

# PROBLEMS OF THE REGIONAL DEVELOPMENT MANAGEMENT IN ROMANIA

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## ***Abstract***

*In the context of Romania's adhesion to the European Union, we should accurately evaluate the consequences of this process on the economic and social activity in a regional plan, due to the existence of some disparities between the development levels of different territorial administration units. Thus, at this stage, the local authorities get increased responsibilities concerning the economic growth, the finances and the local services administration, mainly the social care ones, social protection, learning-educational and health care ones. This responsibility transfer takes place in dynamic conditions, and the local authorities' capacity to adapt to the new processes is significantly different from a region to another – increasing the risk of regional differences from the point of view of regional services delivery.*

**Keywords:** compared management, regional development, sustainable development, academic scientific research, knowledge management.

**JEL Classification:** L<sub>21</sub>, M<sub>11</sub>, M<sub>12</sub>, M<sub>14</sub>, O<sub>32</sub>.

## **1. Introduction**

*The regional development* is a new concept which aims the stimulation and the diversification of the economic activities, the investments stimulation in the private sector, the contribution to the unemployment reduction and, last but not least, to lead to welfare.

In order to apply the regional development policy, eight development regions, which comprise the entire territory of Romania, were created.

Every region comprises many counties. The development regions are not administrative-territorial regions; they don't have a juridical character, being the result of a free agreement between the county councils and the local ones.

*The regional development policy* represents an ensemble of planned and promoted measures by the central and local public administration authorities, together with diverse actors (private, public, voluntary), with the purpose of ensuring an economic growth, which is both sustainable and dynamic, through the efficient valuation of the regional and local potential, with the purpose of improving the living conditions.

The main domains to be considered by the regional policies are: the companies' development, the labour force market, attracting the investments, the technology transfer, developing the small and medium business sector, improving the infrastructure, the environmental quality, rural development, health, education, learning, culture.

The rural development plays a distinct role in the regional policies framework and it refers to the following aspects: abolishing/diminishing the poverty in the rural areas; balancing the economic opportunities and the social conditions between the urban and rural environment; stimulating the local initiatives; preserving the spiritual and cultural heritage.

The implementation and evaluation framework for the regional development policy is being represented by the *development region*, constituted like a *free willing association between neighbour counties*. The development region *is not an administrative-territorial unit and it doesn't have a juridical character*.

The institutional framework, the objectives, the competences and the specific instruments for the regional development policy are being established by the Law 151/1998.

In order to achieve the purpose of sustainable development, the following objectives have been issued:

- Diminishing the existing regional unbalances, with an accent on stimulating the balanced development and on reviving the unfortunate areas (with a late development);
- Preventing new unbalances production;
- Fulfilling the integration criteria to the European Union structures, with an access to the financial assistance instruments for the state members (structural and cohesion funds);
- Correlating the development governmental sectorial policies;
- Stimulating the interregional cooperation, internal and international, which contributes to the economic development and which is according to the legislation and the international agreements signed by Romania.

The following principles are at the base of issuing and applying the regional development policy:

- Decentralization of the making decisions process from the central/governmental level to the regional communities level;
- Partnership between all the actors involved in the regional development domain;

- Planning – process of resources use (through programs and projects) with the purpose of achieving the established purposes;

- Co-financing – the financial contribution of diverse actors involved in achieving the regional development programs and projects.

In the process of regional development, a first step is being represented by the decentralization, a complex phenomenon varying from the simple share of responsibilities of the central administration to the regional administration offices to becoming private.

Decentralization has the following forms:

- political decentralisation, giving more power in the decision process with a political character to the citizens and the elected representatives;

- financial decentralisation, through which there is ensured that the local authorities own, in the first place, adequate local collected or transferred from the central administration income and, secondly, the authority of making decisions regarding the expenses in order to fulfil efficiently the decentralized functions;

- administrative decentralisation, through which there is ensured the authority, responsibility and finances redistribution for the public services, between the different levels of the administration.

As manners to decentralize, we mention:

- The delegation, meaning the transfer of the decision process to the local authorities, which are relatively independent and they respond to the central administration;

- The devolution, through which the govern distributes the responsibilities for delivering some services to the independent units of the local administration authorities;

- The market decentralization, through which there are being transferred the function responsibility from the public sector to the private one and it includes two main forms: privatization and deregulation.

## **2. Three definitions**

### **2.1. A first definition: the compared management**

Continuing the compared approaches after 1960 it has comprised also the regional development with all its specifics, especially under the aspect of pragmatic utility and national, cultural and managerial diversity.

Professor between 1951-1978 at Columbia Business School, with a pioneer activity in this domain, William H. Newman points out that „compared management studies the similarities and the differences between the local practice in different countries”.

A step ahead is being done by Raghu Nath, professor at the University from Pittsburgh, which considers that „in a wide sense, compared management concentrates on the similarities and the differences between the management and business systems in different contexts”.

Starting with the issued definitions, professor Ovidiu Nicolescu presents, „compared management as the science which studies the organizations’ managerial processes and relations acting in different national cultural contexts, concentrating on identifying and analysing the managerial similarities and differences, especially favouring the international transfer of managerial know-how and the organizations’ functionality, efficiency and growth” (Nicolescu, O., 2001).

## **2.2. A second definition: the local and regional development**

- The regional development is a new concept which aims to create an appropriate framework for improving living standards and reducing the unemployment and it requires the use of resources in order to increase overall competitiveness and reduce disparities;
- In turn, the local development is an expression of local solidarity, the will of the inhabitants of micro-regions to build on local wealth for economic development.

## **2.3. The third definition: the sustainable development**

The World Commission on Environment and Development convened by the United Nations issued a report “Our common future” (1987) or the Brundtland Report, pointing out that, “Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. The purpose is to change the sustainable development with ecological connotation with three systems: economic, social and environmental.

## **3. Few elements of the regional development**

### **3.1. A brief history**

The regional development science, as a whole, is a young science that has developed its practice after World War II because of the theoretical contributions of a U.S. scientist, Walter Isard. He tried, by developing what was originally a European approach to integrate space in the economic analysis.

In 1954, there has been created the International and Regional Science Association, and after six years, the European Regional Science Association, in order to encourage the free exchange of ideas at European level and to promote space studies focused on using innovative tools, methods and a theoretical framework built specifically for regional analysis and concepts, processes and analytical techniques from other sciences (economics, economic geography, political and social sciences, planning, mathematics, statistics, education, management, etc.).

In the regional policies domain, the European Union has responsibilities since 1957, when the Treaty of Rome called for the European Community to ensure "harmonious development" by reducing disparities between regions and the degree of economic backwardness of the least developed ones. Despite this clear commitment to mid 70s of the last century there was not adopted any measures of appropriate regional policy.

The true reform in the structure and functions of the regional policy within the European Union had just happened in 1988, with the reform proposed in the Delors I package (named after the then President of the European Commission). As main features of the described reform, we mention: (a) providing a larger budget, (2) a greater degree of coordination between the diverse regional policy instruments, (3) assuming a greater degree of responsibilities by the Member States.

The regional science has, in addition to the analytical side a normative one, which is focused mainly on the great themes of the regional development and regional policy in Europe, namely: ensuring a normal regional balance, changing the great disparities between regions; adopting appropriate measures, according to the development reasons, paying particular attention to agriculture; restructuring of old industrial regions; encouraging competition between markets for products based on the intensive use of labour and natural resources.

### **3.2. The concept of development region**

The concept of the region comes from the Latin word "regionem" and it is found in most of the European languages with the meaning of land, stretch of land with boundaries or characteristics more or less accurate. In terms of community development policies, the region designates a country's territorial division, which can be administrative or not.

The region concept use in the context of social and economic policies faces two obstacles: the first is generated by the absence of clear demarcations of the region from the economic points of view, the second is created by administrative-territorial heterogeneity. They have determined that both in the Treaty of Rome, and in others that have followed, the

concept of region to get the connotation of geographical area in a general sense. In this sense, the concept of region has been used for three decades. After that date there have been recorded two major changes: first, in 1988, when the regulations were revised the structural funds regulations and the ones regarding state aid and the second, in 2000, aiming to ensure better coordination between national and the EU policies.

The evolution of the global economic and social life has required the reformulation of the concept of development, because only the economic component is not sufficient to argue the measures of economic policy.

As a result of the industrialization process which is specific to the global economic evolution, in the eight and nine decades of the last century, especially in developing countries, it was necessary to redefine the economic development throughout integrating the social element.

Consequently, the global economic and social development take into account three fundamental values, namely: (a) the sustainability, defined as the ability of the economic development process to ensure the coverage of the basic needs for a larger part of the population as a county (2) the self-respect, treated as the individual's self evaluation of own personality, assuming that it considers itself a person, (3) freedom as a fundamental value of the development and understood in the sense given by Lewis to say that the advantage of the economic growth is being represented by the increase of the people's opportunities to choose (Cândeș, M., Bran, F., 2001, p. 102).

The regional development is the field of investigation for the regional economy, as a fundamental discipline of the regional science. The regional economics study several areas, namely: objectives location, regional economic growth, spatial mobility of production factors, the effectiveness of the spatial factors, spatial substitution of the factors, using the methods of analysis and decision in order to incorporate spatial aspects in traditional economic territories, substantiation of the regional strategies and policies (Constantin, D.L., 1998, p. 10).

In the regional science, the region is an area in the national economic space, wide enough in structure, to be able to function independently, but having tight connections to the rest of the economy.

### **3.3. Concerns for studying the regional problems in Romania**

Such concerns relate to the name of the great Romanian sociologist Dimitrie Gusti and the creation of the agricultural monographs (starting from 1925) and the urban ones, the first being from the city of Resita. Thus it succeeds to base sustainable development programs of

the studied communities and to attract funds from national and international bodies involved in supporting the regional development.

In the studies devoted to the regional issues, a special place comes to Victor Jinga with his "Fundamental Problems of Transylvania" paper, which was published in 1945 and regarded as a referential of the devoted structures to regional problems with the entire package of economic, social, political and historical problems of Transylvania.

Fundamentals of using the input-output approach in the regional economic analysis have been made by L. Tiganescu in his "Ties balance among the Romanians" study.

The idea of the counties balanced development, in order to stop migration from less developed counties to the other counties, especially to larger towns, making the problem of increasing the economic and social aspect of the backward areas is supported by professor Ion Blaga in the paper "Territorial distribution of the productive forces in Romania".

Key issues in the field of grounding the territories organization and regional economic development are being raised by M. Botez and M. Celac in their work "Arranged space systems. Modelling - optimization – prediction".

After 1990, Nicolae Valentin, Daniela Luminita Constantin, Cornelia Pârlug, from the Academy of Economics from Bucharest, through their studies, have set the grounds of the regional development programs. We also refer to the studies of domain specialists from the Institute of Economic Forecasting of the Romanian Academy, among which we quote Dr. Dorin Jula, Dr. Gabriela Frentz, Dr. Carmen Pauna.

In the period 2001-2004, the studies about the regional development issued by the European Institute of Romania have played an important role in the process of adhesion of Romania to the European Union.

And last but not least, the establishment in 2000 of the Romanian Association of Regional Sciences and creating centres of scientific research for regional development in Bucharest, Timisoara, Iasi, Galati, Suceava, Alba Iulia, have greatly contributed to the development of the theory and practice of regional development in our country.

### **3.4. The development regions of Romania**

In Romania, the regional development is a relatively new concept that began to take shape once the PHARE program operation in 1996. Establishing a regional development and reducing the economic and social disparities between different regions, involves all the domains, from the purely economic ones (establishment of SMEs, infrastructure, environment, agricultural development) to the socio-cultural ones (unemployment, human resources, education). The regions in Romania are below average economic growth of regions

in EU member countries, but they also suffer of internal discrepancies. This situation makes it necessary to adopt a package of measures, supporting economic growth and improving living conditions through effective use of the regional and local potential, stimulating the initiatives, stimulating internal interregional cooperation, in order to reduce regional imbalances and prevent further international imbalances with the ultimate goal to increase the living standards of citizens.

Romania has some natural advantages, currently underused, which, if properly managed, can be a great potential for local and regional economic growth. These include the primary sector (agriculture and forestry), agro-food industry, tourist attraction areas in rural and urban environments, as well as the development potential for the information technology. In this respect, the local authorities are urged to collaborate more closely, to know their potential and regional problems and to use the institutional means, such as Committee of the Regions, in order to make their voice heard within the Union. The growing role of regions in the scene of a decentralized Europe requires such an approach.

In the period February 1996 - 31 January 1998, the Government of Romania has proposed to establish in the framework of a Program for the Regional Development Policy, the preparation of a set of guiding principles for developing a regional policy in Romania, presented the Green Charter. In fact, the Green Charter is a summary document which seeks to establish the regional development principles for achieving the integration of Romania into the European Union.

The regional development policy objectives proposed in this document are:

- preparing for the integration into the European structures and ensuring the Romania eligibility for access to the structural funds for the development of the European Union;
- reducing the disparities between Romania's different regions;
- integrating the public sector activities in a broader concept of regional development.

The 8 regions are structured as follows:

Region 1: Botoşani, Suceava, Iasi, Neamt, Bacau, Vaslui counties.

Region 2: Vrancea, Galati, Buzau, Braila, Tulcea and Constanta.

Region 3: The counties of Arges, Prahova, Dambovita, Ialomita, Calarasi, Giurgiu, Teleorman.

Region 4: Valcea, Gorj, Mehedinti, Dolj, Olt.

Region 5: Arad, Timis, Hunedoara, Caras-Severin.

Region 6: Bihor, Salaj, Cluj, Satu Mare, Maramures, Bistrita Nasaud.

Region 7: Alba, Sibiu, Brasov, Mures, Harghita and Covasna.

Region 8: Bucharest and Ilfov County.

On the map of the country, the regions are arranged as shown below.



The eight regions have certain characteristics in terms of their economic structure, which makes certain sectors to play a decisive role in their future development. Thus, the economy of southern regions (South - East South - Muntenia, South - West Oltenia) is being influenced by the evolution of the agricultural sector, which has a major share holding in these areas, over 15%, which means that in years with adverse conditions for agriculture, the GDP growth to be negatively affected. There are also regions with an important touristic potential (Bucovina in North - East coast and the Danube Delta in the South - East, etc.) the economic evolution of these being also influenced by use level of this potential. Another feature is the represented by the areas where the mining had an important role (Jiu Valley Basin in the South - West Oltenia) and whose economy was affected as a result of the vast restructuring of the mining sector.

Developing country regions on the map are as shown below.



### 3.5. The National Plan for Regional Development 2007-2013

#### 3.5.1. Concepts and meanings

**The National Plan for Development** is a specific concept of European economic and social cohesion policy, which aims to provide a coherent and stable outlook on the development of the EU Member States, transposed development priorities, programs, and projects, consistent with the principle of Structural Fund programming.

*Under significance aspect, the NDP 2007-2013 is the document of strategic planning and multi-annual financial programming, approved by the government and developed in a*

*broad partnership that guides the socio-economic development of Romania under the EU Cohesion Policy.*

In the sense of the cohesion policy, the NDP is a tool for prioritizing the public investments for development, mainly focused on the priorities and objectives consistent with the areas of intervention of the Structural and Cohesion Funds. In this context, it should emphasize the specific character of the NDP 2007-2013, which is no substitute for a National Strategy for Economic Development, but it is one of its major components. NDP 2007-2013 creates the fundamentals, among others, for the development priorities and strategic objectives that are being negotiated with the European Commission, in order to finance the Structural and Cohesion Funds for 2007-2013.

### **3.5.2. Main sections**

Follow-up of the 5th enlargement in the European Union history, Romania is positioned at the external EU border (border with Hungary), which gives it a particularly important role for interconnection and / or integration of transport networks, energy, telecommunications and the European research area with those of neighbouring countries (Russian Federation, Ukraine, Belarus, Moldova, the Balkans and the Mediterranean states), in the new neighbourhood policy of the EU. This role will be enhanced after Romania joins the European Union, the north, east and south-west borders of the country becoming the European Union's external borders.

The major features of the topography are dominated by the existence of large lowland areas, with high soil fertility and large areas of hills and mountains, crossed by numerous rivers, on which valleys there have been structured excellent means of communication.

The useful mineral resources of Romania are consistent and varied as oil, natural gas, coal, ferrous and nonferrous metals, ores, gold, silver and bauxite, salt, mineral water springs (over 2000), etc.

By reference to other European countries, Romania is a country of average size (11th in Europe), having an area of 238,391 km<sup>2</sup>, of which 87% (207,372 km<sup>2</sup>) belongs to the countryside and 13% of urban areas (31,018 km<sup>2</sup>).

Further, the analysis of the current situation includes a quantified description of the socio-economic internal disparities and gaps compared to the European Union, but also the development potential. At the sector level, the socio-economic analysis approaches the productive sector in terms of competitiveness.

The SWOT Analysis of the 2007-2013 National Development Plan emphasizes the strengths, weaknesses, opportunities and risks of current situation.

The next chapter, the development strategy reflects the development needs of Romania, to reduce as fast as possible the gaps towards the EU. It focuses on the Community strategic guidelines on cohesion and the Lisbon Agenda priorities and goals from Goteborg, respectively the competitiveness growth, full employment and sustainable environmental protection.

National development priorities are formulated as follows: (1) increasing the economic competitiveness and development of knowledge-based economy, (2) developing and upgrading the transport infrastructure, (3) protecting and improving the environmental quality, (4) the human resource development, promoting the employment, social inclusion and strengthening administrative capacity, (5) development of rural economy and increasing the productivity in agriculture, (6) the extent of development disparities between country regions.

The NDP financial programming aims at achieving a realistic overview of sources of financing for development to be used in 2007-2013, in order to increase convergence with the EU, leading to an estimated total amount of approx. 58.7 billion Euro, so distributed on the 6 NDP national development priorities:

*Table 1.*

**Global financial programming of 2007-2013 NDP**

**-mill. Euro-**

NDP Priorities	2007	2008	2009	2010	2011	2012	2013	Total
P1. Competitiveness	651,48	620,72	793,14	882,76	842,95	761,25	682,12	5.234,43
P2. Transport infrastructure	2.094,99	2.517,48	2.465,25	2.071,29	1.819,84	1.832,20	1.853,75	14.654,79
P3. Environment	753,18	898,70	1.099,11	1.160,45	1.069,54	810,78	806,23	6.597,98
P4. Human Resources	711,65	912,51	1.297,08	1.317,59	1.313,22	1.115,85	940,72	7.608,60
P5. Rural Development	1.585,56	1.757,72	2.200,96	2.335,49	2.395,08	2.445,15	2.517,37	15.237,32
P6. Regional Development	1.294,79	1.280,99	1.397,96	1.336,37	1.342,35	1.344,55	1.342,97	9.339,98
<b>Total</b>	<b>7.091,65</b>	<b>7.988,12</b>	<b>9.253,50</b>	<b>9.103,95</b>	<b>8.782,98</b>	<b>8.309,78</b>	<b>8.143,16</b>	<b>58.673,10</b>

*Source: National Plan for Regional Development 2007-2013*

The structure of the NDP 2007-2013 funding sources are as follows:

- EU funds - 43%. It should be noted that the final distribution of these funds on the six priorities for development is not decided through the NDP, but after negotiations with the European Commission during the year 2006;
- national public sources (central and local, including IFI loans) - 48%;
- private sources (private co-financing by the Community Funds) - 9%.

An important place in the National Regional Development Plan comes to the implementation in terms of efficiency, rigor, transparency and fairness of it and those relating to partnership both in the creating process and in the implementation and execution one.

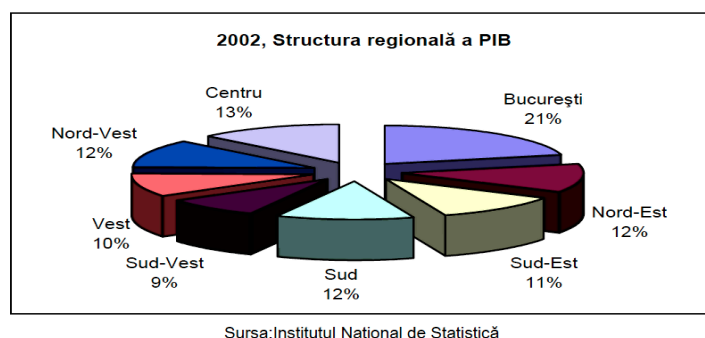
#### 4. Disparities in the economic development

As in Britain, France, Belgium, Czech Republic, Australia, Portugal, Sweden also in Romania, the most developed region includes the capital. And all in a similar way, the border areas are the most underdeveloped.

##### 4.1. Disparities in the general level of the regional development

Accordingly, except for the Bucharest-Ilfov region, whose situation in the country's economic landscape is completely special, the economic growth followed a west-east direction, the proximity of the western markets acted factor of growth delivery. Although the statistical data show some oscillations in time, there can be observed the manner in which the economic growth has shown some fluctuations due to the specific local factors, it having a significant geographical component, the underdeveloped areas being concentrated in the north-eastern border with Moldova and in South, along the Danube. The underdevelopment appears to be largely correlated with the unemployment and the prevailing of rural activities as well as with the inability of attracting foreign direct investments.

The chart below summarizes the key information on regional development.



Analyzi

Fig. 1. The regional structure of GDP

observed a number of differences. Thus, the North-East, the region ranked the third in terms of contribution to GDP, ranks last in terms of GDP per capita. In contrast, the Western Region, the region ranked seventh in terms of contribution to GDP, ranked two in terms of GDP per capita, as well as the Central Region, which indicates a better labour productivity.

Among the major causes that led and lead to the gap increase, there can be mentioned: the location and the extent of foreign investment in developing regions, the loss of competitive capacity of the enterprises both on the domestic and external markets, caused by the increased obsolescence and physical wear of the used technologies and equipments (especially in regions located in the eastern part of the country) and the limited access to finances for SMEs.

#### 4.2. Disparities in the population employment degree

The dynamic of the labour and employment market at the regional level is the result of the economy restructuring process and employment opportunities offered by the small and medium enterprises in different regions.

In recent years, the employment rate of the population fell in all regions. This low level of population employment rate correlates with the decrease of jobs in the process of economic and industrial restructuring and the loss of active population through external migration.

The Bucharest-Ilfov Region outdistancing the other regions, in terms of employment growth in services, is due to the rapid growth of the business sector, a relatively high rate of enrolment in higher education, supporting factor for services growth and the increased level of investments in the telecoms sector.

#### 4.3. Disparities in entrepreneurship development

Disparities in entrepreneurial development of different regions of the country, measured by the number of enterprises per 1000 inhabitants, have widened in recent years. Compared with the EU average, in Romania there exist 2.5 times fewer businesses per 1,000 inhabitants, with an uneven distribution in the eight development regions (Fig. 2.). With 24.34 enterprises /1000 inhabitants, the Bucharest-Ilfov Region has more than three times many businesses, compared to the North-Eastern Region, the most underdeveloped region of the country. The most spectacular positive developments in terms of entrepreneurial development were observed in the central regions, since 1997 in the case of the Bucharest-Ilfov Region, which became less attractive for entrepreneurial development and low level of investment.

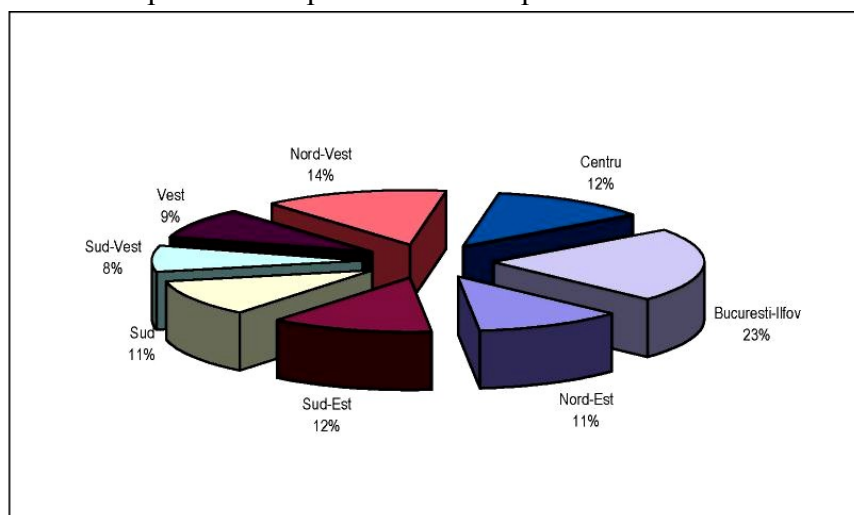


Fig. 2. The distribution of active enterprises on regions

Business support infrastructure includes industrial parks, science and technology parks, business incubators, business advisory centres, technology and information transfer centres, business associations.

Only 40% of the industrial parks are fully operational, 25% are partially operational and 35% are not yet operational because they are being built or there are land ownership issues to be resolved. Industrial parks are well located near the national highways (at a mean distance of less than 4 km) and stations (at a lower average distance of 3 km). Industrial parks cover a wide range of industries, like that of wood, chemical and petrochemical, steel processing, eco and agro-tourism, logistics, construction, ICT, technology, biotechnology, shipbuilding, services, electronic and electro-technologies light industry and others.

*The business incubators*, there were 19 incubators operating in Romania, providing space for approximately 400 companies active. Most of these incubators are active in South-West and Central regions (47% of all active business incubators). The number of companies incubated in these two regions is relatively limited compared to the North-East, Southeast and Northwest, where the incubated companies represent 61% of all businesses which benefit from the business incubator. The business Incubators are faced with problems such as difficult access to finance, poor quality of infrastructure (including ICT infrastructure), lack of facilities construction, inefficient promotion strategies, lack of quality certification and lack of qualified human resources.

*Scientific and technological parks* are in number of 7, unbalanced distributed on the eight regions, of which only three of them are functional (Galati, Iasi and Brasov). The other four are not yet functional for various reasons, such as finding residents (TIM Scientific Park of Timisoara), problems of space organization (MINIATECH Bucharest-RO), that lack of

finances and support from the local authorities (SOFITEX Braila) and corporative problems (CyberLAB Slobozia).

*Business Advisory Centres* are in number of 29, unbalanced distributed on the eight regions. The major problems of these centres are related to infrastructure, skilled labour force, lack of knowledge in identifying business needs and high operation costs, difficult access to program funding. The regional distribution of the Business Consulting centres shows a concentration in those regions that have a very intense business activity (the Bucharest-Ilfov, West and Centre).

➤ Among the causes that have generated and maintained the disparities cited above, we mention the following as the most significant:

- Shortcomings in the cutting the regional to local the projects and decisions;
- Inconsistency between the global thinking and local and regional thinking;
- Not using the associated indicators in the strategic planning;
- Unsupported local development through tax incentives;
- The gap between the social-economic-environmental;
- The lack of correlation of the human capital needs;
- Eco-economy and local ethics;
- Inconsistency between national priority needs and local interests;
- Not enough discretion in the use of public private partnership;
- Lack of encouragement for the NGO's involvement in decisions and strategic planning;
- Ineffectiveness of local education procedures;
- Failure to apply the principle of multi-annual budgets, with orientation towards supporting the regional interests;
- Insufficient involvement in preserving the cultural identity, as the fourth pillar of the sustainable development;
- Untreated coexistence of overlapping generations (25-50-75 years);
- Failure to allocate the proper place of education in the sustainable development matrix;
- Forest cutting and external debt for future generations.

## **5. Diminishing of development disparities between the regions of Romania**

As provided in the National Regional Development Strategy 2007-2013, the overall objective of the national regional development has been defined in accordance with the economic and social analysis and the SWOT analysis, which have identified the regional development problems that Romania is facing. According to the Plan, the overall objective is to plan *an accelerated economic growth for the underdeveloped regions, in order to reduce the interregional and intra-regional development disparities.*

This objective is achieved, among others, by differentiated allocating funds by region, depending on the degree of development that is in inverse proportion to GDP per capita and developed through close coordination with actions under other priorities of the NDP. The regional strategy will give priority to the backward regions which use using regional and local resources, while other sector strategies don't have a spatial approach, but obviously they have a regional impact. Ultimately the implementation of this priority will lead to reducing the interregional disparities and the disparities within regions, between urban and rural areas, between urban centres and adjacent areas and within cities, between the areas which are attractive and unattractive to the investors, through a better use of regional synergies, including the urban-rural one.

In this wide process an important role comes to the strategy which is being articulated around the following specific objectives:

- Improving the overall attractiveness and accessibility general degree for the regions trough building and / or rehabilitating about 4,000 km of roads, 1,500 schools and 150 hospitals by 2015;
- Increasing the regions competitiveness as locations for business by developing and improving, by 2015, 200 business support infrastructures and support for up to 1,500 micro-enterprises;
- Valuating the cultural and tourist potential of regions and increasing the contribution of these domains to the regions development through the rehabilitation, until 2015, of 200 tourist and cultural sites and tourism contribution to GDP growth by 1.25%;
- Increasing the economic and social role of the urban centres through the construction / rehabilitation of 400 ha / km of public spaces and the implementation of 20 integrated urban development projects by 2015;
- The socio-economic integration of border areas and increasing the attractiveness and accessibility of the regions of Romania in the European territory by strengthening cross-border, transnational and interregional cooperation.

We emphasize as essential that the overall strategy of this priority is to achieve the overall objective and specific objectives by supplementing the national and sectorial



interventions with the specific regional and sub-regional actions, in order to support and generate economic growth. Through a better coordination there will be ensured the regional and sectorial actions in order to achieve a synergistic effect. The coordination will be done at the program level through a clear definition of the areas of intervention in the various programs and projects, using comparable selection criteria and coordinated decision-making process.

And another emphasis: the NDP priority operationalization on balanced development for all the regions of the country will be achieved through an integrated approach, based on a combination of public investments in the local infrastructure, active policies for stimulating the business activities and supporting local resources exploitation, on the following sub-priorities:

- Improvement of the regional and local public infrastructure;
- Strengthening regional and local business environment;
- Regional and local tourism development;
- Sustainable urban development;
- Promotion of European territorial cooperation.

We express our conviction that all measures planned under this priority will aim at promoting equal opportunities. This will be done both in the programming and implementation phases.

## **6. Conclusions**

The integration of Romania into the European Union imposes acutely the increase of the regional development concerns. Efforts are made to adapt the legal and institutional framework conducive to regional development.

The main areas covered by regional policies are: enterprise development, employment, attracting investment, technology transfer, SME sector development, infrastructure improvement, environmental quality, rural development, health, education, learning, culture.

Both the general and strategic objectives are done in stages, by implementing the National Plan for Regional Development.

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