

# IMPLEMENTING STRUCTURAL INSTRUMENTS IN ROMANIA: COORDINATES AND PRIORITIES

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*The general objective of the Cohesion Policy reflects the fact that the problem of the diminution of regional disparities already represents a key issue within the framework of the Cohesion Policy. The Romanian membership to the economic community does not reduce the disparities between current development levels, on the contrary, under certain circumstances, it can aggravate the differences. The structural grant assistance offered by the European Union to Romania gives a chance in order to increase the speed of recuperating the disparities and to reduce the structural differences. This is even more valuable so as it takes over a considerable part of the economic efforts that should have been done on one's own account.*

*Cohesion Policy, structural instruments, operational programmes*

## **1. Main objectives of the European Cohesion Policy**

During the past 20 years, expenses with structural funds have constantly increased, stabilizing themselves at approximately one third of the total budget of the European Union, or approximately 0.46% of the European Union's Gross Domestic Product.

Starting with 1985, structural funds have been specifically linked to the promotion of social and economic cohesion- an objective extended to social, economic and territorial cohesion by the New Reform Treaty.

The Cohesion Policy has been gradually associated with an increasing number of large objectives of the European Union, such as economic increase, competitiveness, labor force occupation, sustainable development, subsidiarity, regionalism and good governance (including the participation of the civil society).

Structural funds – financing instruments of the Cohesion Policy - have been used to compensate member states both for the extension and for the deepening of the European integration. The European Commission aimed at exploiting the allocation of funds with a view to promote the cause of multileveled governance.

The early success of the European Commission in developing a supranational policy was opposed by member states that decided to keep the role of intermediary. The extension of the European Union in 2004 raised a series of questions linked to the future of the Cohesion Policy, the way that this has evolved since 1985, member states being divided regarding the extension, the maintenance or the renationalisation of expenses linked to structural funds.

The Cohesion Policy has always been focused on the differences between GDP on each inhabitant, favorising the macroeconomic and territorial aspects against the social aspect. The Cohesion Policy can be also criticized for its failure in reducing important disparities that can emerge inside a region, even when this region converges with the other regions inside the EU.

With a view to the implementation of the Social and Economic Cohesion Policy, the EC has created a series of financial instruments aimed at reducing the disparities between regions and at promoting an economically harmonious and balanced development of the Union's territory, and at the occupation of the workforce and protection of the environment.

A current trait in the evolution of the Cohesion Policy is the gradual "nationalization" of the structural funds' management. By this, most of the responsibilities regarding the management and implementation functions are transferred to the member state that will decide on the way to use the funds. The involvement

of the European Commission remains important, consolidating itself even in the functions of evaluation, monitoring and control.

The next two processes of extension of the European Union have led to the deepening of interregional disparities, and differences between the values of GDP on each inhabitant, at the level of the richest and poorest regions almost doubling following the recent extensions.

That is why, in order to ensure a harmonious, well balanced development, it is necessary that measures within the framework of the Cohesion Policy be founded starting from the analysis of the causes of certain regions lagging behind (territorial isolation, decline of some traditional economic activities) and from the identification of the real potential of development of the regions in question. In this sense, the Cohesion Policy approaches differently the continental regions within the framework of the 3 Objectives - *Convergence, Regional competitiveness and occupation and European Territorial Cooperation*.

The necessity of reorganization, modernization and facilitating of continuous innovation based on knowledge on products, management and processes and of development of human capital, where the quota of added value is little and where the competitive advantage is especially based on cheap production factors.

Most of the regions register a high rate of employment in the traditional sectors characterized by a low percentage of the added value and a competitive advantage based mainly on cheap production factors.

In this sense, a first action direction at regional level consists in the *reorganization of polycentric networks of localities*, hierarchized as force and functions, in order to develop and consolidate competitive advantages and in order to contribute to national competitiveness by regional competitiveness. As response to the market's challenges, regions must modernize and diversify economies, by increasing the proportion of sectors with high added value and by creating favorable conditions for business, especially for the small and medium sized enterprises, by adopting and adapting innovative products and processes.

At the same time, it is necessary to be aware of the role that entities that activate the research-development domain can play in ensuring an adequate reaction to the reorganization pressure; in this sense, it is important to *encourage the interactive relations between research institutes and the representatives of the business environment*.

*The active participation within the framework of certain regional, national and European networks and alliances that promote the exchange of experience* represent another way by which regions can recuperate the disparities in development and can use the potential in attaining the strategic development objectives.

As far as human resources are regarded, the adaptation to competitive forces supposes *the promotion of adaptability of the employees and of the enterprises, the adaptation of the educational offer to the market's demands regarding the qualifications and competencies, the increase of long life professional training and the quality of the training process*. Thus, the development of managerial skills and practices becomes extremely important in order to ensure an integrated development at institutional and professional level.

Finally yet importantly, beside the actions mentioned above, we must emphasize *the importance of the improvement of the administrative capacity*, which constitutes an essential factor in the confrontation with the restructuring pressures and in ensuring the institutional and juridical framework necessary for the maintenance of competitiveness.

The demographic problem constitutes a key issue and challenge for the states and regions of Europe, in the context of the process of decrease and demographic ageing which most of the member states are confronted with, phenomenon that induces important pressures on the macroeconomic stability on medium and long term.

From Romania's perspective, the measures that need to be approached within the Cohesion Policy as response to the current demographic changes must aim at:

- *measures linked to the increase of the human capital's quality*: a better training and a training of human resources, the adaptation to professional qualifications of the labor market's demands, the encouragement of long life professional training by furnishing re-conversion and specialization trainings, and the fight against school abandonment;
- *measures linked to the increase of the degree of occupation*: the diversification of occupational forms, the development of equal opportunities of occupation, inclusively for

rural population, the increase of young people occupation, adequate attractive wages, with a view to fight migration for work, and promotion of active ageing and so on.

It is necessary as well a sustained campaign of understanding and awareness of population on the phenomenon of demographic ageing. Furthermore, we need concrete measures to ensure a healthy ageing by the insurance of an equal access of all citizens to basic healthcare, the improvement of the quality and safety of the medical act. Furthermore, the Cohesion Policy can directly influence the increase of birth rate by the improvement of life conditions, the insurance of work safety and of a favorable family environment, by the reconciliation of work with family life.

## **2. Programmes financed within the framework of the objective „Convergence”: main domains of interventions**

According to the new community acquis, in force starting with January 1, 2007, Romania receives financial grant assistance from European Union within the objectives “Convergence” and “European Territorial Cooperation”, respectively by the European Regional Development Fund, the European Social Fund and the Cohesion Fund, generically entitled Structural Instruments.

The European Regional Development Fund sustains the long lasting and integrated economic development at local and regional level by the mobilization and consolidation of local capacities by programs aimed at modernizing and diversifying economic structures, focusing on the following domains:

- support for SMEs;
- research-development and innovation;
- informational society;
- development of the infrastructure (transport, environment, energy, education, health, tourism);
- prevention of natural and technological risks.

The European Social Fund contributes to the increase of adaptability of the labor force and of enterprises, to the increase of access on the labor market, to the prevention of unemployment, to the prolongation of active life, to the increase of the degree of participation on the labor market of women, to the support of social inclusion of disadvantaged persons and to the fight against discrimination.

The Cohesion Fund finances major projects in the domains of:

- environment protection (air, water, wastes) and of transEuropean transport networks;
- long lasting development (energetic efficiency, regenerable energy);
- improvement of the management of air and road traffic, the development of public transport and the promotion of ecological urban transport, the development of modernization of multi-modal transport.

At national level, the financial assistance received by Romania from the European Union within the “Convergence” objective is implemented through the following Operational Programmes:

Sectoral Operational Programme Increase of Economic Competitiveness will mainly sustain the consolidation and development of the productive sector and the creation of a favorable business environment for the development of enterprises. There will be stimulated research-development activities with application in the economic environment and there will be aimed at the capitalization of the potential of informational and communication technology in the public sector (administration) and in the private sector (citizens, enterprises). The programme will as well aim at the increase of energetic efficiency and at the long lasting development of the energetic sector.

Sectoral Operational Programme Environment aims at the improvement of life standards and of the quality of environment, taking into account two long term objectives: the insurance of general access to basic public utilities and the development of environment’s quality.

Investment priorities taken into account within the framework of the programme: the improvement of life standards by ensuring services of public utilities at requested quality and quantity standards, in the sectors water and wastes; the improvement of district heating plants, the improvement of sectoral environmental

management systems, as well as the implementation of an adequate infrastructure for the prevention of natural risks in vulnerable areas.

A special attention shall be granted to the prevention of floods and to the fight against the erosion of coast areas, in order to reduce the economic and social impact of such phenomena.

The investments within Sectoral Operational Programme *Transport* aim at improving the road, railway, air, river and sea transport networks, with a priority on projects on TEN-T network (priority axes TEN-T no 7, 18, 22). The degree of connection of the national and regional infrastructure to the TEN-T network will also be improved.

The investments will lead to the increase of accessibility on regional, national and international markets, to the reduction of dead intervals of time for the travel and costs of transport for passengers and goods, as well as to the increase in the quality of transport services.

Within the framework of Sectoral Operational Programme *Development of Human Resources* there will be sustained investments in the improvement of the educational and professional training system and there will be realized the connection between the educational offer and the current demand of workforce. The program aims at the modernization of the Public Occupation System, supporting a good functioning of the labour market.

The adaptability of the workforce and of enterprises, as well as the long life training will represent as well central elements of the programme. In this sense, the employers will be encouraged to invest in the employed human resource. The projects taken into account will contribute to the promotion of equality of chances and to the fight against social exclusion for women, Roma minority and other vulnerable groups on the labour market, in order to extend the access of these groups to the existent or newly-created work places.

The Regional Operational Programme aims at reducing the interregional and intraregional disparities, as well as those between urban centres and adjacent rural areas, by the capitalization of local and regional potential. To this aim, the programme contains interventions within the framework of the next priority axes:

- the improvement of the regional and local public infrastructure (modernization of the networks of regional/local roads, the health infrastructure, the educational infrastructure);
- the reinforcement of the regional/local business environment (the development of the business environment and support to small enterprises);
- the development and promotion of regional and local tourism (rehabilitation of tourism infrastructure);
- lasting urban development (the sustenance of urban regeneration).

The Operational Programme *Development of Administrative Capacity* takes into account the acceleration of the reform of public management in public administration by interventions in the policy cycle (the enforcement of the capacity of the public management of ministries and the implementation of modern methods in the domain of human resources for the improvement of individual performances of civil servants) and the sustenance of the management reform in the sectors that contribute directly to economic growth and to the creation of work places.

By the Operational Programme *Technical Assistance* there will be ensured support for the coordination and efficient transparent implementation of Structural Instruments in Romania by:

- the sustenance of the processes of programming, monitoring, financial management, control and internal audit of Structural Instruments;
- the development of an “evaluation culture” in Romanian administration;
- staff training;
- the insurance of coordination with the other operational programmes;
- satisfying the necessities of the Authority for the Coordination of Structural Instruments, and the certification authorities, of payment and audit;
- the functioning and development of the Unique Information Management System regarding Structural Instruments;

- the dissemination and promotion of information regarding the Structural Instruments.

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