INTRODUCTION

With its entry into the European Union (EU) in 2007, Romania now has an opportunity to benefit from Community Funds under Cohesion Policy over the seven-year programming period. The negotiation process was therefore crucial in identifying the strategic priorities for support. It assisted with setting up the required administrative and legal mechanisms and helped clarify responsibilities for the implementation process, including priorities for strengthening administrative capacity. As a result, the national strategy will target five priorities: development of basic infrastructure in line with European standards; increasing the long-term competitiveness of the Romanian economy; development and more efficient use of Romania’s human capital; building an effective administrative capacity and promoting balanced territorial development.

The priorities of the National Strategic Reference Framework (NSRF) will be implemented through seven Operational Programmes (OPs). Three OPs will receive funding from the European Regional Development Fund (ERDF): the Regional OP, the Increase in Economic Competitiveness OP and the Technical Assistance OP, while two OPs will be funded by the European Social Fund (ESF) and focus on human resources development and improving administrative capacity. Two infrastructure-oriented programmes, the Environment OP and Transport OP, will be funded by both the ERDF and the Cohesion Fund (CF). Romania is also taking part in two cross-border co-operation programmes, one transnational co-operation programme and two enlargement and neighbourhood programmes.

COHESION POLICY ADDRESSES TODAY’S PROBLEMS AND FUTURE CHALLENGES

Mitigating regional disparities

Balanced development throughout the territory is one of the main strategic priorities for Romania, where the aim is to achieve external convergence with the EU as well as internal cohesion. The resources will be targeted at the development of existing and emerging growth poles, a strategy that the European Commission emphasised during the negotiation process. It will seek to create...
suitable conditions for concentrating development in areas around these poles and will endeavour to develop an efficiently connected network at regional, national and European level. The dynamic regional poles will be reinforced through improved accessibility and interconnectivity, better conditions for living and for business development, more efficient use of human resources and better governance. This approach will involve making strategic choices at various stages in the planning and implementation process and will require clear prioritisation of actions at national and regional level.

**Cohesion Policy delivering the Lisbon Agenda**

Priorities for support from the Funds are in line with the Lisbon Strategy for growth and jobs and will help implement the priorities set out in the National Reform Programme for Romania in areas such as administrative capacity, the business environment, improved functioning of markets, development of human capital and sustainable development. Despite a broader scope of needs in various sectors of the economy, it is expected that around 52% of the Funds will be directed to support the Lisbon priorities for growth and jobs.

**Responding to globalisation and structural change**

The EU funding will be invested in reducing the economic and social development disparities between Romania and the other EU Member States, with considerable impact in macroeconomic terms. Estimates suggest that the Funds will generate additional GDP growth of 15 points for the period 2007-13, create and maintain approximately 200 000 jobs and increase gross fixed capital formation by approximately 28%. Improving basic transport infrastructure and thus increasing accessibility of the entire territory is one of the main national priorities due to a high infrastructure deficit in Romania. The Community contribution to this effort amounts to over €5.3 billion (28% of the Fund allocations). As a key negotiating result, emphasis will be placed on priority projects under the Trans-European Transport Networks (TEN-T) (72% of Funds allocated to the transport sector are for this purpose). It is expected that some 1 400 km of new or reconstructed TEN-T corridors will be financed from the Funds. In addition, negotiation dialogue contributed to more consistency in the transport strategy, leading to a more balanced allocation of investments in favour of sustainable transport modes (rails, inland waterways) and the introduction of provisions for inter-state co-operation, including the definition of an action plan to ensure interconnectivity of railroad networks and navigation along the Danube.

In the negotiation process there was a strong focus on the areas of research and innovation and the need to use the Funds in sectors that will ensure the long-term sustainable economic competitiveness of the country. The primary objective is to reach the Lisbon target where R&D expenditure accounts for 3% of GDP. Cohesion Policy will contribute €2.6 billion (13.7% of the Community allocation) to help achieve this target.

In this context, fostering entrepreneurship, especially among SMEs, is crucial for Romania if it wants to take full part in the knowledge-based economy. Nearly €570 million (3% of the Community contribution) will be invested in support of entrepreneurship, with 80% of the resources focused on supporting 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 financial engineering instrument.

Support will also be provided to develop modern information and communication technology (ICT). Almost €445 million of Funds will be invested in building up modern broadband networks and e-services for business and citizens. It is expected that through the Cohesion investments, the proportion of the population with modern broadband access will increase by more than ten times.

As a result of the negotiation process, €940 million will be used for measures targeting the adaptability of workers. It is expected that these investments will contribute to increasing the adaptability of workers and enterprises, developing new forms of flexible work organisation and increasing the qualification level of employees. The ESF will support 15 000 trainees in management and work organisation and 280 000 trainees in upgrading and improving skills.

Some €1.2 billion will be invested in measures concerning education and training in support of growth and development of a knowledge-based society. The aim is to modernise initial and continuous education and training systems, and includes support for higher education and research. Funding will be provided for 15 000 doctoral students and for upgrading the skills of 75 000 teaching staff. 5 700 training providers will also be supported in an effort to introduce

**FINANCIAL ALLOCATION PER OBJECTIVE AND FUND**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Fund</th>
<th>Community amount in €</th>
<th>National Public amount in €</th>
<th>National Private amount in €</th>
<th>TOTAL in €</th>
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<tbody>
<tr>
<td>Convergence*</td>
<td>CF</td>
<td>6 352 423 028</td>
<td>1 036 643 235</td>
<td>0</td>
<td>7 389 066 263</td>
</tr>
<tr>
<td></td>
<td>ERDF</td>
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<td>2 030 492 285</td>
<td>0</td>
<td>11 006 958 349</td>
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<tr>
<td></td>
<td>Total CF</td>
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<td>1 036 643 235</td>
<td>0</td>
<td>16 365 532 330</td>
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<tr>
<td>Total ESF</td>
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<td>651 225 177</td>
<td>0</td>
<td>4 335 372 795</td>
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<tr>
<td>Total Convergence</td>
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<td></td>
<td>0</td>
<td>19 213 036 712</td>
<td></td>
</tr>
<tr>
<td>European Territorial co–operation</td>
<td>ERDF</td>
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<td>454 610 340</td>
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<tr>
<td>Total CF</td>
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<tr>
<td>Total ERDF</td>
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<td>0</td>
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<td>Total ESF</td>
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<td>3 684 147 618</td>
<td></td>
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<tr>
<td>TOTAL</td>
<td>19 667 647 052</td>
<td>4 038 360 695</td>
<td>0</td>
<td>23 706 007 747</td>
<td></td>
</tr>
</tbody>
</table>

* 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 100 regions representing approximately 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.
quality assurance standards and develop qualifications.

Demographic change, and more inclusive labour markets, societies and economies

Promoting active employment measures for the inactive population (e.g., people living in subsistence agriculture, unemployed youth and the long-term unemployed) and promoting the social inclusion of disadvantaged people will be supported with some €1.2 billion. By 2015, it is expected that 830 social economy structures will be set up and 5,000 jobs created in these types of structures. Furthermore, 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.

Responding to the challenges of sustainable development, climate change and energy

Investments in the environment will concentrate on implementing the environmental acquis, especially in the area of water treatment, and facilitating access to water services for citizens, an issue that received particular attention during the negotiations. It is expected that Cohesion Policy interventions will help improve management of the water sector and develop the capacities of municipalities in managing water projects. The total allocation for investments directly contributing to improving the environment is €8.6 billion (almost 45% of total Fund allocations and representing the highest proportion in relative terms compared to other Member States).

Extensive discussions during negotiations on the extent to which improvements in the energy sector should be financed by Structural Funds, resulted in a clarified and more focused approach that takes into account the need to combat climate change and secure energy supplies. Some €2.8 billion (14.6% of the total Community contribution) will be invested in areas directly contributing to climate change mitigation, with projects on energy efficiency and renewable energy set to benefit from €604 million.

COHESION POLICY REINFORCES GOOD GOVERNANCE, OWNERSHIP AND INSTITUTIONAL CAPACITIES

Reinforcing multi-level governance and partnership

Romania is continually making efforts to decentralise responsibilities for managing public policies to regional and local level. A decentralised administration is considered particularly appropriate for Romania due to the size, spread and large number of small communities (2,851 communes) in the country. The Public Administration Reform Strategy aims to focus efforts on process improvements for enhancing the efficiency, quality of service, customer services and performance measurements at the level of local administration. It is based on a commitment to significantly decentralise service delivery (including outsourcing to the private sector and/or public-private partnerships) and deconcentrate many public services from central government to more efficient organisation units that can operate closer to the end-recipient.

Romania established transparent and open procedures for consulting various partners (public administrations, socio-economic partners, universities, NGOs) through an inter-institutional committee at national level and a regional committee and thematic working group at regional level. In the programme implementation, participation in the monitoring committees will be the key instrument for partner involvement.

Building institutional capacities

Modernising and strengthening the public service is a strategic priority for support from the Funds based on the Public Administration Reform Strategy adopted earlier by the Romanian authorities. Negotiation dialogue led to an agreement to reform the management of the key economic sectors such as transport, environment, R&D and health, and to simplify the national procedures for project selection and financial management. In addition, emphasis will be given to the capacity building of local governments. Over €1 billion will support capacity building and will be implemented primarily through a programme for Administrative Development and a programme for Technical Assistance, the latter aiming to contribute to better management of the Funds, in particular monitoring and evaluation systems.

The JASPERS initiative will assist Romanian authorities in the preparation of major project applications for support from the Funds.

Mainstreaming successful policies, enhancing knowledge and spreading good practices

Owing to the fact it joined the EU in 2007, Romania did not benefit from the previous URBAN initiative. The national strategy nevertheless recognises challenges relating to urban development. Funds will therefore help tackle problems relating to inadequate urban transport, high unemployment rates in urban agglomerations and general quality of life in urban areas.

Romania has integrated the principles of transnationality and innovation into the ESF programmes for 2007-13. Transnational co-operation will cover a broad range of activities, including exchanges between administrations of information, trainers and stakeholders in labour market and social policies, the adaptation and transfer of experience from other countries, studies, assessments and joint actions.
Further information about Cohesion Policy in Romania can be found at:

Consult the Inforegio website for an overview of EU Regional Policy:
http://ec.europa.eu/regional_policy/

Consult the website of DG Employment, Social Affairs and Equal Opportunities for further information:
http://ec.europa.eu/social/

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**COHESION POLICY CONTRIBUTION TO COMMUNITY PRIORITIES 2007–13**, ALLOCATIONS IN MILLIONS OF EURO

**Responding to globalisation and structural change**

- Accessibility: 5,330
- Knowledge and service based economy: 445
- Entrepreneurship and business support (SMEs): 570
- Human capital: 940
- Adaptability of companies and workers: 1,151

**Responding to the challenges of climate change**

- Environment: 8,634
- Climate change: 2,804
- Energy efficiency and renewable energies: 604

**Demographic change, more inclusive labour markets, societies & economies**

- Increasing workers' participation: 742
- Addressing poverty and social exclusion: 433

**Responding to governance, ownership & institutional capacity**

- Strengthen capacity of public sector: 200
- Pacts and networking initiatives for employment and social inclusion: 111

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1) The sum of the individual sections is higher than the total funds available under Cohesion Policy for Romania (€19,667,647,052) due to the relevance of various categories to different thematic priorities, e.g. RD&I contains large human capital investments which are also listed separately.