

REGIONAL COMPETITIVENESS AND INNOVATION IN ROMANIA. CASE STUDY: EVALUATION OF THE IMPACT OF THE REGIONAL OPERATIONAL PROGRAM 2007-2013 ON THE COMPETITIVENESS IN THE NORTH WESTERN REGION OF ROMANIA

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Abstract

The research theme consists in identifying the impact of the European Union's development policy on the regional competitiveness in the North-Western part of Romania, as a allocation level of Regional Operational Programme funds, the impact of EU funds on the regional competitiveness, implementation of priorities within the regional development policies and determining the priority areas which are identified on the basis of the real potential and needs of a certain territory, sector or target group and regional competitiveness growth models based on structural funds.

Key words: development regions, structural funds, inter-sectoral connections, incomes and employment, the community acquis, economic and social cohesion.

JEL Codes: R11, R58, F63

Introduction

The regional development policy is one of the most important components of the economic policy at the European Union's level, fact demonstrated by the great weight of funds that is allotted to it from the European Union's budget. Presently, there are 3 structural instruments on the funding basis of this policy: European Regional Development Fund, European Social Fund and Cohesion Fund, each of them having objectives and areas of intervention that are well defined and complementary so that they can ensure a balanced and harmonious development of the European regions. We can say that these funds are meant to contribute to the increase of competitiveness in the regions lagging behind by offering them resources for funding the areas considered strategic at the level of regions. In this context, Romania had to align itself at the community acquis in the domain of the regional policy in order to benefit from these funds. So, Romania identified inside it 8 development regions. Also, a new institutional frame and new mechanisms were developed for the implementation of the regional policy in Romania. So, starting from 2007, the moment of the adhesion at the European Union, Romania could benefit from structural and cohesion funds implemented in the basis of some strategic, programming documents specific to our country aiming both, regions and some sectors.

The paper analyses the effects of attracting European funds in the development region of North-West, the level of attracted European funds, preferred types of intervention of beneficiaries from this region and the best performers at under-regional level to see the performances registered by this region in the period 2007-2013. I also realized a survey of the main problems that Romania, respectively the North-Western region, faced in the process of attracting European funds as well as the measures that were taken across time to solve them.

In the paper, there are used statistical data from EUROSTAT and data from North-Western Regional Development Agency.

2. The research subject in the today's context

The research subject topicality is ensured by the present debates at national, European and international level. The regional development became an important concern not only at national level, but at international organisations as a result of a emphasising of globalising phenomenon and of some factors amplifying the spatial work division (Fistung et al., 2005, p.72). At the EU's level, the main challenge is especially to identify the sources determining the variation of regional performances and identifying the needs for regional financial assistance in order to design efficient policies for social and economic problems generated by regional disparities.

The subject of EU's development policy was treated by Lavinia Florentina Cipleu (Chirilă) in her Ph.D thesis "The use of specific mechanisms of the EU's regional development to increase regional development in Romania" where she examines the case of United Kingdom as a regional development policy and regional development model through structural funds for Romania. Although the period of 2007-2013 is marked by the economic crisis, the author notes that the EU's regional development policy has succeeded to support the European regions in their economic development process, implicitly the North-Western region of Romania.

3. Economical and political context of regional competitiveness

The development regions and the regional development policy in Romania show the approaching way of the concept of region at over- and under-national level within the European Union and Romania as well as the main types of regionalization that take place in the EU's countries. Over the years, both the implementation process as well as the institutional, financial and programming framework of the regional policy has seen numerous reforms aimed, on one hand to simplify their work and to bear the needs of each country in mind on the other hand. So, accession of new Member States led to the adaptation of the instruments through which this policy is implemented.

The implementation framework of the regional development policy in Romania was defined in 1998, in the period in which the country was getting ready to join the European Union and it came as an answer to the EU's requirements. So, through the Law no. 151/1998 regarding the regional development in Romania, 8

development regions were created and the necessary principles, objectives, competences, instruments and the institutions necessary for the promotion of the policy in the domain were created. Romania could benefit from the allotted funds through the social and economic cohesion policy with the new created framework.

The Lisbon Strategy was in force at the moment of Romania's accession to the European Union, a strategy that all European policies had to have in view and which had as main objective to transform the European Union in "the most dynamic and competitive knowledge-based economy from the world" until 2010.

Depending on the Lisbon Strategy's objectives transposed within the social and economic cohesion policy, several elements contributing at the regional competitiveness growth were identified: transport infrastructure, energy, telecommunications, health and social systems, environment protection, foreign direct investments, education and longlife earning. Practically, the regional development policy has to fund those interventions that support the achievement of the strategical objectives, so they have to ensure the regional competitiveness growth.

In present, the Lisbon strategy is continued by the Strategy Europe 2020 that proposes itself an intelligent, sustainable growth, facilitating inclusion and a direct reference to the fact that the financed interventions will have to answer to the strategy objectives is made in the European funds regulations. A coefficient of the regional competitiveness was set since 2011 and it has at its base elements proposed by the World Economic Forum and, within the calculation methodology, one keeps in mind the level of regions' development. This indicator groups the factors of regional competitiveness in 11 pillars: institutions, macroeconomic stability, infrastructure, health, quality of the primary education, higher education and human resources training, labor market efficiency, market dimension, receptivity at the new technologies, quality of the business environment, innovation and 3 categories (basis, efficiency and innovation).

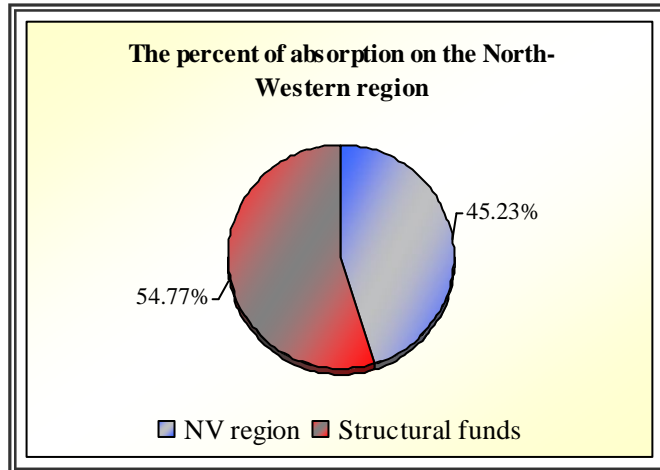
At global level, Romania was classified in the category of a efficiency based economy. The country's performances are better at the chapter sustainable growth and very weak as far as the intelligent growth is concerned. According to the survey realized by the World Economic Forum within the companies from Romania, the corruption, the level of taxes, the inefficient administrative bureaucracy and the access to funding are the most troublesome factors for the businesses in Romania. So, we can say that Romania has a lot of work to do to recover the gap compared to the other states from the point of view of the competitiveness. The fact that the regions that comprise the capital of the country and the great urban zones register higher performances than the rest of the regions is comprised in the report concerning the regional competitiveness at the level of the European Union and, in Romania's case, this gap is amongst the most visible, a fact that comes to confirm the first research hypothesis. The regions from Romania that register a better competitiveness according to the coefficient of the European Union are Bucharest (place 165 out of 262), the North-West part of Romania (place 241) and the Western part of Romania (place 262).

4. Results

Almost half of the European funds offered through the 2007-2013 Regional Operational Program in the North-Western region were absorbed in different projects (Bako, D., Varvari, Ș., 2011, pages 579-588).

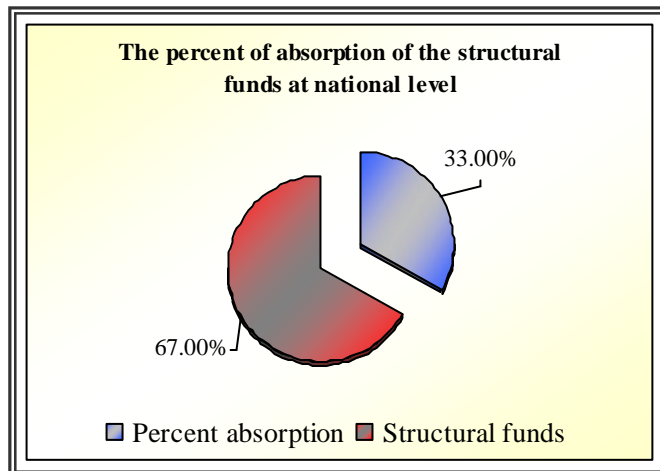
The chief of North-West Regional Development Agency, Marcel Boloș, considers the percent of absorption of 45, 23% (Figure 1) for the North-Western region a "good" one compared to the one registered at national level, of approximately 33% (Figure 2).

Figure 1. The percent of absorption of the structural funds on the North-Western region



Source: author's own computation

Figure 2. The percent of absorption of the structural funds at national level



Source: author's own computation

"The North-West Regional Development Agency contracted over 450 projects that benefit from nonrefundable financing of 542,59 million euro. The degree of their contracting is of 111%. Out of these, 304 projects already finalized the implementation. The degree of absorption is of 45,23% for all the projects in implementation, payments (reimbursed expenses) in total sum of over 290 million euro being made" stated Marcel Boloș at a conference in Cluj Napoca. He states that the percent is "a good one" reported at the average degree of absorption in the country. Boloș also claims that the region could have done better at the absorption of the European money in domains as the creation of new workplaces, investments that are connected to the business, tourism, heritage environment.

Out of the most interesting results of the Operational Sectoral Programs deployed through The Agency of Regional Development north-West we name: 50 projects within 12 integrated plans of urban development were accepted for financing, around 10 kilometers of city roads were rehabilitated and 179,49 kilometers of county roads were rehabilitated, modernized, 7 medical units within which approximately 1.000 persons are taken care of daily were rehabilitated and equipped, 19 social centers were rehabilitated of which approximately 2.000 persons benefit from, 28 education units for pre university education where 10.389 pupils learn were rehabilitated; 1 campus where 507 students are accommodated was rehabilitated, equipments for emergency situations that led to the reduction of the average time of response of the mobile units up to 17 minutes in the rural areas and 9 minutes in the urban areas, 3 structures of businesses that generated 600 workplaces by the accommodated companies were created, 210 small companies that created 890 workplaces, 7 tourist objectives and of cultural heritage were rehabilitated and included in the touristic circuit, 5 projects of touristic infrastructure were finalized.

5. Discussions

The North-West Region knew from its setting an increase of competitiveness taking into account the Gross Domestic Product per capita as measure of the regional incomes, the main factor being the work productivity that also knew an increase in the analyzed period. Other factors that contribute at the improvement at the competitiveness of the region are the accessibility by air, the great number of companies at 1.000 inhabitants (the second place at national level), the great number of universities and students (that offer qualified workforce) and so on and so forth. We can say that important steps ahead were made at the chapter innovation, the activities and results in research-development and those concerning the information society knowing an increasing trend.

As weak points of the region we can mention: a Gross Domestic Product per capita reduced compared to the average EU-27 (only 42%, in the conditions in which the region București-Ilfov reached 111% and the Western region surpassed 50% of the EU average) and under the national average (47% of the European average), a percent still reduced of the population that works in services (38,8%) and a reduced contribution of the sector in the Gross Domestic Product (approximately 50%,

compared to 68% the EU average), still reduced investments in CDI (only 0,33% of the Gross Domestic Product compared to 1,9 % of the Gross Domestic Product at EU level), accessibility problems at the railway path, the lack of the express roads and of the highways, the still short, infrastructure of health and education, especially in the rural background, reduced values of Foreign Direct Investments (place 6 at national level).

The evolutions over the average registered in Cluj at many of the analyzed indicators, including at those of innovation, both at regional and national level are noticed from territorial point of view. Still, the reference at the European average indicates the fact that this county also has problems to solve. Another aspect that comes to confirm the first hypothesis of research and inside the region (Benedek, J., 2004, page 56-68).

Romania received 19,688 billion EURO through the cohesion policy. 12% of the total of projects at national level was contracted in the North-Western region.

If we take into account the percent of 12,09% set as level of allotment of the funds in the North-Western region through the Regional Operational Program we can observe that this percent was surpassed within the Regional Operation Program through the rehabilitation, the modernization, the development and equipment of the pre-university, university educational infrastructure and of the infrastructure for of the services of health, the improvement of the endowment with equipments of the operational bases for interventions in emergency situations and the durable development of the structures of support of the businesses of regional and local importance. The conclusion that we can set is that the region had better performances than those estimated at the beginning of the programming period.

The most programs and the largest contracted sums were registered in Cluj county, followed by Bihor and Maramureș from the territorial point of view.

If we analyze the number of contracted projects we can notice that in the case of the Sectoral Operational Program The Development of Human Resources a reduced number of projects was contracted in the counties Sălaj, Satu Mare and Bistrița-Năsăud due either to the reduced interest or to the fact that the program was not know well. I noticed that the most competitive counties of the region (Cluj and Bihor) managed to attract and contract most of the funds, maintaining themselves on the same place in the regional hierarchy (hypothesis 2 of research is confirmed) by correlating the Gross Domestic Product per capita as form of express of the competitiveness with the value of the contracted funds.

Another conclusion is the one concerning the preference of the counties that are near from the point of view of development for various types of interventions. So, it was noticed that the most competitive counties (Cluj, Bihor) attracted funds not only for the development of human resources, a fact that is not valid anymore in the case of the less developed economies (Bistrița-Năsăud, Satu Mare).

Conclusions

Finally, we can say that the impact of the European funds on the regional competitiveness do not rise at the level of expectations because the use of the

European funds is still tributary to the lack of vision regarding the integrated and coherent social-economic development, both at national and regional level.

Even if there are strategic documents both at level of economy in general and at level of economic sectors it was observed over time that their implementation did not have as result a unitary development but a disparate one. It is due to the fact that the financed projects are "broken" from each other, they do not sustain each other. As a result, there is not a concentration of the efforts on the really important domains, being financed in all domains small projects, and not great strategic, integrated ones meant to produce a strong impact on the development of the economy, and, as a consequence on the competitiveness at national and regional level. In other words, one does not obtain a synergy of the effects, through correlated projects, meant to follow a unitary economic strategy.

In conclusion, we consider that a higher degree of concentration and correlation in the funds use is imperatively necessary in the next period of programming, within the strategic documents, with accent on those specific priority investments, identified on the basis of the real potential and needs from a certain territory, sector or a target group. Also, it is very important that all social, economic partners and representatives of all political parties be consulted and involved in the identification period of the priority programs so that they be recognized and assumed by all and to ensure a continuity regardless of the modifications that could intervene at the level of the national, regional, county or local factors of decision.

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