROP) "soft" investments (ESF funding, through the Human Capital POC). These projects must be a coherent and articulated part of the integrated development strategy developed in accordance with the UAT Local Development Plan of which the area belongs, but also with the needs and expectations of the community and local actors (representatives of local public authorities, civil society, economic environment, etc.) in order to acquire the acceptance and general commitment of the community for further involvement in the implementation of the projects (Uniunea Europeană, 2020).

The role of mobilizing and catalysing all these different categories of stakeholders is held by the "facilitator", whose work depends on the success of developing a viable development strategy

The sustainable urban development approach provided for in Article 7 of the ERDF Regulation will be implemented through Priority Axis 4 combining the investment priorities of the thematic objectives 4 (Low Carbon Economies) and 6 (Environmental Protection and Promoting Effective Use of Resources) (Fonduri UE, 2020). The budget of the priority axis dedicated to urban development will be allocated according to the following categories of cities: growth poles; urban development poles - county residences other than growth poles; zonal development centres - other municipalities and cities.

Each pole of growth will benefit from predetermined indicative allocations, while for other categories of cities (urban development poles, urban development centres), processes for the selection of integrated urban development strategies implemented at regional level will be carried out.

Integrated Territorial Investment (ITI) is an instrument to be used for the Danube Delta Biosphere Reserve. At present, with the support of Mondial Bank, the development strategy of this territory for the period 2014-2020 is being developed.

The achievement of these objectives will be achieved through integrated projects included in local development strategies, which will include both investments in infrastructure and investments in the provision of different types of services.

The "hard" investments, respectively the infrastructure one, will be funded through the ROP (ERDF) and will cover: social housing, social economy and community-based health and social intervention centres. These interventions will help to ensure decent housing, improve health and increase the employment of the underprivileged population (by creating the premises of specific infrastructure).

"Soft" investments on the different types of services will be funded from the ESF and will cover: parental education, population literacy, family planning courses, professional training courses, reconversion courses professional development, life skills development, anti-discrimination, community empowerment, cultural activities of social integration. These interventions, which are complementary to those of the "hard" type, will contribute to improving the health of the population, community development, socio-professional and cultural integration of marginalized communities.

The overall outcome of the development and implementation of ERDF-funded and ESF-funded projects will be to reduce the number of marginalized areas and communities, thus contributing, to a certain extent, to the fulfilment of Romania's commitment to one of the objectives of the Europe 2020 Strategy, the social inclusion of disadvantaged presidents and their removal from poverty.

### Conclusions

Attracting European money in the country is a real way to fight the crisis. That is why all efforts must be directed to the absence of a larger volume of funds. It is well known that Romania pays more to the European Union than European absorbed funds.

Solving problems and facilitating the use of new solutions allows the promotion of inventions and innovations, respectively the modification in the sense of improving the conditions within the scope of the project. All this leads to the economic and social development of the ensemble targeted by the results of the project.

Cohesion policy has a broad vision. This vision includes not only the economic development of delayed regions and the support of vulnerable social groups but also the social and ecological sustainability of development and respect for the territorial and cultural characteristics of different parts of the EU.

A recurring evaluation result in all areas of investment has highlighted the "absorption" concern, namely spending funds rather than concentrating on the objectives for which the programs were created. While the first obviously a prerequisite of success, the real importance holds the second. By way of example, typically a monitoring system prioritizes spending and responding (such as the number of trainees' permits or kilometers of newly built roads) to the outcome (such as the number of people who get jobs in training or travel time economically), not to mention the impact (the effect is the fact that the more efficient the work or the more efficient the transport is more effective on the regional development).

Cohesion policy must promote a focus on performance. It has to draw from programs that identify only a limited number of Cohesion Policy priorities with a clear vision of how they will be achieved and how their realization will contribute to the economic, social and territorial development of the regions. of the Member States involved.

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