



WP1: Synthesis report

*Ex post evaluation of Cohesion Policy programmes
2007-2013, focusing on the European Regional
Development Fund (ERDF) and the Cohesion Fund (CF)*

Task 3 Country Report Romania

September 2016



The information and views set out in this report are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein.

EUROPEAN COMMISSION

Directorate-General for Regional and Urban Policy
Directorate B – Policy
Unit B.2 Evaluation and European Semester

Contact: Violeta PICULESCU

E-mail: Violeta.PICULESCU@ec.europa.eu

European Commission
B-1049 Brussels

**WP1: Synthesis report
(contract number 2014CE16BAT016)**

*Ex post evaluation of Cohesion Policy programmes
2007-2013, focusing on the European Regional
Development Fund (ERDF) and the Cohesion Fund (CF)*

**Task 3 Country Report
Romania**

September 2016

***Europe Direct is a service to help you find answers
to your questions about the European Union.***

Freephone number (*):

00 800 6 7 8 9 10 11

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

LEGAL NOTICE

This document has been prepared for the European Commission however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

More information on the European Union is available on the Internet (<http://www.europa.eu>).

Luxembourg: Publications Office of the European Union, 2016

ISBN [number]

doi:[number]

© European Union, 2016

Reproduction is authorised provided the source is acknowledged.



CONTENTS

LIST OF ABBREVIATIONS	5
LIST OF PROGRAMMES AND LINK TO BENEFICIARIES OF ERDF AND COHESION FUND SUPPORT	6
PRELIMINARY NOTE	8
EXECUTIVE SUMMARY	9
1. THE POLICY CONTEXT AND BACKGROUND	10
1.1. Macroeconomic situation	10
1.2. Regional Disparities	11
2. MAIN FEATURES OF COHESION POLICY IMPLEMENTATION	11
2.1. Nature and scale of Cohesion Policy in the country	11
2.2. Division of funding between policy areas and changes over the period	12
2.3. Policy implementation	12
2.4. Delivery system (WP12)	14
3. THE OUTCOME OF COHESION POLICY PROGRAMMES – MAIN FINDINGS FROM THE EX POST EVALUATION	15
3.1. Enterprise support and innovation (WP2, WP3 and WP4)	15
3.2. Transport (WP5)	16
3.3. Environmental infrastructure (WP6)	17
3.4. Energy efficiency in public and residential buildings (WP8)	17
3.5. Culture and tourism (WP9)	18
3.6. Urban development and social infrastructure (WP10)	18
3.7. ETC (WP11)	18
3.8. Impact on GDP (WP14)	18
3.9. Overview of achievements	19

List of abbreviations

AIR	Annual Implementation Report
ERDF	European Regional Development Fund
ETC	European Territorial Cooperation
EU	European Union
GDP	Gross Domestic Product
GDFCF	Gross Domestic Fixed Capital Formation
MA	Managing Authority
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
R&D	Research and Development
RTD	Research and Technological Development
SME	Small and Medium Enterprise



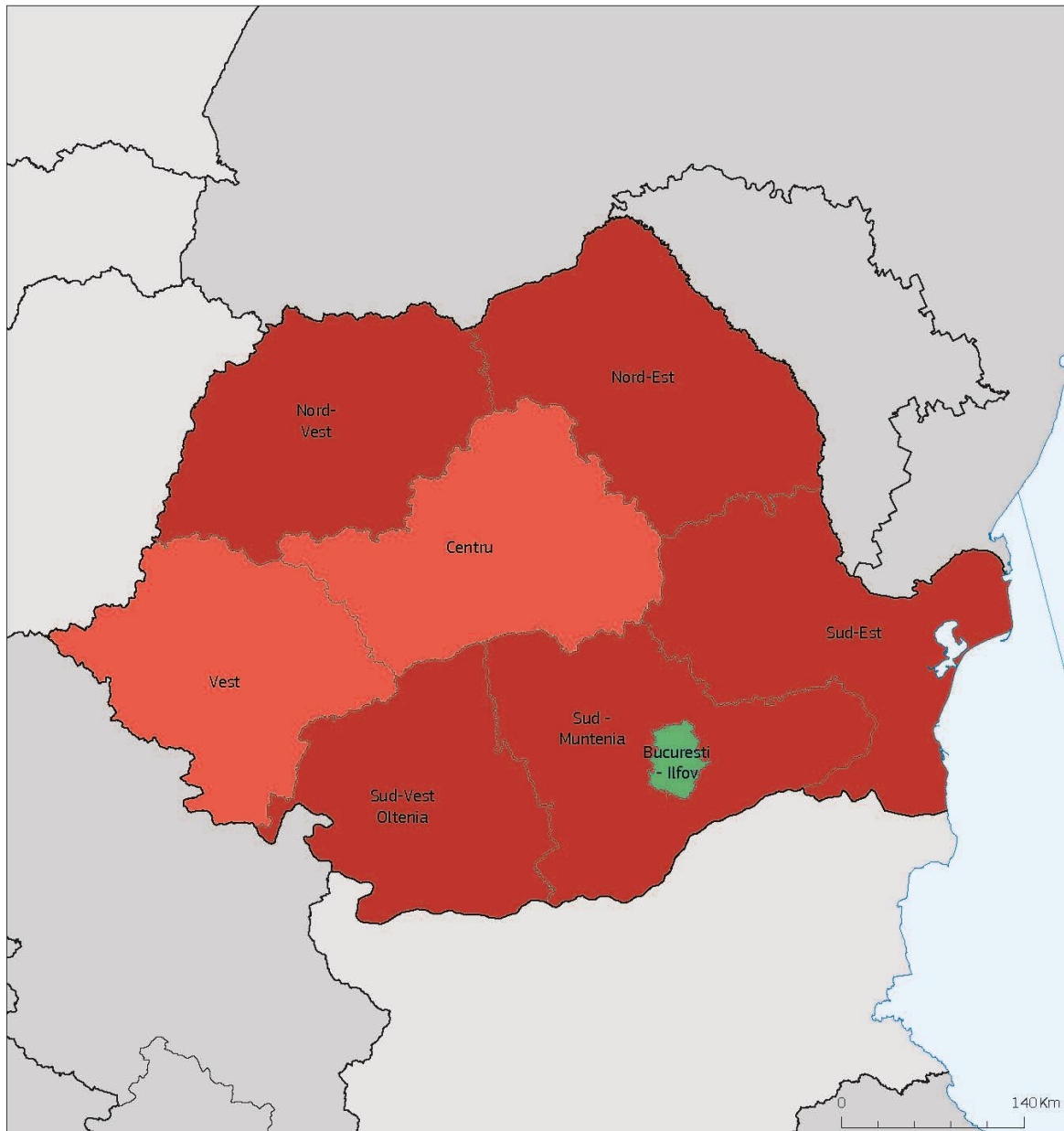
List of programmes and link to beneficiaries of ERDF and Cohesion Fund support

CCI	Name of OP	Link beneficiaries	N° Projects
2007RO161PO001	OP Regional Operational Programme	NA	NA
2007RO161PO002	OP Increase of Economic Competitiveness	NA	NA
2007RO161PO003	OP Transport	http://www.fonduri-structurale.ro/Document_Files//asistentatehnica/00000031/6lkxt_Lista%20proiecte%20contractate%20PO%20AT%2030%20noiembrie%202014.pdf	110
2007RO161PO004	OP Environment	http://www.fonduri-structurale.ro/Document_Files//asistentatehnica/00000031/6lkxt_Lista%20proiecte%20contractate%20PO%20AT%2030%20noiembrie%202014.pdf	471
2007RO161PO005	OP Technical Assistance	http://www.fonduri-structurale.ro/Document_Files//asistentatehnica/00000031/6lkxt_Lista%20proiecte%20contractate%20PO%20AT%2030%20noiembrie%202014.pdf	159

Note: The web links above are to websites of the respective Managing Authorities who, under the rules governing the 2007-2013 programmes were required to publish the names of the beneficiaries of the funding allocated. The number of projects supported has been estimated on the basis of the information published on the website at the time when the data were downloaded. In the meantime the data concerned may have been updated. It may also be that the data have been moved to another part of the website, in which case the link may not work. If this is the case, those who wish to locate the data concerned will need to go to main OP website, as indicated by the beginning part of the link and search from there.



Map 1 Romania and NUTS 2 regions, GDP/head (PPS), 2014



Romania: GDP/head (PPS) by NUTS-2 region, 2014

- Index, EU-27 = 100
- < 50
 - 50 - 75
 - 75 - 90
 - 90 - 100
 - 100 - 125
 - >= 125
- ∕ NUTS2 boundaries

Sources: Eurostat, DG REGIO



Preliminary note

The purpose of the country reports is to provide each Member State a short guide to the findings of the ex post evaluation of the Cohesion policy programmes 2007-2013 undertaken by DG Regional and Urban Policy and an overview of the context in which the programmes were carried out. It is based on information produced by Task 1 and Task 2 of WP1 and on the country specific findings from the various WPs that form the ex post evaluation. These are listed below with an indication in brackets of the case studies carried out in the Member State concerned.

WP0 – Data

WP1 – Synthesis

WP2 – SMEs, innovation and ICT

WP3 – Venture capital, loan funds

WP4 – Large enterprises

WP5 – Transport (country case study, case study Motorway TEN-T 7, case study Road DN6)

WP6 – Environment (case study Waste management System in Cluj County)

WP8 – Energy efficiency (country report Romania)

WP9 - Culture and tourism

WP10 – Urban development and social infrastructure

WP11¹ – European Territorial Cooperation (case study Romania-Bulgaria Cross-border Cooperation programme)

WP12 – Delivery system (case study on the assessment of capacity building financed by technical assistance)

WP13 – Geography of expenditure

WP14 – Impact modelling

¹ The findings from WP11 – European Territorial Cooperation are summarised in a separate report as part of Task 3 of WP1.



Executive summary

After a sharp contraction during the crisis, the Romanian economy recovered quickly, showing reasonable growth from 2011 on as a result of strong exports and temporarily reduced imports. GDP growth averaged 3.6% a year in the 2014-15 period. Between 2007 and 2015, unemployment was contained at around 7%, below the EU27 average. The public deficit, which was nearly 10% of GDP in 2009, was reduced markedly to below 1% of GDP in 2015, after the support of three consecutive EU/IMF financial assistance programmes.

Regional disparities are dominated by the wide gap between the capital city region, Bucharest Ilfov, and the rest of the country. Over the programming period, socio-economic imbalances tended to widen across regions with the poorest regions, in particular the Nord-Est, Sud-Est and Sud-Vest Oltenia regions, experiencing constant large-scale emigration.

In total, support from the ERDF and Cohesion Fund amounted to EUR 15.4 billion over the period, equivalent to 25% of Government capital expenditure. Funding per head was around EUR 102 a year, the lowest level (along with Bulgaria) among the EU12 countries.

The support was mainly used to support transport, the environment and, to a lesser extent, enterprises. In particular, the country had a significant development gap in respect of transport infrastructure due mainly to low pre-accession standards and an historical lack of maintenance. Over the period, funding was shifted between a number of policy areas in order to facilitate absorption and to make investment more effective. Specifically, funding for investment in enterprises, other than for RTD and Innovation, was increased along with that to Culture and social infrastructure, while it was reduced for environmental infrastructure and urban development. In transport, investment in roads was increased while it was reduced in rail and other transport.

Overall, the measures co-financed over the period led directly to the creation of over 35 000 jobs, over 13 000 in full-time equivalent terms in SMEs and over 1 000 research ones. This was achieved in part through the support given to nearly 3 000 projects to help firms finance investment, 569 RTD projects, 101 business start-ups and 41 cooperation projects between enterprises and research centres.

In addition, support for investment in transport infrastructure led to the construction of 368 km of new roads, 314 km of them part of the TEN-T network, and 22 km of new railway lines. It also led to the improvement of 1 893 km of roads and 122 km of railways lines.

Overall, the investment co-financed under Cohesion and rural development policies is estimated to have increased GDP in 2015 by almost 4% above what it would have been in the absence of the funding provided.



1. The policy context and background

1.1. Macroeconomic situation

After growth over the years 2000-2009 averaging just under 6% a year, Romania was hit by the economic and financial crisis, GDP fell sharply in 2009 and there was virtually no growth at all between 2007 and 2011 (Table 1). This was mainly due to a prolonged fiscal adjustment and the less favourable international environment. Recovery was evident from 2011 on, with GDP growing at just under 3% a year between 2011 and 2014 and at around 3.5% a year in 2015, above the EU average but well below the rates achieved before the onset of the crisis. The employment rate declined between 2009 and 2011, reflecting the near absence of GDP growth, though only slightly, but then rose again in the following years, reaching 66% in 2015, which, though higher than 2007, was still well below the EU average. The reduction in the employment rate was mirrored in an increase in unemployment, which fell marginally between 2011 and 2015 as employment rose. Throughout the period, however, unemployment, like the employment rate remained below the EU average, reflecting the relatively low level of participation in the labour force.

Table 1 GDP growth, employment and unemployment, Romania and the EU, 2000-2015

	2000-07	2007-09	2009-11	2011-13	2013-2014	2014-15
GDP growth			(Annual average % pa)			
Romania	5.7	0.4	0.0	2.7	2.9	3.6
EU average	2.3	-2.0	1.9	-0.1	1.4	1.9
	2000	2007	2009	2011	2013	2015
Employment rate (% 20-64)						
Romania	70.5	64.4	63.5	63.8	64.7	66.0
EU average	66.5	69.8	68.9	68.6	68.4	70.1
Unemployment rate (% lab force)						
Romania	7.0	6.4	6.9	7.2	7.1	6.8
EU average	9.2	7.1	8.9	9.6	10.8	9.3

Source: Eurostat, National accounts and Labour Force Survey

At the beginning of 2000s, economic growth was supported by relatively large budget deficits, which made the Romanian economy fragile in the face of the global recession. In 2009, the deficit rose to almost 10% of GDP in 2009. Three consecutive EU/IMF financial assistance programmes were required to support the economy and through fiscal consolidation measures, the budget deficit was reduced to under 1% of GDP by 2015 (Table 2).

Table 2 Government budget balance, accumulated debt and investment, Romania and the EU, 2000-2015

	2000	2007	2009	2011	2013	2015
Public sector balance			(% GDP)			
Romania	-4.6	-2.8	-9.5	-5.4	-2.1	-0.7
EU average	0.0	-0.9	-6.7	-4.5	-3.3	-2.4
Public sector debt						
Romania	22.4	12.7	23.2	34.2	38.0	38.4
EU average	60.6	57.9	73.1	81.1	85.5	85.2
General Govt investment						
Romania	3.4	6.3	6.0	5.4	4.5	5.1
EU average	2.9	3.2	3.7	3.3	3.0	2.9

Source: Eurostat Government financial accounts

As a result of relatively large budget deficits, accumulated public debt tripled between 2007 and 2015 in relation to GDP, though it remained well below the EU average. Throughout programming period, General Government investment was significantly above the EU average, as would be expected given the need to increase infrastructure endowment, though it declined markedly relative to GDP between 2007 and 2013.



1.2. Regional Disparities

Romania is one of the least developed Member States of the EU27. The gap in GDP per head in relation to the EU average was still wide in 2015 despite the increase over the previous 15 years (see Country folder for Romania).

At regional level, significant disparities remain evident, in particular between the capital city region, Bucuresti-Ilfov, where GDP per head was more than double the national average in 2014. This was much the same as at the start of the period, so that there was virtually no change in the ratio of GDP per head in Bucharest to that in other regions between 2007 and 2014. The regions with the lowest levels of GDP per head, the Nord-Est, Sud-Est and Sud-Vest Oltenia regions, experienced continuous large-scale outward migration over the programming period and the Bucuresti-Ilfov region was the only one in which population increased.

During the crisis, investment tended to increase in the higher GDP per head regions relative to the others. With Vest and Sud-Muntenia recording FDI inflows of automotive and other manufacturing, while in the less developed regions inflows were significantly lower.

2. Main features of Cohesion Policy implementation

2.1. Nature and scale of Cohesion Policy in the country

The whole of Romania was eligible for EU funding under the Convergence Objective over the 2007-2013 period. The priorities of the National Strategic Reference Framework (NSRF) were: (1) to develop basic infrastructure in line with EU standards; (2) to increase the long-term competitiveness of the Romanian economy; (3) to develop human capital and use it more efficiently; (4) to build effective administrative capacity and (5) to promote balanced territorial development. These priorities were implemented through five OPs, financed by both the ERDF and the Cohesion Fund, all managed at the national level.

Table 3 ERDF, Cohesion Fund and national co-financing for the 2007-2013 period in Romania, initial (2007) and last (April 2016)

	2007				2016			
	EU funding	National public funding	National private funding	Total	EU funding	National public funding	National private funding	Total
EUR million								
Convergence	15 528.9	3 387.1	-	18 916.0	15 373.5	2 713.2	-	18 086.7
Change, 2007-2014								
Convergence					-155.4	-673.9	-	-829.3
% GDP	1.68	0.37	-	2.04	1.66	0.29	-	1.95
% Govt. capital expend	25.3	5.5	-	30.8	25.1	4.4	-	29.5
Per head (EUR) pa in convergence regions	103.4	22.5	-	125.9	102.3	18.1	-	120.4
EU12								
% GDP	2.15	0.43	0.06	2.63	2.17	0.36	0.08	2.61
% Govt. capital expend	38.3	7.6	1.0	46.9	38.7	6.4	1.4	46.5
Per head (EUR) pa in which: Convergence	212.4	42.1	5.6	260.2	214.6	35.5	7.8	258.0

Note: EU funding relates to decided amounts as agreed in 2007 and as at 14 April 2016. The figures for % GDP and % Govt. capital expenditure relate to funding for the period as % of GDP and Govt. capital expenditure aggregated over the years 2007-2013. Govt. capital expend is the sum of General Government gross fixed capital formation and capital transfers. The EU12 figures are the total for the EU12 countries for comparison.

Source: DG Regional and Urban Policy, Inforegio database and Eurostat, national accounts and Government statistics

The overall ERDF and Cohesion Fund allocation amounted to EUR 15.4 billion, equivalent to around EUR 102 a year per head, the lowest level of funding per head



(along with Bulgaria) among the EU12 countries (Table 3). The funding was equivalent to just under 2% of GDP and 25% of government capital expenditure representing a substantial proportion of development expenditure.

2.2. Division of funding between policy areas and changes over the period

In Romania programmes were largely focussed on three policy areas, Transport, the Environment and Enterprise support, which together accounted for more than 80% of total resources. In particular Transport received over a third of the total funding available, the Environment, 29% and Enterprise support, 17% (Table 4)².

Table 4 Division of financial resources in Romania for 2007-2013 period by category, initial (2007) and last (April 2016) and shift between categories

Category	EUR mn					% Total	
	2007	2016	Added	Deducted	Net shift	2007	2016
1.Innovation & RTD	826.5	839.4	117.5	-104.6	12.9	5.3	5.5
2.Entrepreneurship	218.6	168.1	-	-50.5	- 50.5	1.4	1.1
3.Other investment in enterprise	816.7	1 243.7	427.0	-	427.0	5.3	8.1
4.ICT for citizens & business	354.2	364.9	12.5	-1.8	10.6	2.3	2.4
5.Environment	4 869.5	4 422.2	34.9	-482.2	-447.4	31.4	28.8
6.Energy	603.8	602.0	208.3	-210.0	-1.7	3.9	3.9
7.Broadband	90.6	82.6	-	-8.0	-8.0	0.6	0.5
8.Road	2 854.7	3 377.4	573.8	-51.1	522.7	18.4	22.0
9.Rail	1 853.5	1 692.0	365.5	-527.0	-161.5	11.9	11.0
10.Other transport	622.1	401.7	59.2	-279.6	-220.3	4.0	2.6
11.Human capital	-	-	-	-	-	-	-
12.Labour market	24.2	24.2	-	-	-	0.2	0.2
13.Culture & social infrastructure	762.0	1 374.0	612.0	-	612.0	4.9	8.9
14.Social Inclusion	-	-	-	-	-	-	-
15.Territorial Dimension	1 073.7	208.8	29.4	-894.2	-864.8	6.9	1.4
16.Capacity Building	-	-	-	-	-	-	-
17.Technical Assistance	558.9	572.4	130.6	-117.0	13.5	3.6	3.7
Total	15 528.9	15 373.5	2 570.8	-2 726.1	-155.4	100.0	100.0

Note: 'Added' is the sum of additions made to resources in OPs where there was a net increase in the funding going to the category. 'Deducted' is the sum of deductions made to resources in OPs where there was a net reduction in funding. 'Social inclusion' includes measures to assist disadvantaged groups and migrants. 'Territorial dimension' includes support for urban and rural regeneration and tourist services and measures to compensate for climate conditions.

Source: DG Regional and Urban Policy, Inforegio database, April 2016

Over the period, funding was shifted between a number of policy areas in order to facilitate its absorption and to increase the effectiveness of expenditure. Specifically, funding was increased for Culture and social infrastructure by over EUR 600 million, for Roads by over EUR 500 million and for investment in enterprises other than for RTD and innovation by over EUR 400 million. At the same time, funding was reduced for urban development and tourism by over EUR 850 million (by 80% relative to the initial plan), for the Environment by almost EUR 450 million and for Rail and Other transport together, by almost EUR 400 million.

2.3. Policy implementation

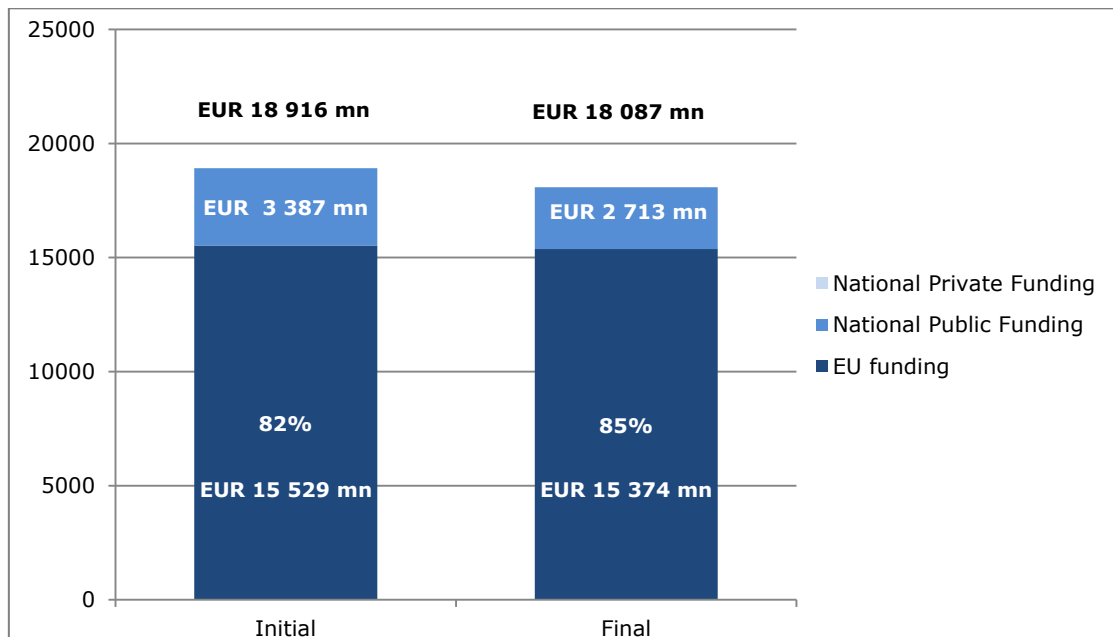
In the course of the programming period, the EU co-financing rate was increased from 82% to 85%, so reducing the national co-financing rate by the same amount in order to ease the difficulty of Romania finding the necessary co-funding to enable programmes to go ahead. The result was a reduction in overall funding for

² The 17 categories shown in the table are aggregations of the more detailed 87 categories into which expenditure was divided in the period for reporting purposes.



development expenditure of EUR 674 million which was increased further by de-commitments (i.e. loss of funding) of EUR 155 million because of a failure to spend the funding available in time (Figure 1). Measures were put in place to increase the rate of expenditure, such as the shifts of funding between policy areas noted above and a 'top-up' mechanism, which was applied to countries with special fiscal problems and which allowed a temporary increase of 10% to the reimbursements by the EU Commission³.

Figure 1 Total funding going to expenditure on Cohesion policy programmes for the 2007-2013 period, initial planned amount and final amount (EUR mn)



Source: DG Regional Policy financial data, 14 April 2016

Nevertheless, although the rate of absorption of funding increased after 2012, it did so from a very low rate (payments were only 23% of the funding available at the end of 2012, 6 years into the programming period).

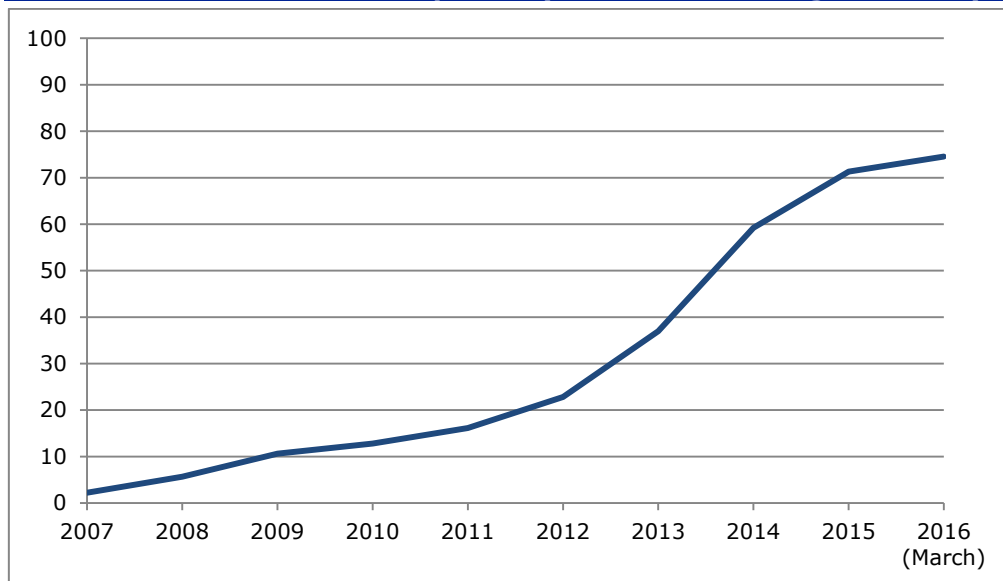
By the end of March 2016, only around 75% of the available funding had been claimed as being spent, which is a long way short of the 95% which would be expected if all expenditure of funding had been made by the end of 2015 as required by the regulations (taking account of the 5% held back until all the spending has been verified as legitimate). Accordingly, there is a serious possibility of further de-commitments being imposed.

Serious implementation problems (see below) led to delays and several pre-suspensions of the OPs by the EU Commission. In addition, potentially effective measures adopted in response to these problems, such as the simplification of procedures, strengthening the control system and ensuring adequate staffing, were hampered by either the generally limited capacity of public administration or adverse economic conditions.

³ In practice, it entailed an anticipation with a rate of reimbursement higher than the one adopted in the initial years of implementation and a lower rate at the end of the programming period.



Figure 2 Time profile of payments from the ERDF and Cohesion Fund to Romania for the 2007-2013 period (% of total funding available)



Source: DG Regional Policy financial data, end-March 2016

2.4. Delivery system (WP12)

An evaluation of the management and implementation of Cohesion policy over the period was carried out by WP12⁴. As Romania received substantial Cohesion policy funding for the first time in the 2007-2013 programming period, there were several problems and delays in implementing the OPs because of inexperience in dealing with the Structural funds, as well as the reorganisation of the delivery system. As regards the latter, the new decentralised structure of the system, together with the lack of clear means of coordination, led to inconsistencies and unclear and overlapping responsibilities among the different authorities involved. The time-consuming changes also resulted in slow absorption of the funding. As regards human resources, the most pressing issues were high turnover of staff and their lack of expertise. In addition, long procurement procedures, which often led to delays in the implementation of projects, were mainly due to complicated legislation and misinterpretation of the regulations.

Shortcomings were also identified in relation to the indicator system. These included a lack of clarity over the definition of the indicators, a lack of coherence between them and the expected outcomes and a lack of quantification of the expected results, which prevented effective monitoring of the progress achieved⁵.

Over the programming period, Romania allocated around EUR 244 million to the Technical Assistance OP to support the implementation of the various OPs and to tackle the above-mentioned administrative shortcomings, which were also targeted by the Administrative Capacity OP financed by the ESF. Most of the funding was spent on reimbursing wage and other costs, and only 28% of the OP budget was allocated to capacity building activities aimed at developing human resources and administrative systems.

Human resource development activities were aimed at providing training for staff. Nevertheless, training did not achieve what it was expected to because of a lack of

⁴ The WP12 report is published at http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1?.

⁵ A case study was carried out as part of: Assessment of capacity building financed by technical assistance (Task 5), Delivery System, WP12, see http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/%231?#1.



qualified trainers. Accordingly, there remains a need to improve expertise in the administrative authorities.

3. The outcome of Cohesion Policy programmes – main findings from the ex post evaluation

The main findings summarised here come from the evaluations carried out under the Work Packages (WPs) which comprised the overall ex post evaluation exercise covered the following policy areas in detail:

- Support to SMEs – increasing research and innovation in SMEs and SME development (WP2);
- Financial instruments for enterprises (WP3);
- Support to large enterprises (WP4);
- Transport (WP5);
- Environment (WP6);
- Energy efficiency in public and residential buildings (WP8);
- Culture and tourism (WP9);
- Urban development and social infrastructure (WP10);
- European Territorial Cooperation (WP11);
- Delivery system (WP12);
- Geography of expenditure (WP13);
- The impact of cohesion policy 2007-2013: model simulations with Quest III and Rhomolo (WP14).

All of these WPs are relevant for Romania except for the evaluation of large enterprises (WP4) which did not cover Romania in any detail. The evaluation of ETC (WP11), it should be noted, is the subject of a separate report. The findings of WP12 are outlined above, while the estimates produced by WP13 on the allocation of funding and of expenditure between regions are not considered here⁶.

3.1. Enterprise support and innovation (WP2, WP3 and WP4)

The funding allocated to specific projects in this broad policy area amounted to EUR 2.3 billion, or about 15% of the ERDF allocation for Romania for the 2007-2013 period. Over half of the funding went to investment in enterprises other than for RTD and innovation, while around 37% went to RTD and innovation.

By the end of 2014, ERDF co-financed 569 RTD projects and 41 projects for cooperation between enterprises and research centres. The support provided helped to start up 101 new businesses and co-financed 2 898 investment projects in SMEs. Some 13 228 jobs were reported to have been directly created in SMEs as a result of the funding and a further 1 160 jobs in research (Table 5 at the end of this section).

SME support, R&D and innovation (WP2)

A relatively small share of funding went to enterprise support and innovation. Specifically, 9% of the total budget went to general business support and less than 4% went to SME support. Investment in RTD amounted to just 3% of overall funding. The evaluation carried out as part of WP2 found that there was a wide disparity in investment in R&D across the country. In particular, R&D expenditure increased by

⁶ They are available at: http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1.



91% in the North-West region, while it declined by 64% in the West and 97% in the East.

Financial Instruments for enterprises (WP3)

Over the 2007-2013 period, EUR 129 million, or around 6% of the funding for enterprise support, went into Financial Instruments (FIs). By the end of 2014, all funding was paid into FIs and 78% had reached final recipients. Four FIs were set up, a holding fund and three specific funds⁷.

3.2. Transport (WP5)

EUR 5 471 million, or 35.6% of the total funding available, went to Transport over the period. Of this, 61% was invested in roads and 31% to rail. In total the ERDF and Cohesion Fund amounted to around a quarter of total national spending on transport over the period, to just under 20% in the case of roads and 85% in the case of rail. Accordingly, the two together were by far the major source of funding for the latter.

Funding was divided between two OP, the Transport OP and the Regional OP, the former being responsible for transport projects of national significance, focussing on the modernisation of road and rail networks and including projects on the TEN-T, the latter supporting projects intended to meet regional and local development needs (mainly county and urban roads).

Overall, the funding led to the construction of 368 km of new roads, of which 314 km were on the trans-European Transport Network (TEN-T), and the upgrading of 1 893 km of roads, the new roads representing an estimated 12% of total roads constructed over the period. It also led to the construction of 22 km of new railway lines, all of them on the TEN-T, and the modernisation of 122 km of existing lines. In addition, it supported the development and modernisation of the Iasi International Airport, which became operational in 2015, the breakwater extension of the main port in the country in Constanta and the construction of Metro Line 5 in Bucharest. The latter (which was allocated EUR 453 million) is 7.2 km in length but is not yet completed.

Romania country case study⁸

At the beginning of the programming period, there was an acute need to develop the transport system in the country because of the inadequate standards in the pre-accession period and a historical lack of long-term maintenance.

The strategy was focussed on the implementation of major projects, which absorbed 86% of funding and which were aimed in particular at the development of motorways.

A major achievement was an improvement of links between Romania and the rest of the EU, such as the Arad-Nadlac motorway, part of TEN-T corridor IV, the main road connection between Romania and Western Europe (which was partly opened to traffic in 2014). The evaluation found that there were mixed views over whether the projects carried out had improved internal links, particularly between the more and less developed regions, although the National Road Administration (CNADNR) considers that many of the projects link less developed regions with Bucharest, and should accordingly contribute to more balanced development.

Motorway Construction on TEN-T 7, Cernavodă- Constanța Section – case study⁹

The project consisted of the construction of a 51 km long two-lane motorway section of the TEN-T route 7, which was started before accession to the EU and which became a priority in the 2007-2013 period because of being part of the TEN-T as well as being of national importance due to being part of the road link between Bucharest and the port city of Constanta. It was completed and opened to traffic in November 2012.

⁷ Fourth Progress Report in financing and implementing financial engineering instruments, DG REGIO, September 2015.

⁸ The full case study report can be consulted here:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp5_task5_en.pdf.

⁹ The full case study report can be consulted here:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp5_task3_en.pdf.



During the construction, difficulties in acquiring the land for the project, the discovery of an archaeological site and a change in a contractor led to a delay of around a year as compared with the initial plan.

Data show that the new road has substantially reduced the number of casualties from accidents as traffic has diverted from the national road (the DN22). A JASPERS appraisal of the motorway indicates a benefit-to-cost ratio of 1.8, 85% of the benefits coming from savings in travel time.

Upgrading of the national road DN6 Alexandria-Craiova – case study¹⁰

The upgrading of the 127 km section of the national road between Alexandria and Craiova, which is part of the TEN-T Rhine-Danube corridor, had a cost of EUR 228 million, EUR 156.6 million of which came from the EU. Two of the three lots were completed in 2013 and the third was estimated at the time of the evaluation to be completed by end-2015.

The financial analysis carried out estimated a ratio of benefits to costs of 2.28, though there is a question-mark over the coverage of maintenance costs since the road will be operated without tolls so no revenues will be generated through tariffs or charges.

3.3. Environmental infrastructure (WP6)

Some EUR 4.2 billion of the ERDF and Cohesion Fund for the period went to the Environment, one of the largest amounts of all Member States. Of this, nearly two-thirds went to investment in clean water supply and wastewater treatment (EUR 2.7 billion) and almost EUR 600 million went to support of waste management.

A recent study of the Court of Auditors reported that Cohesion policy support played a key role in bringing forward wastewater collection and treatment in Romania. However, the objective of complying with EU Directives in these areas has not yet been fulfilled¹¹, in large part because of the very low expenditure relative to the funding available. For example, the small share of municipal waste which was recycled, one of the most environmentally pressing issues, remained below 10% over the period and one the lowest rates in the EU.

Waste management System in Cluj County, case study¹²

The project on integrated waste management system in Cluj County is aimed at establishing a central waste management facility with sorting and treatment plants and a new landfill replacing a number of non-compliant ones. The total cost was estimated at EUR 76.5 million, of which EUR 39 million came from the EU. The project was still under construction when the evaluation was carried out (it is not expected to be completed before the end of 2017).

The project is considered to be technically sustainable despite the significant delays, which were mainly due to the poor performance of the contractor (as well as over-optimistic plans, a lengthy tendering process and the arrest of the contractors' managers on corruption charges). Financial sustainability, however, is more problematic, since the case study indicates that waste tariffs are unlikely to be insufficient to cover the operating and maintenance costs.

3.4. Energy efficiency in public and residential buildings (WP8)

A total of EUR 198 million, or 1.3% of the total funding available, was allocated to energy efficiency, co-generation and energy management of which investment in improving the energy efficiency of public and residential buildings, the focus of the WP8 evaluation, is estimated to represent just over half. In total 104 projects were supported through grant and loans together with credit guarantees. In relation to other public support schemes in this area, which amounted to EUR 72 million, the ERDF and Cohesion Fund played an important role in Romania in financing energy efficiency schemes.

¹⁰ The full case study report can be consulted here:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp5_task3_en.pdf.

¹¹ EU Court of Auditors, EU funding of urban waste water treatment plants in the Danube river basin: further efforts needed in helping Member States to achieve EU waste water policy objectives, Special report No. 02/2015.

¹² The full case study report can be consulted here:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp6_case_study.pdf.



Although three OPs, those for the Environment, Increasing Economic Competitiveness and the Regional one, contained measures for improving energy efficiency, only the last was concerned with energy efficiency in buildings, specifically housing, mainly focused on upgrading heating systems in apartment blocks (see box below). Support was provided in the form of non-repayable grants and, to a lesser extent, of loans.

Country case study¹³

The efficiency of energy use in Romania is lower than in most other EU Member States, This is a result of low efficiency in both electricity generation and distribution, as well as among end users. In general, residential buildings, 95% of which consist of apartment blocks, have poor thermal insulation and high energy loss. The Regional OP allocated EUR 72 million to improving energy efficiency in these buildings.

By the end of 2013, 2 836 apartments had been rehabilitated, with energy saving of 12 GWh a year, which represents only around 5-6% of the target set.

According to the case study, as energy efficiency of residential buildings is also covered by a national programme dating back to 2002, the slow uptake of the ERDF-financed scheme could be due to the lack of harmonisation between the two measures.

3.5. Culture and tourism (WP9)

Funding going to Culture and Tourism over the period amounted to EUR 802 million, EUR 416 million of which went to tourism and EUR 386 million to culture. In addition, EUR 4.7 million was allocated directly to support of hotels and restaurants.

The main focus of the strategy was on strengthening social cohesion and innovating the tourist sector, by providing support, for example, to measures for reducing the digital divide within the sector. Additional aims were to increase the employment of women in the sector and to create opportunities for growth in regions and local areas.

3.6. Urban development and social infrastructure (WP10)

EUR 988 million, or just over 6% of total funding, went to social infrastructure over the period, no funding at all going to urban development and all of the support being channelled through the Regional OP.

Around a third of the projects supported, in terms of the amount of funding, involved the construction, modernisation or equipping of schools, colleges or other education buildings and a further third, social infrastructure, other than relating to healthcare or education.

3.7. ETC (WP11)

Romania was involved in two Interreg programmes financed under the Cross-border cooperation strand of the ETC Objective. These were, respectively, with Bulgaria and Hungary. The ETC-funded programmes are the subject of a separate report.

3.8. Impact on GDP (WP14)

The investment supported by Cohesion and rural development policies is estimated to have increased GDP in Romania in 2015, at the end of the programming period, by almost 4% above the level it would have been in the absence of the funding provided¹⁴. It is further estimated that in 2023 GDP will be some 3.5% higher than it

¹³ The full case study report can be consulted here as separate annex to final report: http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1.

¹⁴ Estimates by the Quest model, a new-Keynesian dynamic general equilibrium model in kind widely used in economic policy research, developed by DG Economic and Financial Affairs to assess the effects of policies. See The impact of Cohesion Policy 2007-2013: model simulations with Quest III, WP14a, final report, http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp14a_final_report_en.pdf.



otherwise would have been. Both figures are slightly lower than the estimates for the EU12 average effect.

3.9. Overview of achievements

The core indicators presented in table 5 show that at the end of 2014 the investments co-financed in the 2007-2013 period resulted in the direct creation of 35 172 jobs in gross terms. In addition to the achievements reported above under the different WPs, support for investment in renewable energy added 532 Megawatts to the overall capacity to produce electricity from renewable sources.

It should be emphasised that not all MAs reported all of the core indicators, and in some cases, only a minority. This means that the figures tend to understate achievements, perhaps substantially. In addition, the data reported relate to the situation at the end of 2014, one year before the official end of the period in terms of the expenditure which can be financed, so that they also understate achievements over the programming period because of this.

Table 6 Values of core indicators for ERDF co-financed programmes in Romania for 2007-2013 period, as at end-2014

Core Indicator Code	Core indicator name	Value up to end-2014
1	Jobs created	35 172
4	Number of RTD projects	569
5	Number of cooperation project enterprises-research institutions	41
6	Research jobs created	1 160
7	Number of direct investment aid projects to SME	2 898
8	Number of start-ups supported	101
9	Jobs created in SME (gross, full time equivalent)	13 228
14	km of new roads	368
15	km of new TEN roads	314
16	km of reconstructed roads	1 893
18	km of TEN railroads	22
19	km of reconstructed railroads	122
24	Additional capacity of renewable energy production	532

Note: The figures in the table are those reported by MAs in Annual Implementation Reports. Core indicators for which no data were reported by the Member State are not included.

Source: Annual Implementation Reports, 2014 and DG Regional Policy post-processing of these, August 2016

