

# European Cohesion Policy in Romania

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The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of **€347 billion** for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable *all regions* to compete effectively in the internal market.

However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

## IMPACT AND RESULTS OF COHESION POLICY IN ROMANIA

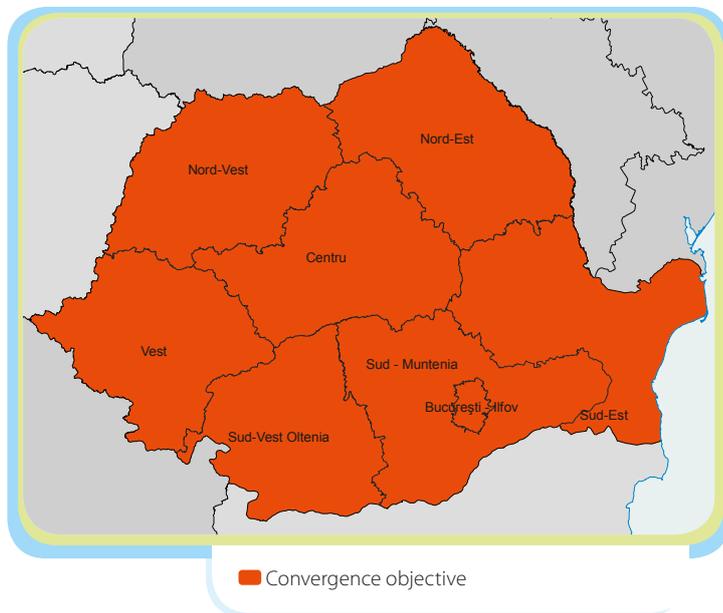
Having joined the European Union only in 2007, this is the first time that Romania has had an opportunity to benefit from the Community funds under Cohesion Policy.

Preliminary work suggests that Cohesion Policy programmes in Romania may contribute substantially to an overall increase in gross domestic product (GDP), with estimates of a 15% increase for the period 2007–13, and create and safeguard approximately 200 000 jobs.

### A SNAPSHOT OF ACHIEVEMENTS

- Funds may help increase GDP by 15% in the period 2007–13
- Help safeguard around 200 000 jobs

## Cohesion Policy 2007–13



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It is expected that through these investments, the proportion of the population with modern broadband access will increase more than tenfold.

## EUROPEAN INVESTMENT IN ROMANIA – 2007–13

For the 2007–13 period, Romania has been allocated almost €20 billion under the Convergence Objective<sup>1</sup> and €455 million under the European Territorial Cooperation Objective.

Romania has seven programmes. Three programmes will receive funding from the ERDF: the 'Regional' programme, the 'Increase in Economic Competitiveness' programme and the 'Technical Assistance' programme, while two programmes will be funded by the ESF and will focus on human resources development and improving administrative capacity. Two infrastructure-oriented

<sup>1</sup> The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.



programmes, the 'Environment' programme and the 'Transport' programme, will be funded by both the ERDF and the Cohesion Fund. All regions in Romania are eligible under the Convergence Objective.

#### FUNDS FOR ROMANIA IN BILLION € 2007–13

Objective	Fund	EU	National Public	Total
Convergence	CF	6.5	1.8	7.8
	ERDF	9	2	11
	ESF	3.7	0.7	4.4
<b>Total Convergence</b>		<b>19.2</b>		
Total European Territorial Cooperation*	ERDF	0.5	-	0.5
<b>TOTAL</b>		<b>19.7</b>	<b>4</b>	<b>23.7</b>

Figures have been rounded up

\* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

### DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS

The relaunch of the Union's Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union's agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called 'Lisbon objectives'.

It is expected that around 56.2% of the funds will directly contribute to the Lisbon priorities for growth and jobs.

### MAIN PRIORITIES OF COHESION POLICY IN ROMANIA, 2007–13

**Improving basic transport infrastructure and accessibility** is a top priority. Nearly €5.3 billion (equivalent to 28% of total allocation) will be spent on reducing the country's high infrastructure deficit. Construction of some **1 400 km of new roads will be financed from the funds** under priority designated trans-European transport networks (TEN-T) which criss-cross the EU.

Cohesion Policy will contribute €2.6 billion to **research and innovation** to ensure long-term sustainable economic competitiveness.

Nearly €570 million will be invested in **business support**, with the majority share of these resources focused on supporting small and medium-sized enterprises (SMEs). Some **5 000 SMEs** are expected to receive support from the fund. Romania also plans to use new innovative financial tools, such as the JEREMIE (Joint European Resources

for Micro to Medium Enterprises) financial engineering instrument, which combines grants and loans.

Almost €445 million of funds will be invested in developing modern **broadband networks and e-services** for business and citizens.

A total of €940 million will be invested in employment measures. The European Social Fund (ESF) will support 15 000 management trainees and skills development for 280 000 trainees.

Some €1.2 billion will be invested in **education and training** measures to support the development of a knowledge-based society. Funding will be provided for 15 000 doctoral students and for upgrading the skills of 75 000 teaching staff.

**The social inclusion** of disadvantaged groups will be supported to the tune of some €1.2 billion. The number of participants in training/retraining programmes for vulnerable groups is expected to be around 150 000 (of which 65 000 will be Roma), while some 10 000 professionals are expected to attend training programmes on social inclusion.

The total allocation for investments directly contributing to **improving the environment** (including water treatment) is €8.6 billion (almost 45% of total allocations, and representing the highest proportion in relative terms of any Member State).

Some €2.8 billion (14.6% of the total Community contribution) will be

#### THE ESSENTIALS 2007–13

- €5.3 billion to improve Romania's basic transport infrastructure
- €2.6 billion for research and innovation
- €1.2 billion for education and training
- €570 million will be invested in supporting business, with a focus on SMEs

invested in areas directly contributing to climate change mitigation, with projects on **energy efficiency and renewable energy** set to benefit from €604 million.

The JASPERS (Joint Assistance in Supporting Projects in European Regions) initiative will assist Romanian authorities in the preparation of major project applications for support from the funds. One office has been set up in Bucharest.

## ● BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The **European Territorial Cooperation Objective** is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes

to encourage regions and cities across the EU and further afield to work together and learn from each other.

Romania participates in two cross-border cooperation programmes with other Member States, one cross-border cooperation programme with non-Member States and one transnational cooperation programme in the 2007–13 period (total ERDF contribution for Romania under the European Territorial Cooperation Objective: €455 million). Romania takes part in all four interregional cooperation programmes (total budget for all the 27 EU Member States: €443 million)<sup>2</sup>: INTERACT II, URBACT II, ESPON/ORATE and INTERREG IV C.

<sup>2</sup> INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.

## ● THE EU ON CALL

The **European Union Solidarity Fund** was created after the floods which hit Central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

In 2005, Romania suffered €489 million worth of damage as a result of spring flooding and later €1 050 million worth of damage as a result of summer flooding. The Solidarity Fund granted Romania €18.8 million and €52.4 million in aid to cope with these two natural disasters.



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*The Solidarity Fund helped Romania recover from flooding*

# Romania

**€19.7 billion**  
for 2007–13

**Boosting  
growth, jobs and  
competitiveness**



# Regional Policy on the ground

## CONSTRUCTION AND REHABILITATION OF SECTIONS 4 (DRAJNA-FETESTI) AND 5 (FETESTI-CERNAVODA) OF THE BUCHAREST-CERNAVODA MOTORWAY

This project will provide a high-quality road infrastructure on a heavily trafficked corridor between Bucharest, the country's capital, and Constanta, the largest port on the Black Sea and an important tourist resort.

The main objectives are to improve trade flows and prevent bottlenecks by increasing the capacity of the route, thereby reducing the number of serious accidents and fatalities by about 60% (current situation: 38 deaths/81 people seriously injured) and increasing the average travel speed on Section 5. The EU contribution to this project is €71.7 million.

## REHABILITATION OF THE CÂMPINA-PREDEAL SECTION ON THE BUCHAREST-BRAȘOV RAILWAY LINE

Work is ongoing on the rehabilitation and upgrading of the Câmpina-Predeal railway section which will bring it up to comply with current international technical standards. The completed project will increase commercial speeds to an average of 120 km/h for passenger trains and 90–100 km/h for freight trains. The estimated total cost of the project is €199.5 million, with an EU contribution of €149.6 million (75%).

Website: [http://ec.europa.eu/regional\\_policy/funds/download/ispa/roman/rom\\_rail\\_campina\\_en.pdf](http://ec.europa.eu/regional_policy/funds/download/ispa/roman/rom_rail_campina_en.pdf)

## PIATRA NEAMT SOLID WASTE TREATMENT PLANT

The project consists of investments in solid waste management covering the area of Piatra Neamt, a medium-sized town with a population of about 125 000, situated in the north-east part of Romania.

The elimination of waste previously unsafely deposited in the streets by means of the introduction of safe and sound collection methods contributes to the reduction of health risks. A substantial increase in waste recycling, a reduction in waste disposed in landfill, and reduced soil and water pollution levels have been achieved. The EU contribution to this project is €10.4 million.



*Cohesion Policy helps banish sights like this*



### More information

EU Regional Policy

[http://ec.europa.eu/regional\\_policy/](http://ec.europa.eu/regional_policy/)

Cohesion Policy in Romania

[http://ec.europa.eu/regional\\_policy/atlas2007/romania/index\\_en.htm](http://ec.europa.eu/regional_policy/atlas2007/romania/index_en.htm)

National website

<http://www.mfinante.ro/>

European Social Fund

<http://ec.europa.eu/social/>