

# SUMMARY –

STUDY ON THE SOCIO-  
ECONOMIC DEVELOPMENT OF  
THE SOUTH-EAST REGION  
SUPPORTING DOCUMENTATION FOR  
2021-2027



**Agenția pentru Dezvoltare Regională  
Sud-Est**

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## **I. Introduction**

The study on Socio-Economic Development of the South-East Region was conceived as a reference instrument in terms of formulating a vision for the sustainable development of the region, in line with European priorities, but also with national, regional and county priorities.

The aim of the study, in view of the preparation of the 2021-2027 programming documents, is to identify the current degree of socio-economic development, the region's priority development directions in the medium and long term and to make proposals for the future.

Thus, the general objective of the study is to analyse the current socio-economic situation, trends in the last 10 years at the level of the region, the main macroeconomic indicators — reflecting the structured changes in the economy of the South-East Region from 2010 to 2020, especially regarding the areas of strategic interest such as infrastructure, tourism, agriculture and rural development — as well as the assessment of the regional and county development potential, in order to substantiate the strategic planning process for the 2021-2027 period.

## **II. Analysis of the socio-economic profile of the region. Regional disparities**

### **Geographical location**

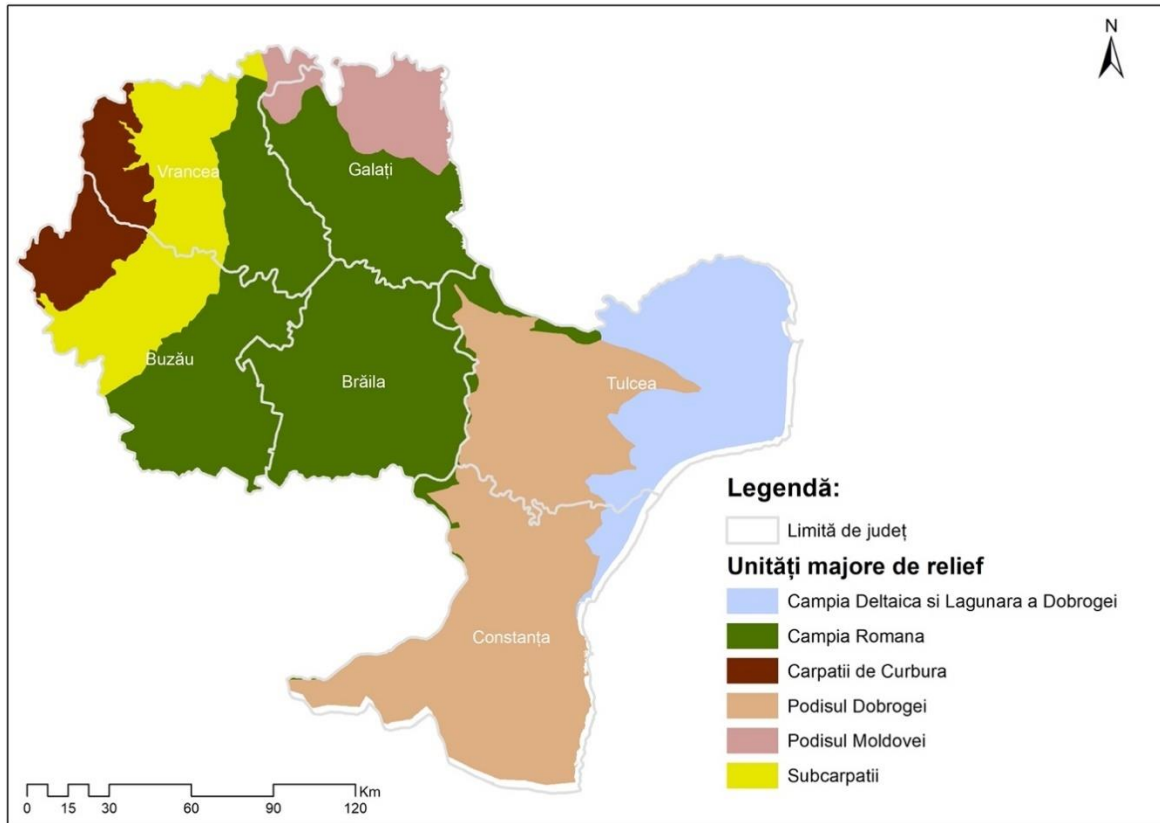
The South-East Development Region is located in the south-eastern part of Romania, the second largest of the eight Development Regions (35.762 km<sup>2</sup>), which covers about 15 % of the country's total area. From an administrative point of view, the Region comprises the following six counties: **Brăila, Buzău, Constanta, Galați, Tulcea and Vrancea.**

### **Natural framework**

#### **Peculiarities of the South-East Region**

The general characteristics of the South-East Development Region include the complementary presence of all forms of relief (mountain, plains, plateaus, sea, river), from the oldest units (caledonian and hercinic) to recent ones (still in training and transformation). A series of six specific areas is thus outlined, each with its specific morphology, i.e.: **South Moldavia Area, Curbura Subcarpathians Area, Bărăgan Plain Area, North Dobrogea Zone, Central Dobrogea Area and South-West Dobrogea, South-East Dobrogea Area.**

**Figure no. 1** Main relief units in the South-East Development Region



Source: data processed by authors

Another important feature is the presence of areas with wide implications for the integrated development of the region, such as the vicinity of the Black Sea and its coastline, the presence of the Danube Delta and other areas of tourist interest — Muddy Volcanoes, Viu Fire, the Siriu Dam built in the earth, the Natural Amber Reserve in Buzău, The wine cellar road, the natural landscapes of Vrancea County (Soveja-Lepșa-Tulnici), ancient fortresses, Măcinului Mountains, landscapes from **Balta Mică Natural Park of Braila** , Salt Lake, Gârboavele Forest, Tecuci Paleontological Reservation.

#### Natural resources

The natural resources offered by the South East Development Region are formed by oil deposits, lower coal, granite (as building rock) and limestone, iron ores, copper pyrites, complex lead and zinc sulfides, quartz, granite, marble, kaolin and baritine, or sulphurous, ferruginous and chlorosodic mineral waters.

Also, an inexhaustible and high-potential resource is wind and solar energy, and the entire province of Dobrogea is considered to have a high potential in this respect, which may lead to increased investment in this area.

Large agricultural areas, as well as the high quality of soils, coupled with the possibility of reintroducing irrigation into the loop, provide conditions conducive to the practice of organic farming. The important water resources existing within the Region also facilitate a number of other activities, which have developed over time: fishing and transport by river and sea.

### **Climate**

From a climate point of view, the South-East Development Region is part of the temperate continental climate area moderately transitional, but with a number of local peculiarities, imposed by the presence of natural factors with major impact, such as the Black Sea, the Danube and the variety of relief forms.

### **Vegetation and fauna**

The South-East Development Region is one of high biological diversity in ecosystems and species, with many plant and animal species currently threatened with extinction. The territory of the South-East Development Region overlaps with four biogeographical regions: Alpine area, continental area, steppic zone and pontica area.

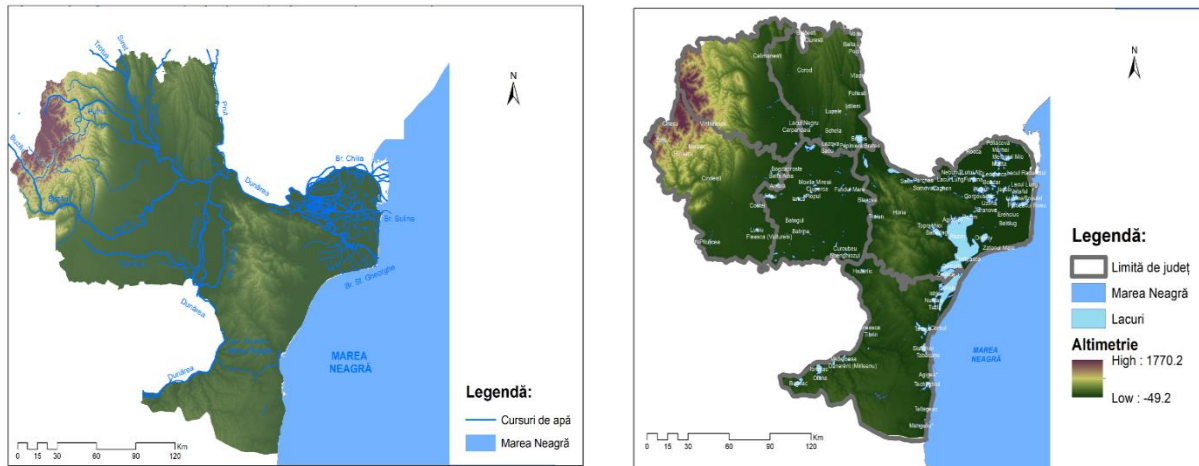
The fauna belongs to the areas of the steppe and silvosteppe, as well as the biotope of the meadows and the battsand is represented by sedentary and migratory animals.

### **Hydrographic network of the region**

The main water courses that cross the South-East Development Region are: Danube, Siret, Prutl, Bârlad, Buzău, Călmățui, Trotuș, Putna and Râmnicu Sărat — plus the network of lakes in the region. The whole river system is of particular economic importance, while contributing to the water supply of cities and the supply of irrigation systems.

Moreover, the **Black Sea** is of major importance for Europe, together with the Danube, constituting an international transport route for ten European countries.

Figure no. 2 Hydrographic network in the South-East Development Region



Source: data processed by authors

### Structure of the settlement system

Each county is divided into territorial administrative units represented by county councils, local, municipal, municipal and municipal councils.

Thus, the South-East Region is concentrated in **390 territorial administrative units**, namely 34 towns (of which 11 municipalities) and 356 municipalities (which comprise 1,449 villages). With a relatively uniform distribution in the territory, most cities have a small population (less than 20,000 inhabitants), but the region also includes some of the country's largest cities: Brăila, Constanța, Galați.

**The total population** of the region is <sup>1</sup>2.377.101, with a density of 66 inhabitants per km<sup>2</sup>, representing 12.30 % of the total population of the country and the fourth largest region.

With regard to the regional localities system, demographic data show the presence of 23 cities with population below 20,000 inhabitants, many of which have difficulties in developing and even accessing funding opportunities. However, there are many medium-sized and even large cities (4 cities with more than 100,000 inhabitants), which gives the possibility of further urban development.

<sup>1</sup> INS Tempo data source as of 1 January 2020

## **Socio-demographic structure of the population**

The socio-demographic structure of a state influences many aspects of economic life, as well as the natural environment, infrastructure and public services. A state whose population is ageing needs services dedicated to the elderly, while one that is a destination for immigrants will have to develop policies and programmes to integrate them.

**The resident population** is declining both at national, regional and county levels. Brăila is the county of South-East Region with the fastest decline in the resident population, while the slowest decline in Constanta County.

The age group 85 years and older is the only one to increase in 2020 compared to the reference year 2012 (61 %), with the remaining age groups falling by around 10 %. This highlights the need for public social policies for older people to provide them with independence and care.

**The drop-out rate** shows upward trends in the last years of the period under review, but there is still a high rate for post-secondary and foremen education. As regards the school population, it is also declining for primary, secondary and higher secondary levels. In the case of post-secondary and foreman education, the last year analysed (2019) found an increase in the school population at regional level, the counties of Brăila, Buzău and Vrancea contributing to this trend.

**The participation rate in vocational education and training** remains well below the level achieved by the European and national level in the South-East Region. By contrast, in the case of the population rate by level of education, for higher secondary education, the South-East Region exceeds both the national and European rates.

There is a fluctuation in the activity rate in the South-East region, with the highest values for age groups 25-34 and 35-54 years old. There is also a high gender inequality for this indicator, so men have almost double activity rates compared to women. The trend is almost identical for the occupancy rate.

Although there was a downward trend in the number of unemployed people until 2019, the effects of the pandemic can be observed slightly in 2020, increasing at all levels analysed. However, the unemployment rate continues an upward trend, with Buzău being the county of the South-East Region with the highest value of this rate.

## **Infrastructure**

The level of socio-economic development of a region is strongly influenced by the level of development of existing infrastructure. Sustainable economic growth, the competitiveness of the region's economic activities, social activities which largely depend on infrastructure, resulting in the need for Romania to be anchored by all means to the European single market.

### **Road transport infrastructure**

In the South East Region, although road infrastructure has been improved over the past 10 years, it still requires very large investments in the coming years to ensure connectivity and mobility and to contribute to the socio-economic development of the region.

Romania needs to develop and modernise its road network in order to cope with the new transport model resulting from the evolution of its economy. As an integral part of this process, Romania is actively pursuing a policy of making trade and economic ties accessible with its neighbours and EU member countries. It is therefore important that its road network is at standards that respond efficiently to traffic demand.

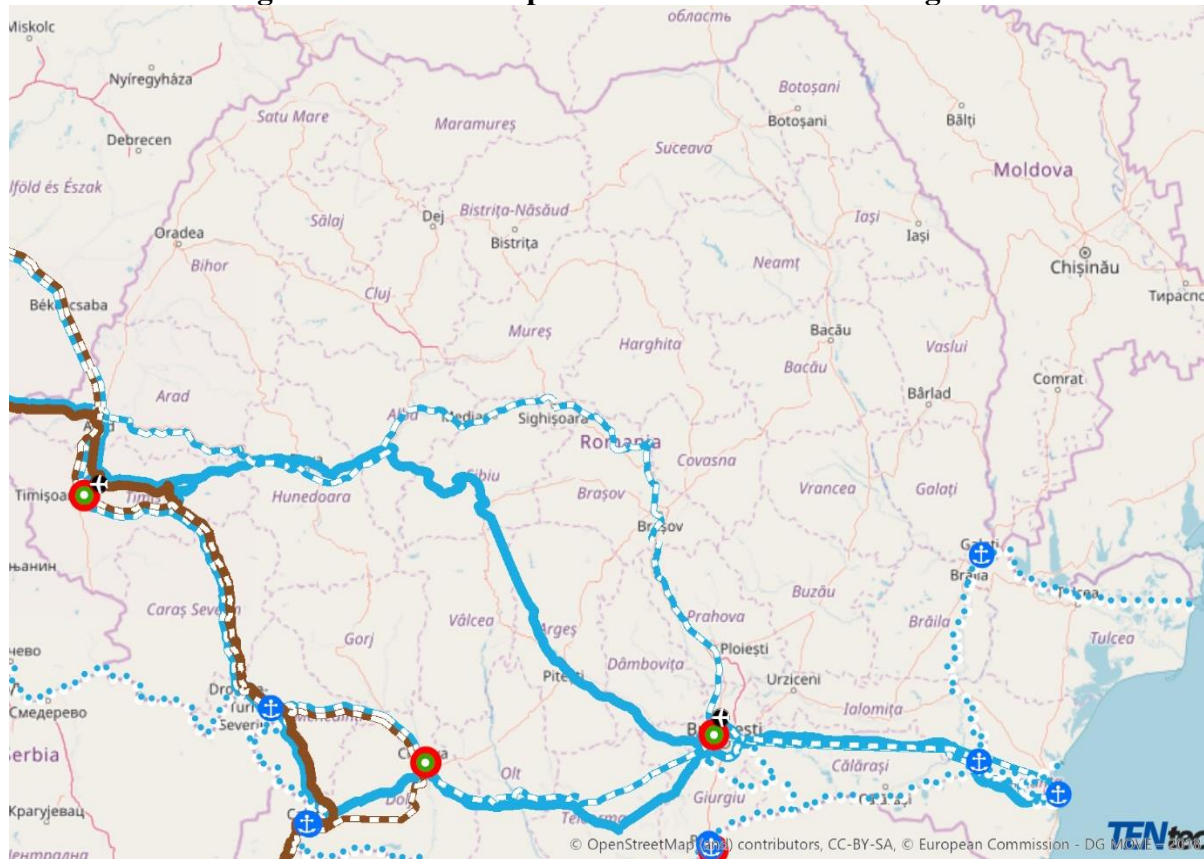
**The pan-European corridors** are a system of roads in Central and Eastern Europe and are intended to facilitate links between Western Europe and Central and Eastern Europe, as well as between Central and Eastern European states. 10 such pan-European corridors have been established, which are seen as the main transport arteries in Eastern Europe, with investments in transport infrastructure taking place predominantly along these corridors.

A transport network called the Trans-European Transport **Network (TEN-T) has been developed at European Union level to facilitate the transport of goods and passengers.** The creation of these networks, together with the interconnection of national and European networks, also aims to establish links between the outlying points of the European Union.

Romania is crossed by two of the 9 TEN-T corridors, the Orient/East-Med corridor and the Rhine-Danube corridor. The Rhine-Danube Corridor also covers the South-East Region, comprising the cities of Constanța, Medgidia, Cernavodă, Brăila, Galați and Tulcea. In this context (road transport), the South-East Region is crossed by all three transport corridors that cross our country and which connect urban centres with the capital of the country) corridor IV, VII and IX.



Figure no. 3 Map of TEN-T corridors crossing Romania



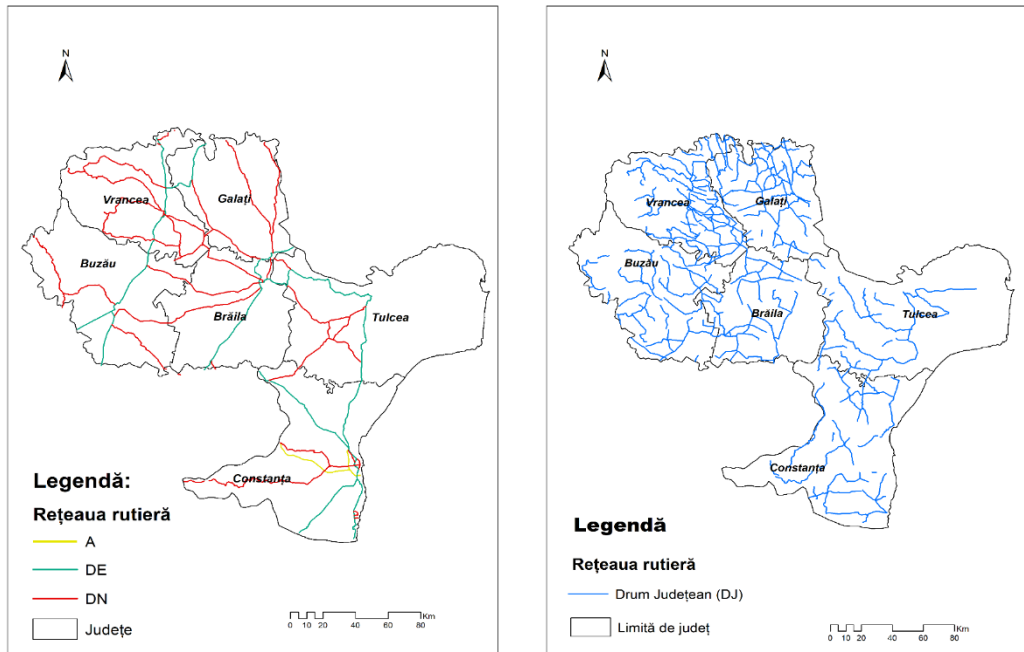
Source: [ec.europa.eu](http://ec.europa.eu), TENtec interactive map viewer

### Regional public road networks

Roads of national or regional interest are under public administration and comprise the national roads linking the capital of the country to the towns of residence of the counties, their links, as well as with neighbouring countries, and can be: motorways, express roads, European national roads (E); main national roads and secondary national roads.

**The state of roads** in Romania is generally acceptable, when we talk about main national roads and motorways, but rather poor when we talk about national roads of secondary importance and generally poor, when talking about county roads. In addition to the state of roads, the length and density of public roads in development regions contribute to the level of socio-economic development of each region.

**Figure no. 4 South East Region Road Network**



Source: data processed by authors

The existing road infrastructure in the South-East Region does not offer a high degree of accessibility, the only advantages of which are the existence of the Bucharest-Constanța motorway and the fact that the Express Road DX6 Brăila — Galați and the Suspended Bridge from Brăila are in progress, which can be decisive in attracting local and international investors in the future. In the South-East Region, during the analysed period, only 251 km of new roads were built, which influences both economic development and living standards in the region. Of the total **public roads in the South East Region**, only 20.8 % are national roads, 41.8 % are county roads and the rest are communal roads. In the South-East Region, in the last 10 years for which data are available, the number of upgraded roads has almost doubled. However, there are still over 2.400 km of dirt roads. At the level of 2019, South-East Region was on the last place after the Bucharest-Ilfov Region in terms of the length of public roads. The South-East Region also has the lowest density of roads in Romania, which can also be explained by the existence of the Danube Delta in the region, where the density is very low, as well as the prevalence of large agricultural areas. Regarding the status of city roads in the region, although 73 % of them were upgraded in 2019, there are still many roads that require rapid investment to meet citizens' needs. Also, although urban transport in municipalities has been improved in recent years, in particular through the

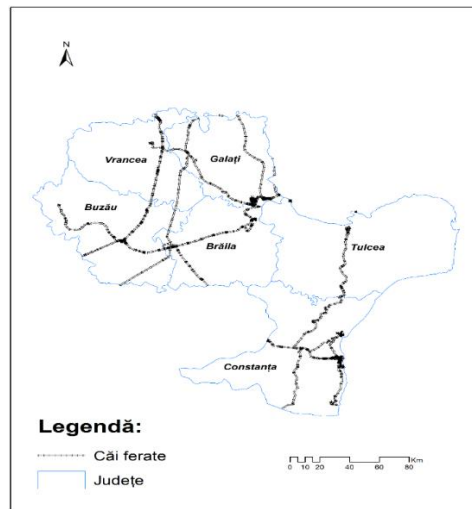
purchase of new buses, it does not optimally cover passenger transport requirements, helping to streamline traffic, reduce transport times and reduce environmental pollution.

The impact of this situation of road infrastructure is a direct impact on the duration of road transport of goods and persons, but also indirectly on labour mobility. National or international companies choose not to invest in regions where labour cannot be easily accessed. The fact that the overwhelming majority of the road network in the region has only one lane per direction leads to a lack of safety on public roads leading to a large number of road accidents. In addition, the level of pollution increases significantly, with vehicles having to travel short distances over long periods of time.

### **Railway network**

The analysis of rail transport infrastructure in the South-East Region reveals that although the region has the most kilometres of railway in Romania, there are major problems of infrastructure sustainability, low quality of service and management, uncertain safety. The increased density of railway lines in the region may be an important aspect in attracting investors to the region, but the poor performance of rail transport is an obvious impediment. The rail network in the South East Region needs significant investments to increase the quality of the services offered, both for freight and passenger transport.

**Figure no. 5 South East Region Railway Network**



*Source: data processed by authors*

### **Maritime and inland waterway transport**

The South-East Region has all the geographical characteristics necessary for the development of maritime and inland waterway transport. Although there is a significant network of sea and river ports, their degree of modernisation to provide competitive services at European level is still low. Although the quantity of goods transported by sea has increased, the number of seagoing vessels registered in Romania is very small. On the other hand, there is an increasing trend in the number of river passenger ships with an impact on tourism in the region. However, waterborne passenger transport is still low due to inadequate infrastructure and lack of investment. Ship design and construction are significant economic activities in the region that create many jobs and contribute significantly to the socio-economic development of the region. Although Romania has developed an intermodal transport strategy since 2011, no significant progress has been made, with the share of intermodal transport in rail freight transport in Romania being less than 1 %. The South-East region has a very high potential for the development of intermodal transport. The network of intermodal terminals proposed within MPGT proposes the construction of a trimodal terminal in Galați port, in addition to the existing terminal in Constanța port.

### **Air transport**

Air transport is poorly developed in the South-East Region. The region would need to build modern airports in major urban centres to boost both air cargo and passenger transport. Air transport could lead to decongestion of road traffic, boost tourism in the region and overall socio-economic development.

### **Telecommunications and Information Society**

Telecommunications and Internet use are activities developed in the South East Region, with fixed and mobile telephone networks covering the whole region and the internet being used by an increasing number of inhabitants, even if the region is still below the national average.

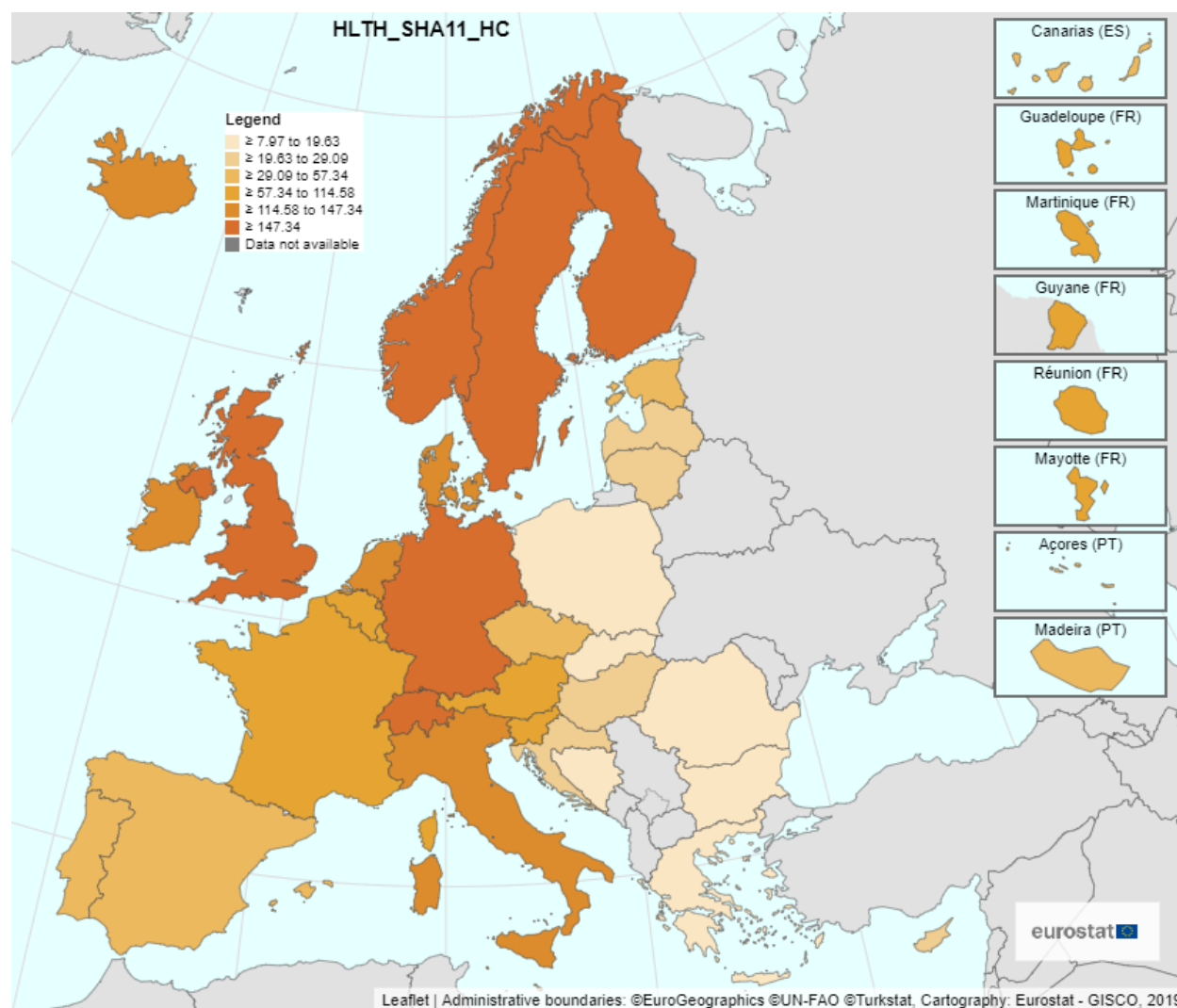
### **Health infrastructure**

In Romania, the health sector is a main point of interest and development, the health infrastructure and its vulnerabilities being the central subject of discussion in the public space, recurrently.

Looking at Member States' public expenditure on preventive health, it is noted that most countries with fewer beds per 100,000 inhabitants allocate a higher amount per inhabitant than those with

more beds. Romania ranks last in the European Union under this chapter, with only EUR 8 spent per capita, while the European average is EUR 82.

**Figure no. 6 Public expenditure per preventive health expressed in Euro per inhabitant, EU27, 2019**



Source: Eurostat data processing

Health continues to be one of the key areas for Romania that still requires reforms and investments, but the last 10 years show a positive trend in the main indicators. The South-East region is also part of this trend, observing positive changes in both the human and infrastructural resources. Thus, looking strictly at quantitative indicators such as the total number of healthcare units or the number of health professionals, an increase can be observed during the analysis period, which puts the South-East Region in the middle ranking of the regions of Romania.

On the other hand, a qualitative analysis reveals certain vulnerabilities in the health sector. The infrastructural distribution between urban and rural environments still presents a challenge in terms of access to health for citizens in the region, as well as the focus of the healthcare system on treatment, to the detriment of the European approach to disease prevention in the first place. Another risk factor for access to health is also the development of private health infrastructure, to the detriment of the public one. The low number of healthcare facilities in rural areas, in particular hospitals, too long distances to a specialised clinic, costs or waiting lists are the most relevant factors determining disparities in access to healthcare for the population. Such obstacles, although indirect, adversely affect the general state of health of the population.

### **Social service infrastructure**

In terms of social services infrastructure, the South East Region has both positive and less positive aspects. The availability of indicators at regional level varies and makes it difficult to form a clearer picture of the situation of social services, but linking data at national level with other data presented in the demographic chapter, as well as the data available at county level, allows important conclusions to be drawn. The first is the result of the depopulation phenomenon of the counties in the region, which are confronted with both the increased ageing rate which puts pressure on the social system, as well as the increased rate of departure of young people from the region, which reduces the total number of beneficiaries of the system and allows these resources to be redistributed towards increasing the number of allowances available. A second conclusion stems from the correlation with macro-economic indicators, which, although at national level shape a trend of economic growth, at local level increases the availability of resources allocated to social infrastructure. However, the increase in the cost of daily spending at national level is also reflected in the South East Region and the social system is not keeping pace with its growth. The negative effect is felt mainly due to the constant decrease in family support allowances. The third important conclusion of the sub-chapter on social infrastructure reflects the priority given to support for children from disadvantaged backgrounds.

### **Emergency infrastructure**

From the data provided by the Regional Inspectorates for Emergency Situations, there is an increase in pressure on emergency infrastructure. During the period observed, there was a significant increase in the requests taken over by the ISU, which also led to an increase in response

and response times. 2020 was particularly difficult due to the outbreak of the COVID-19 pandemic.

### **Education infrastructure**

The analysis of education in the South-East Region in the period 2010-2019 illustrates a similar trend of declining school population, according to the evolution regarding the socio-demographic structure of the region.

Following the evolution of the indicators for the school population and teachers, the percentage decreases similar to those presented above are observed. At the same time, there is also a reduction in the educational infrastructure at almost all levels. The only schools that have experienced an increase in the infrastructure base are those covering post-secondary and foreman education.

However, if the analysis illustrated a quantitative decrease in the main indicators analysed, the situation is positive in qualitative terms. Technical and sports infrastructure has undergone a real evolution over the period under review, both in terms of the number of PCs available at all levels of education, as well as the number of sports grounds built over the last 10 years. Thus, we can conclude that the educational act, although it covers a smaller number of pupils and teachers, is carried out in better quality in terms of investment in the material base.

### **Housing infrastructure**

Although apparently sufficiently developed in terms of the number of dwellings and their distribution per 1,000 inhabitants, the housing infrastructure in the South-East Region is predominantly composed of buildings with relatively small areas, which reduce the level of comfort of the population.

### **Utility infrastructure**

Overall, the South-East Development Region presents a positive situation regarding the degree of connection of localities to centralised water and drinking water supply systems, which is higher than that recorded at national level, both in rural and urban localities. This is justified by the geographical conditions of the region and the major investments made in the territory before the 1990s.

## **Environment**

At this point and according to the statistical data, the annual reports drawn up and transmitted by the county EPA, the quality of the environment as a whole, at the level of the South-East Development Region, is a good one. Environmental quality data shall be reported at the permitted levels (concentrations, values, indicators, etc.) according to the legislation specific to each field. The level of education and awareness of the population requires increased and continuous attention and needs to be improved.

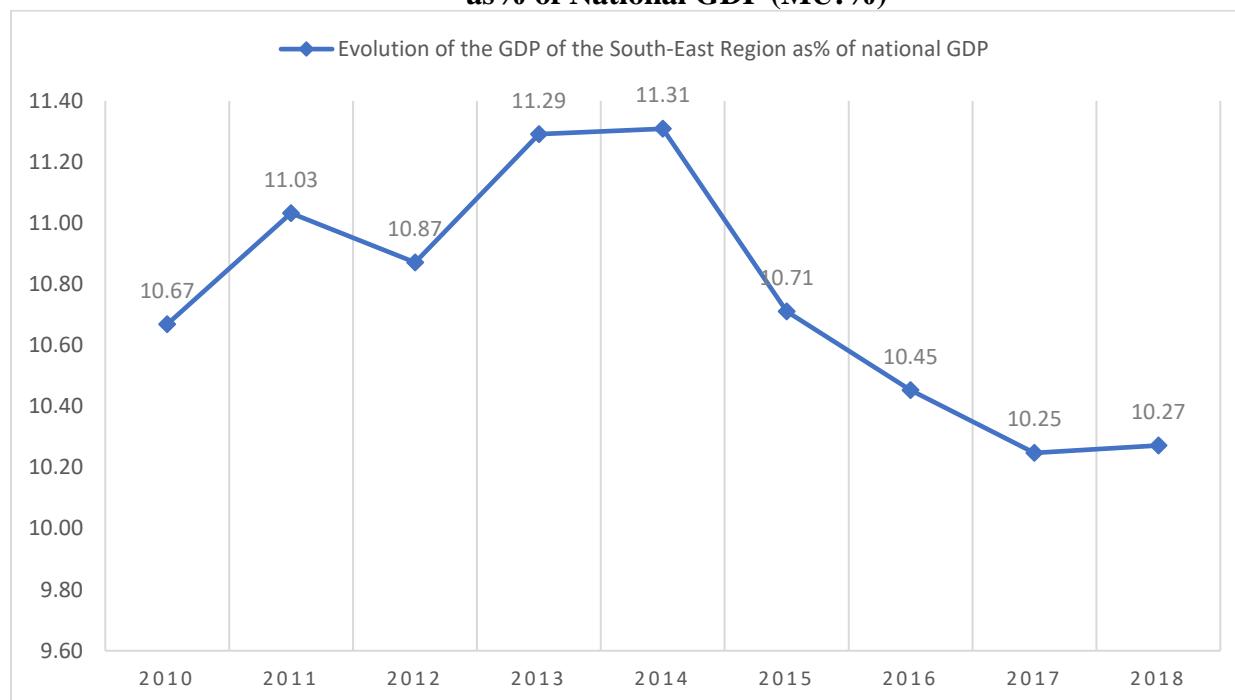
The main issues of interest for the development of the South-East Region are: use/extension of and access to renewable energy systems, energy efficiency, traffic management in congested urban areas, measures to combat and adapt to climate change, extension of the air quality monitoring network, works/measures to protect the sources and quality of surface water and groundwater, conservation and protection of biodiversity, eco-recovery of degraded land, improvement of integrated waste management system, encourage research into clean technologies integrated within the circular economy framework.

## **Economy of the region**

The South East Region's economy is a developing economy, but the pace of economic and social development is still low compared to other European regions. Although during the analysis period the **Gross Domestic Product** of the region grew significantly, the national economy grew at a faster pace than the economy of the South-East Region, and this trend could be observed following the dynamics of the GDP evolution of the South East Region as a percentage of national GDP. The main county contributing to the formation of regional GDP is Constanta County.



**Figure no. 7 Evolution of the Gross Domestic Product of the South East Region as% of National GDP (MU:%)**



Source: INS, Tempo Online

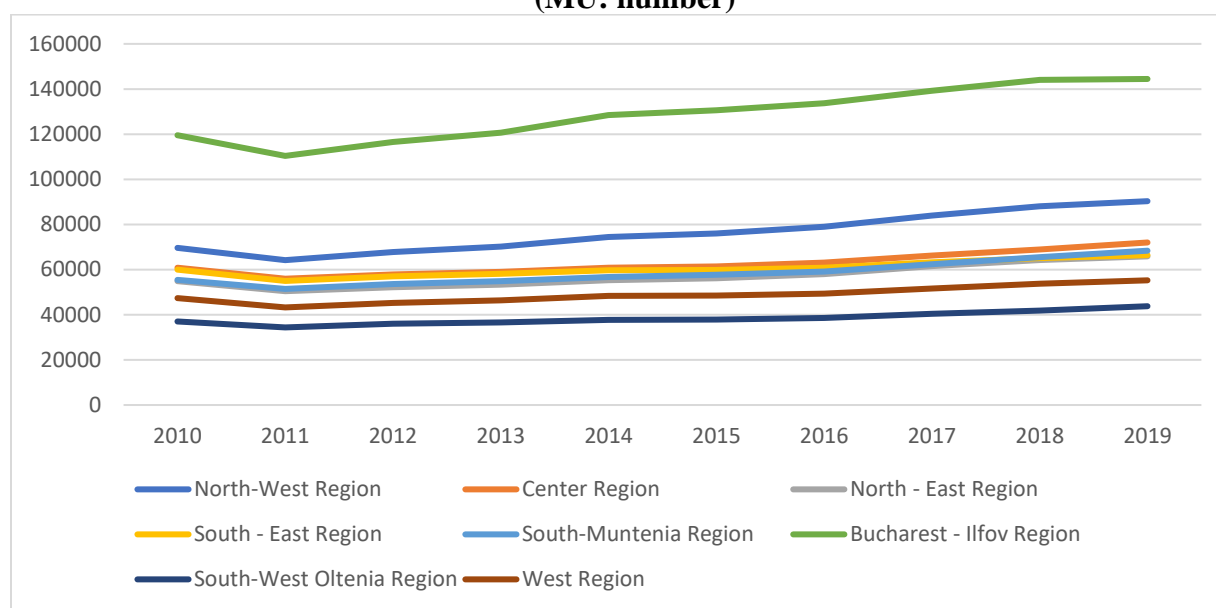
**Foreign direct** investment increased slightly in the region in 2019 compared to 2018, highlighting that the region still lacks an increased attractiveness for foreign investors. They consider several socio-economic characteristics of the regions in which they choose to invest, including existing infrastructure, availability and qualification of the workforce, transparency in public administration, support from local authorities. The South East region is still peripheral and significant investments are needed to become an attractive region for foreign investors.

During the period 2011-2020, **the region's exports** were on a declining slope, driven in particular by the decline in exports in Constanta County. The South-East region does not have a coherent strategy to boost exports, with the largest exporters being multinational companies with business in the region. In 2020, the group of base metal products and articles thereof recorded the highest value of exports (1.029.938 thousand euros), followed by means and materials of transport, minerals, vegetable and textile products and textiles. The value of imports remained relatively constant during the analysis period, with the largest imports taking place in the counties of Constanta and Galati. At the level of the South-East Region, the balance of trade was negative, mainly influenced by the high value of imports from Constanta and Galati counties. The deficit

was relatively lower between 2013-2016, peaking in 2019, when the deficit was -1,037.672 thousand euros.

In terms of **entrepreneurial activity**, South-East Region had 66,399 active local units in 2019, representing about 11 % of the national total. In terms of time, although the number of active local units in the South-East Region has increased by 11 %, the region ranks fifth at national level. Most active local units are located in the counties of Constanta and Galați. As regards the evolution of the economic structure of the active local units, it is noted that in the South-East Region in 2019, the wholesale and retail industry remained the most important industry in terms of the actual number of active local units, followed by transport and storage and professional, scientific and technical activities.

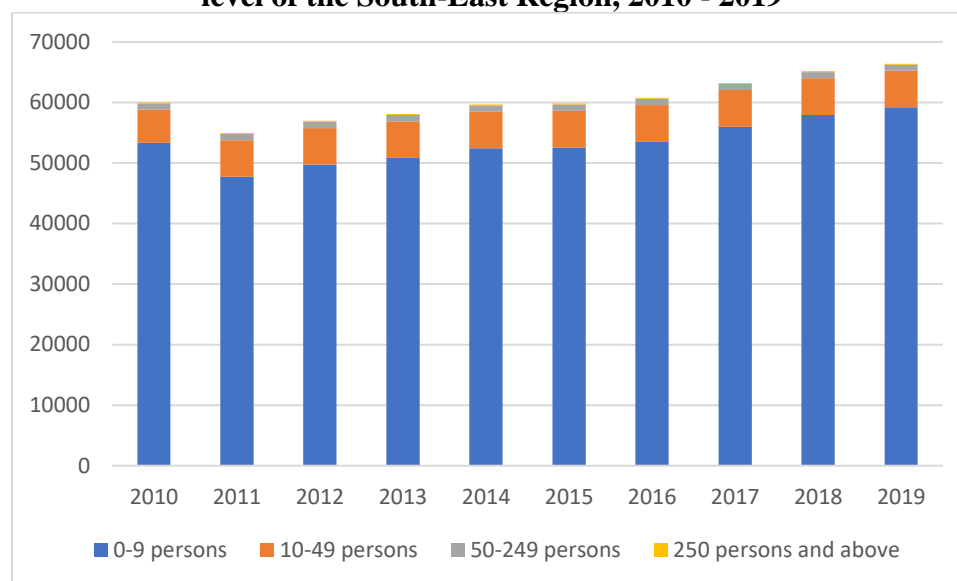
**Figure no. 8 Dynamics of the number of local units active at regional level, in 2010 -2019 (MU: number)**



*Source: INS data processing, Tempo Online*

In the South-East Region, the **share of SMEs** in the national total decreased steadily over the period 2010-2019, with a minimum of 10.92 %. Thus, in 2019, there were 64,381 small and medium-sized enterprises in the region, of which 56,825 had fewer than 9 employees, 5,435 had between 10 and 49 employees and only 832 were enterprises employing 50-249 employees. This warns that entrepreneurship is not sufficiently supported and boosted in the region.

**Figure no. 9 Structure of active local units, by size classes, by number of employees, at the level of the South-East Region, 2010 - 2019**



Source: INS data processing, Tempo Online

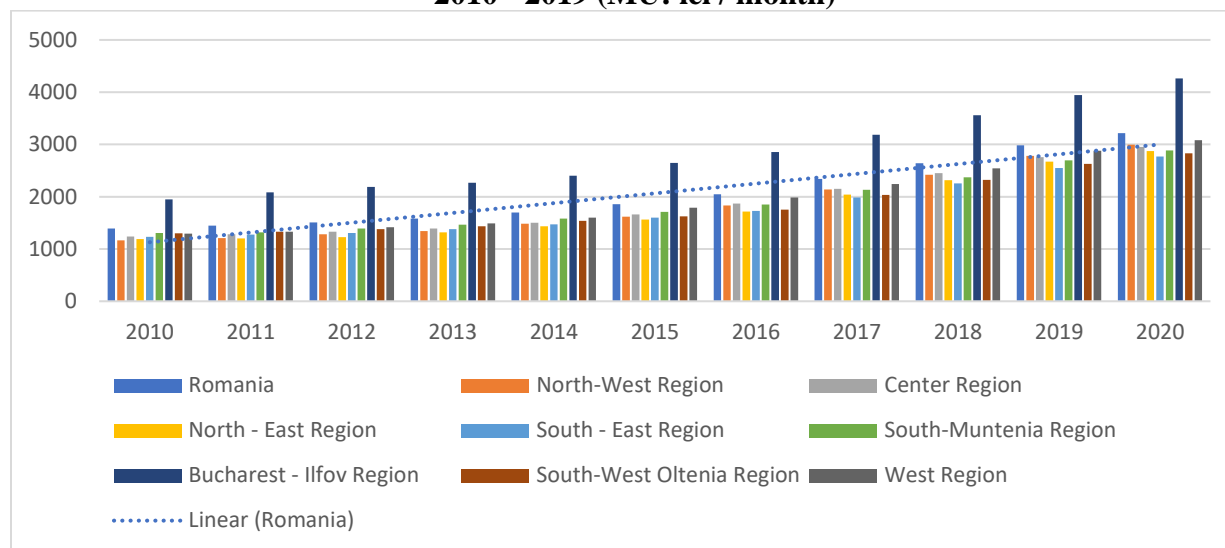
Although between 2010 and 2014, the number of start-ups in the region decreased, since 2015 there is a significant increase in the registration of new active enterprises. As regards the type of newly active enterprises created in the South-East Region, if in 2010 most of them were represented by local entrepreneurs, in 2019 companies predominate, with a percentage of 50.7%.

**The number of companies de -registered** in the region is relatively constant after 2011 (when there was a sharp decline in the de-registered firms), with small variations from year to year, without a clear trend observed in the period 2011-2020.

In terms of **average number of employees**, South-East Region is in the fifth position at national level, with 554.174 employees, representing 11.07 % of the average number in Romania. Most employees are located in the counties of Constanta, Galați and Buzau, where a significant number of organisations, both large and SMEs, are also active.

In terms of **average net monthly earnings**, South-East Region ranks last at national level, with net earnings of only 2,551 lei in 2019. However, compared to 2010, earnings have doubled and are on a positive trend. For the South-East Region, in 2019, the average net monthly gain stands at 85.4 % of the average net monthly gain recorded at national level, which ranks South-East Region below the national average.

**Figure no. 10 Evolution of the average monthly net gain at national and regional level, 2010 - 2019 (MU: lei / month)**



Source: INS data processing, Tempo Online

As regards the value of labour productivity per person employed in 2018, South-East Region ranks 3rd at national level, with a productivity of 93,025,9 lei/person.

According to **the European and Regional Innovation Scoreboards 2021**, Romania and all component regions are in the category of “emerging innovators”. At national level, the South-East Region is on the second last place in our country from the perspective of innovation. This situation is also driven by very low R & D expenditure in Romania, still very low compared to other European countries. The South-East region remains the region with the lowest R & D spending. In 2019, R & D & I expenditure in the South East Region represented only 1.74 % of total national RDI expenditure. Also, the number of R & D employees is very low, with the South East Region having the second last place at national level for this indicator, with 2,283 employees. However, the South East Region was in second place at national level in terms of patent applications, with 134 applications registered in 2019.

The low degree of innovation in the South East Region is also evidenced by the low number of innovative companies operating in the region. It showed a downward trend in the analysis period, if there were 1054 companies in 2010, and in 2018 there were only 313 companies, representing a share of 10.78 % of all existing companies in the region. The majority of innovative companies in the region are small, leading to a reduced number of staff and low expenditures. In the South-East Region, the total innovation expenditure in 2018 amounted to 71.448 thousand lei, representing a

share of only 1.65 % in the national total. 80.6 % of this expenditure was for internal R & D, the remaining 19.4 % being expenditures on all other innovative activities.

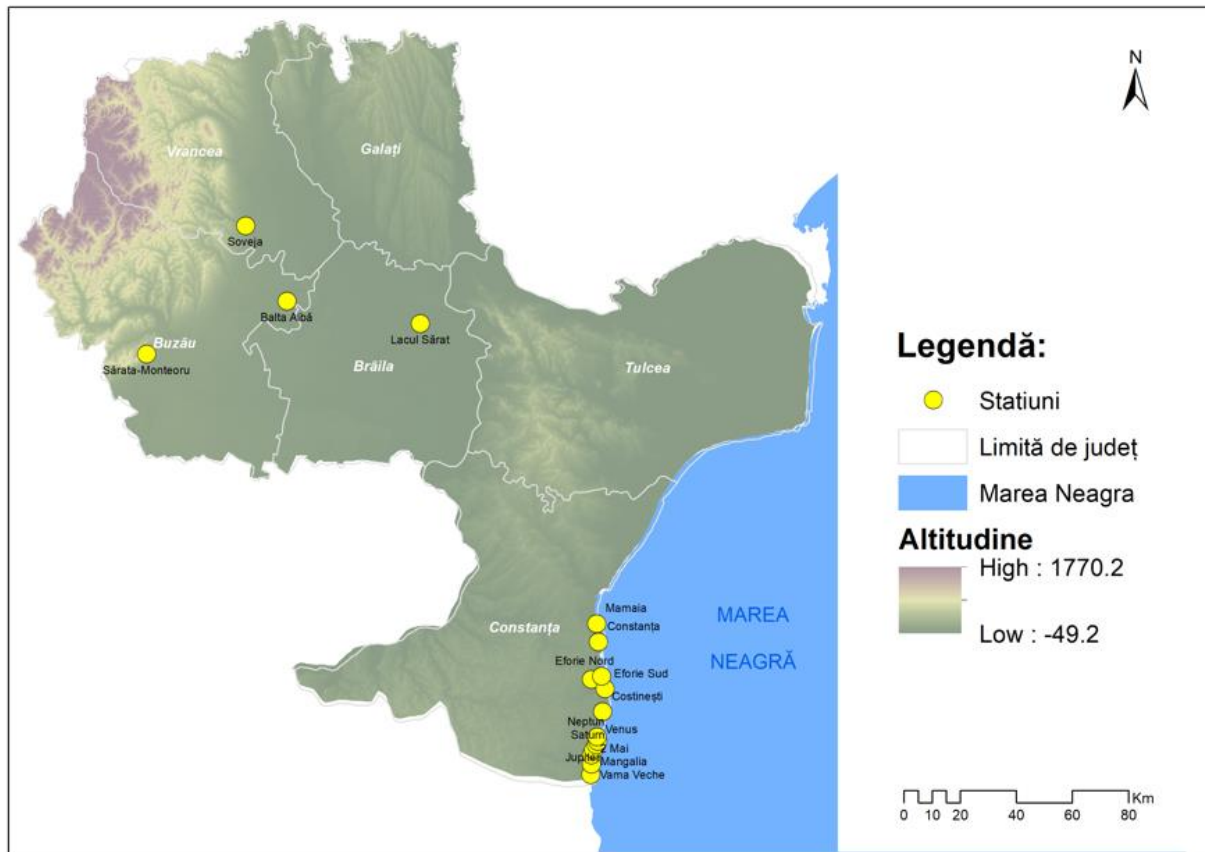
Although the South East Region is not the most economically active region in Romania, there is a very high potential for development, which must be supported by both local authorities and investors. Clusters, business incubators, development of industrial and software parks can be long-term solutions to boost economic activities in the region. Significant investments in infrastructure and support for local investors are needed to grow the economy in a sustainable way.

### Tourism

From the point of view of the natural tourism potential, the South-East Development Region includes almost all forms of relief, starting with the Romanian Black Sea coast, the Danube Delta and Low Lunca, the Bărăgan Plain, Dobrogea Plateau, the Old Măcin Mountains, the Carpathians and Curvature Subcarpathians.

The South East Development Region stands, at European and even international level, as an **important tourist destination**, through the value of its natural tourist heritage (unique landscapes in Europe and the world) and anthropogenic (history, culture, traditions and local identity). In this respect, the presence of all forms of relief can be mentioned, as well as the oldest forms of relief (Caledonian and Hercinic) and the latest (relief into a continuous training and transformation in the Danube Delta). From the point of view of the built heritage, one can talk here about the presence of ancient civilisations of Greek and Roman antiquity, which have founded a number of fortresses, some of which have experienced a period of evolution, which has made them to date (the fortresses on the Black Sea coast — Histria, Tomis, Callatis).

**Figure no. 11** Tourist resorts in the South-East Development Region

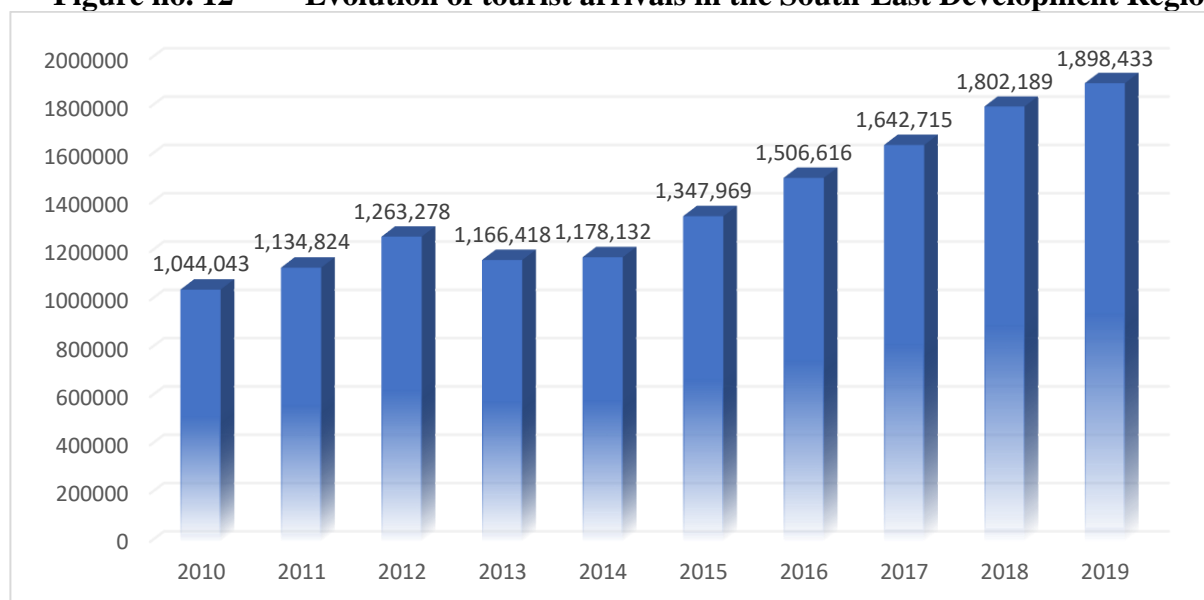


Source: data processed by the authors

**The tourism sector** in the South-East Region currently generates more than 50,000 jobs, a relevant element in favour of tourism being the high degree of human resources qualification, due to local tradition, but also the high educational and training offer, targeting the tourism sector.

The South-East Region has just under 25 % of the tourist accommodation structures of the country and an accommodation capacity of over 100,000 seats — only the Romanian Black Sea coast comprises 13 tourist resorts and numerous accommodation structures, plus resorts in mountain areas and in the area of therapeutic lakes and springs. At the same time, there is a positive evolution in the number of tourist arrivals in the region, and despite the decrease in average duration of stay (no. days), the employment rate is at the highest level (2019) in the last ten years.

**Figure no. 12 Evolution of tourist arrivals in the South-East Development Region**



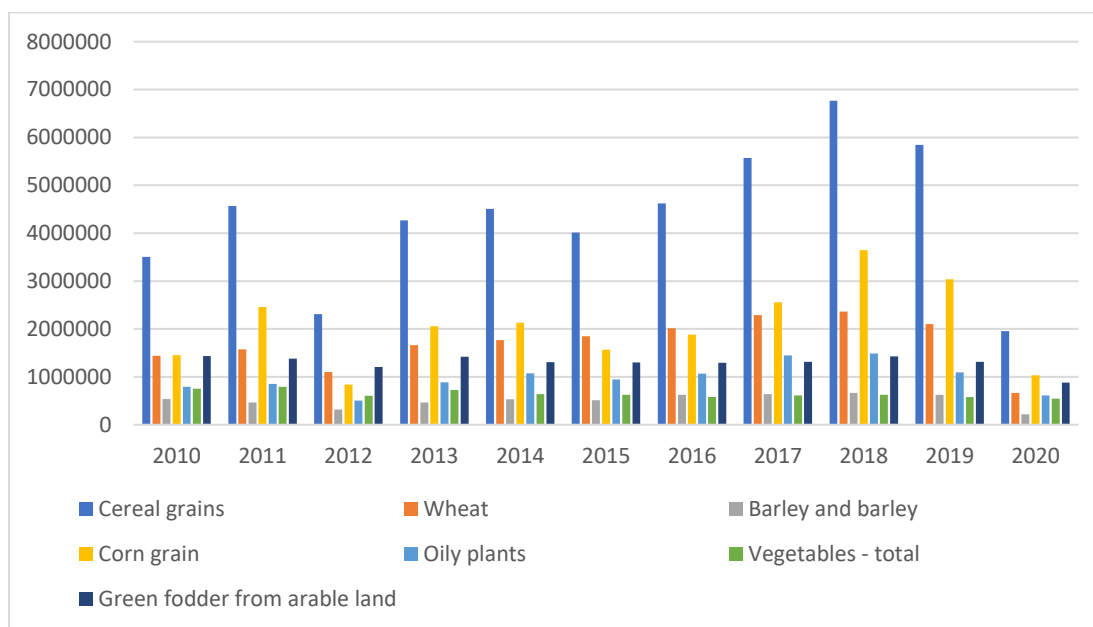
*Source: INS data processing, Tempo Online*

Although the South East Development Region has a valuable and internationally recognised tourism potential, the contribution of tourism activities to regional GDP (c. 19.3 %) are well below the potential of the region. This is justified by the poor promotion (at national level) of tourist destinations in Romania, the seasonality and concentration of tourists in one county and the insufficiency of transport and quick access to the region.

### **Agriculture and rural development**

The South-East region has optimal soil and climate conditions for the development of agriculture, with large areas for the land fund in the region and numerous organisations investing in the agricultural sector. Over the last 10 years under analysis, agricultural production has steadily improved, despite the increasing climate change, with the counties in the region being among the top production of grain cereals, legumes, oil crops and vegetables.

**Figure no. 13 Evolution of agricultural production on the main products cultivated in the South-East Region, 2010 - 2019 (MU: tons)**



Source: INS, Tempo Online

The counties of Constanta, Brăila and Buzau are the largest producers of grain cereals, pulses for grains and oily plants, having also the largest agricultural areas conducive to the cultivation of cereals. Galați County is distinguished by the cultivation of vegetables, with tradition in this activity, and the counties of Constanța, Vrancea and Buzău are also distinguished by numerous areas of vines and fruit trees. The vineyards Panciu, Cotești, Odobești, Dealu Mare, Murfatlar and Sarica Niculițel produce competitive wines both nationally and internationally.

As regards the use of fertilisers in agriculture, although there is a general tendency to increase the use of chemical fertilisers, in the South-East Region, as in all regions of the country, natural fertilisers are predominantly used. Pesticides are also used for pest control, with 13 % of the amount used at national level being used in the South East Region. The region must support fertilisation practices and rational pesticide use, encourage activities that support the sustainability of agriculture and rural development.

Although the South East Region has many agricultural areas, livestock farming does not rank the region among the top regions at national level, except for goats, which cover 26.7 % of the national total. Romania does not have a coherent policy that encourages intensive livestock farming, while



importing large quantities of meat to cover national consumption needs. It can be noted, however, that in the county of Buzău between 2015 and 2019, the live weight of animals for slaughter increased considerably each year under analysis. The region is also the 1st nationwide in the production of sheep's and goat's milk, with 1.150 thousand hectolitres in 2019. The region must make economic use of this situation and encourage sheep and goat farming, with consumption of sheep's and goat's milk products on an upward trend both at national and international level. The South-East Region is also distinguished by the large number of poultry farms, which value eggs or chicken meat. Chicken farming is considered one of the most profitable long-term businesses. Market demand for natural products is increasing, which is why more and more entrepreneurs decide to set up a farm to cover the needs of the population. The South-East Region is also on the 2nd place at national level in terms of honey production, with geographical and climatic conditions conducive to beekeeping. Moreover, in recent years beekeepers have been able to access grants to develop their activity.

In conclusion, all this analysis highlights the special potential of the South East Region in the field of agriculture, livestock farming and food production. The Romanian state must develop coherent agricultural and food policies and create financing opportunities to support local producers.

### III. Investment monitoring indicators in the South-East Region

During the 2014-2020 period, the South East Region concentrated its investments predominantly in areas related to improving mobility, developing education and health systems, building social housing, or improving the energy efficiency of buildings. The main results thus underline the focus of key actors on improving areas of interest that are absolutely necessary for regional socio-economic development. It is estimated that through the rehabilitation of more than 2.800 km of roads of county and local interest, the rehabilitation and modernisation of over 190 educational units, the construction of over 300 social housing and the development of more than 40 medical units, the living conditions for more than half of the population of the region have been improved. The regional socio-economic impact is complemented by the investments made for the development of tourism infrastructure (19 built accommodation structures and over 60 tourism promotion and marketing actions), the restoration of heritage objectives (20) and the renovation/construction of public and commercial buildings in the urban area (36), thus focusing

on the development of an area of priority interest for the South-East Region, represented by tourism.

To a lesser extent, investments for conservation and protection of the environment have been supported and addressed, thus highlighting the need to accelerate investment in this area in the 2021-2027 programming period, in line with the EU's policy objective 2. In addition, in the context of promoting policy objective 1 — A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity — it is recommended to increase and increase investment in research, development and innovation.

Overall, the projects financed in the 2014-2020 programming period had a positive impact on the socio-economic development of the South-East Region.

#### IV. Regional Development Strategy 2021-2027

##### **European, national and regional context**

The EU's cohesion policy for 2021-2027 requires economic, social and territorial convergence, emphasising the need for sustainable competitiveness based on research and innovation. Moreover, the digital transition is inevitable and the pandemic has shown that it can be achieved at a faster pace, with benefits for many categories and options not yet exploited. Promoting the objectives of the European Green Deal and the European Pillar of Social Rights is one of the necessary actions that the EU must deliver on<sup>2</sup>.

At **European** level, the strategic framework for the 2021-2027 programming period<sup>3</sup> is the European Union's new vision for cohesion policy. In the next financial year, the entire cohesion policy will focus on 5 investment priorities:

- PO 1. A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity;
- PO 2. A greener, low-carbon transitioning towards a net zero-carbon economy by promoting clean and fair energy transition, green and blue investment, the circular

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<sup>2</sup> [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_21\\_3059](https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3059)

<sup>3</sup> Official Journal of the European Union (30.06.2021), Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and the Cohesion Fund

economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility;

- PO 3. A more connected Europe by enhancing mobility;
- PO 4. A more social and inclusive Europe by implementing the European Pillar of Social Rights;
- PO 5. A Europe closer to citizens by promoting the sustainable and integrated development of all types of territories and local initiatives.

At **national** level, in addition to the NRDP, under the ERDF/CF and the Just Transition Fund, the following operational programmes<sup>4</sup> will be available as a source of funding for development projects of the South East Region over the period 2021-2027: Sustainable Development Operational Programme (SDOP), Transport Operational Programme (TOP), Education and Employment Operational Programme (EEOP), Social Dignity and Inclusion Operational Programme (SDIOP), Health Operational Programme (HOP), Just Transition Operational Programme (TJOP), Technical Assistance Operational Programme (TAOP) and South-East Regional Operational Programme (SE ROP). The Managing Authority for SE ROP 2021-2027 will be the South-East Regional Development Agency.

At **regional** level, there are important strategic documents aimed at developing the region. The Regional Smart Specialization Strategy (RIS3) for the South-East Region 2021-2027 is an important strategic document that identifies those areas in which the South-East Region can develop, by capitalising on the results of research, innovation and science.

The South-East Regional Development Plan (SE RDP) outlines the strategic reference framework for regional planning, identifying development priorities based on the resources of the region, as well as the opportunities offered by the context of the implementation of European funds.

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<sup>4</sup> Romania's Operational Programmes for 2021-2027, at the time of the drafting of this document, were still in progress, discussing their preliminary versions.

## **Regional strategic vision**

### **Vision for 2027:**

**“The South East Region will be an attractive, accessible region with a competitive and sustainable economy”**

### **General objective:**

**“Improving the region’s competitiveness and economic sustainability, promoting the transition to a green region, increasing transport infrastructure connectivity and unlocking tourism potential, leading to an increase in living standards and reducing intra- and inter-regional development gaps”**

## Regional strategic objectives and their specific objectives

The set of regional strategic objectives and their specific objectives are summarised below:

Regional Strategic Objective	Specific objective	Development priorities
<b>1. Increasing the competitiveness, economic sustainability and innovation of the South East Region</b>	1.1. Developing RDI infrastructure by supporting the uptake of advanced technologies and promoting research activities	1.1.1 Supporting RDI companies, including innovative clusters and R & D and technology transfer organisations for smart specialisation fields
		1.1.2 Supporting companies adopting advanced technologies
	1.2. Increasing the competitiveness of the regional private environment, in particular SMEs	1.2.1 Supporting entrepreneurship in competitive areas at local and regional level
		1.2.2 Support for business infrastructure to sustain the development of entrepreneurship in the region
	1.3. Support entrepreneurship for competitive and sustainable start-ups in areas of local and regional interest	1.3.1 Supporting the creation of new social enterprises and increasing their survival rate
		1.3.2 Investments to support business activity to increase their resilience and survival.
	1.4. Supporting entrepreneurship in areas of smart specialisation with a strong competitive advantage	1.4.1 Supporting blue economy entrepreneurship, shipping industry and shipping
		1.4.2 Supporting the textile industry through the use of advanced manufacturing technologies
		1.4.3 Development of the agro-food sector, including aquaculture and fisheries
	1.5. Digitalisation of the regional, private and public economy	1.5.1 Financing of public entities for activities related to the digitalisation of services offered
		1.5.2 Financing investment for equipment and services needed in the digital transformation of businesses

Regional Strategic Objective	Specific objective	Development priorities
	1.6. Supporting economic activities in rural areas.	1.6.1 Support to rural businesses. 1.6.2 Support for start-ups operating in rural areas.
<b>2. Increasing resilience to climate change and protecting the environment and biodiversity</b>	2.1. Promoting the transition to a circular economy, in particular by supporting integrated waste management and increasing recycling and re-use of resources.	2.1.1 Supporting businesses in the sustainability of production and transport processes
		2.1.2 Supporting awareness-raising activities on resource recycling and re-use
		2.1.3 Development of recycling infrastructure, including for the recycling of food oils and compost collection
	2.2. Protecting marine and aquatic biodiversity, in particular in the Black Sea and at the level of the Danube Delta.	2.2.1 Supporting research projects dedicated to the study of marine and aquatic life
		2.2.2 Encourage protection measures and support funding for biodiversity monitoring technologies
	2.3. Reducing pollution and increasing the level of monitoring of polluting particles in the air at the level of the South-East Region.	2.3.1 Supporting the purchase of air pollution monitoring stations and microstations in as many municipalities as possible
		2.3.2 Support to public authorities for the purchase and use of clean means of transport
		2.3.3 Supporting people through awareness campaigns on reducing pollution
	2.4. Increasing energy efficiency at regional level, in particular by supporting the renovation of residential and public buildings	2.4.1 Support to local authorities and firms for energy efficient renovation of public buildings
		2.4.2 Support to citizens for the energy efficiency of housing and the transition to renewable energy sources
	2.5.1 Support to regional and local operators to minimise water losses	

Regional Strategic Objective	Specific objective	Development priorities
	2.5. Promoting sustainable water management.	2.5.2 Awareness-raising actions for large water-consuming economic operators to encourage the integration of sustainable management systems
	2.6. Promoting the transition to renewable energy	2.6.1 Encourage cross-border cooperation for renewable energy exploration projects, including offshore
		2.6.2 Supporting research projects for different types of renewable energy
		2.6.3 Supporting awareness-raising activities at the level of the population on the use of renewable energy
		2.6.4 Supporting investments in renewable energy in both the public and private environments
	2.7. Promoting actions on climate resilience and risk prevention	2.7.1 Supporting sustainable land use projects
		2.7.2 Supporting nature-based projects in cities
		2.7.3 Planting of forest curtains and increasing woodland at regional level.
		2.7.4 Extension and modernisation of the irrigation system
<b>3. Developing a modern, resilient infrastructure and ensuring good local and regional mobility</b>	3.1. Supporting/improving urban infrastructure, mobility and accessibility	3.1.1 Support for the development and modernisation of urban road infrastructure
		3.1.2 Support for the revitalisation and regeneration of large (ZUF), small and medium-sized cities
		3.1.3 Development of communication infrastructure in urban and remote areas

Regional Strategic Objective	Specific objective	Development priorities
	3.2. Increase the capacity of port transport infrastructure in the region	3.2.1 Development/modernisation of maritime and river port infrastructure
		3.2.2 Supporting the efficiency of freight and passenger transport
		3.2.3 Creation/development/modernisation of multimodal transport infrastructure at port level
	3.3. Improving inter-regional connectivity, mobility and accessibility	3.3.1 Development of road, rail and air transport infrastructure
	3.4. Supporting the regional healthcare system.	3.4.1 Improving health capacity at regional level
		3.4.2 Increasing access to healthcare in rural areas
3.5 Improving access to vocational education and training	3.6.1 Developing the infrastructure needed for education and vocational training, both at urban and rural level	
	3.6 Improving access to quality social services	3.6.2 Development of infrastructure for marginalised and disadvantaged communities
<b>4. Human capital development to support labour market entry</b>	4.1. Increasing employment among young people, vulnerable groups and marginalised communities.	4.1.1 Developing programmes to boost the entry into the labour market of young people
		4.1.2 Support for retraining and continuing training programmes
	4.2. Increasing access to education and vocational training services among the population.	4.2.1 Increasing participation in a quality, modern education system in line with labour market requirements



Regional Strategic Objective	Specific objective	Development priorities
		4.2.2 Digitalisation of the education system
	4.3. Promoting social inclusion and combating poverty, especially among marginalised communities	4.3.1 Support for the social and economic integration of marginalised communities through the provision of integrated service packages
<b>5. Development of tourism in the South-East Development Region</b>	5.1 Development of tourism activities	5.1.1 Development of spa tourism
		5.1.2 Developing tourism and leisure infrastructure
		5.1.3 Modernisation/development of the Black Sea and Danube cliffs promenade areas
		5.1.4 Promoting natural heritage objectives, including Natura 2000 sites, and cultural heritage objectives
		5.1.5 Expansion of the touristic niche offer
	5.2 Developing sustainable tourism	5.2.1 Regulating tourism/recreational activity in order to stop the degradation/pollution of the natural environment
		5.2.2 Development of agrotourism
		5.2.3 Support activities to raise awareness of sustainable tourism practices among local communities and tourists

## V. Implementation system

The European regulations for the 2021-2027 programming period propose to support sustainable territorial development through strategies setting out integrated actions to address economic, social, demographic and environmental challenges. The region's socio-economic development strategy will inform the 2021-2027 programming documents.

In this respect, it is considered essential to draw up an action plan to achieve the objectives and provisions for implementing the strategy and to create a framework within which this plan can be achieved. Thus, in order to ensure the implementation of the Strategy, a set of actions is proposed, structured over well-defined timeframes: short-term (3 years), medium-term (4-6 years) and long-term (7-10 years). The action plan thus identifies the activities needed to be undertaken over the three-time horizons, the responsible entities and their deadlines.

<b>Activity</b>	<b>Responsible</b>	<b>Reference term</b>
<b>PHASE I — Starting of the strategy implementation activities, implementation of priority projects (2021-2023 period)</b>		
Finalisation of the portfolio of selected projects for the development of the region and their prioritisation, including through the definition of strategic projects	RDA SE, Key regional actors	2022
Dissemination of the Strategy for the Socio-Economic Development of the South East Region	RDA SE	2022
Preparation of the institutional framework and training of structures/teams responsible for strategic coordination, or implementation/monitoring of priority/strategic projects (if applicable)	RDA SE, Other institutions with responsibilities in the areas of intervention proposed, Other key actors at regional level	2022
Identification of possible public and private partners for the development and implementation of priority and strategic projects, including through the conclusion of Partnership Agreements	RDA SE, Other key actors at regional level	2022
Identification, analysis and selection of funding sources for proposed priority/strategic projects	RDA SE, Beneficiaries of proposed projects	2022
Implementation/starting of priority projects (drafting of technical and economic documentation, facilitating their implementation, carrying out public procurement, etc.) and providing expert assistance to potential beneficiaries	RDA SE, Beneficiaries of proposed projects	2023
<b>PHASE II — Continuation of the strategy implementation activities 2024-2026</b>		
Review the strategy and take corrective action (if any). Creation of new implementation structures/teams (if applicable).	RDA SE	2025
Continue the implementation of priority/strategic projects	RDA SE, Beneficiaries of proposed projects	2025

*Study on the socio-economic development of the South-East Region*

<b>Activity</b>	<b>Responsible</b>	<b>Reference term</b>
Monitoring the state of implementation of priority and large-scale projects and preparation of monitoring/progress reports	RDA SE	2026
Promoting the results achieved so far	RDA SE	2026
<b>PHASE III — Completion of strategy implementation activities, monitoring and final evaluation of results (2027-2030)</b>		
Taking corrective action (if applicable) on the basis of the monitoring report	RDA SE,	2026
Continue the implementation of priority and strategic projects	RDA SE, Beneficiaries of proposed projects	2029
Monitoring the state of implementation of the strategy and preparation of monitoring/progress reports	RDA SE	2030
Promotion/dissemination of final results	RDA SE	2030
Initiating the steps for the elaboration of the socio-economic development strategy for the future period	RDA SE	2029

## VI. Conclusions

The analysis of the socio-economic context, specific to the development of the South-East Region in the period 2010-2020, highlights a series of particularities, trends, dynamics and influences with a key role in shaping and adopting policies to support economic growth, sustainable development and quality improvement in the lives of citizens.

The examination of the **socio-demographic dimension** of the population confirms the accentuation of the phenomena of population aging at regional level, bringing to the fore the need for public policies that support active aging, ensuring an independent life for the elderly, but also specialized and personalized medical and care services. The **activity rate of the population** aged 25-34 years and 35-54 years is generally fluctuating and highlights gender inequalities, with men registering an almost double activity rate compared to women. Although on a downward trend in recent years, unemployment among the active population in the region is a phenomenon whose effects have intensified with the emergence of the COVID-19 pandemic and the national health crisis.

With regards to **road transport infrastructure**, it is noted that, despite improvements over the last 10 years, significant investigations are still needed to ensure connectivity and mobility and to contribute to the socio-economic development of the region. The South-East region has all the geographical features necessary for the development of **maritime and river transport**. Although there is a significant network of sea and river ports, the degree of their modernization to provide competitive services at European level is still low.

In the field of **health**, analyses carried out at regional level reveal shortcomings and vulnerabilities that require continued investment and reform efforts in this sector. The distribution of infrastructure between urban and rural areas continues to be a challenge in terms of access to health for the citizens of the region, as well as the emphasis of the medical system on treatment, to the detriment of the European approach aimed primarily at disease prevention.

The importance of **environmental issues** in specialized studies has increased considerably in recent years, reflecting both the growing interest of public opinion in the sustainable way for socio-economic development and the openness of decision-makers to environmental issues. At the time

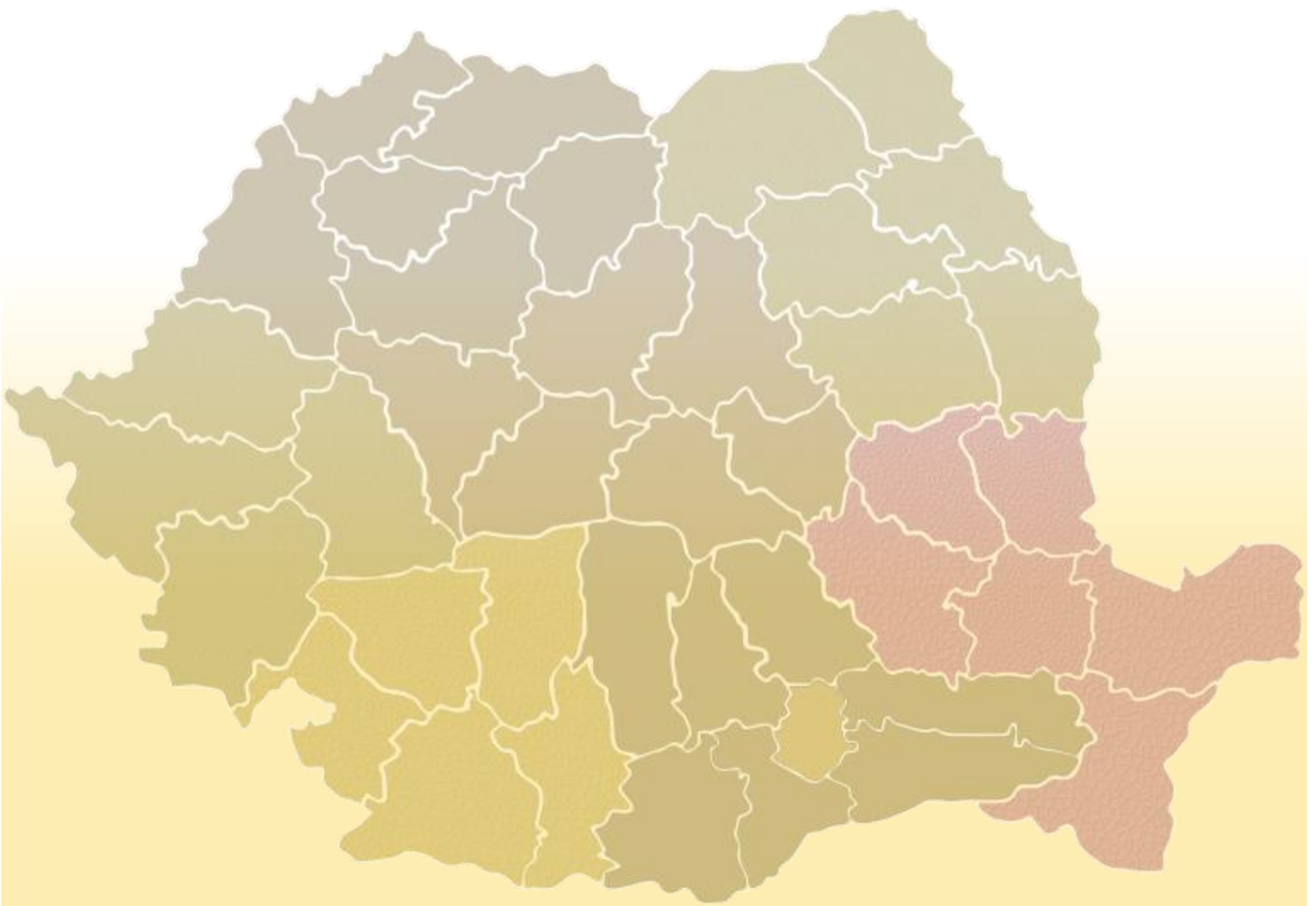
of elaborating this analysis, according to the available statistical data, the state of quality of the environment as a whole, at the level of the South-East Development Region, is a good one.

Although the South-East Region is not the most active region in Romania from an **economic** point of view, there is a very high development potential, which must be supported by both local authorities and investors. Clusters, business incubators, the development of industrial and software parks can be long-term solutions for boosting economic activities in the region.

In terms of the **tourism sector**, the region is, at European and even international level, an **important tourist destination**, given its particularly valuable natural (unique landscapes in Europe and the world) and anthropic (history, culture, traditions and local identity) heritage.

**Agriculture** occupies a significant place in the sustainable economic development of the South-East Region, being favoured by optimal pedo-climatic conditions, but also by large areas for land. Agricultural production has seen steady growth over the past 10 years, with counties in the region being at the top of the production of grain, legumes, oil plants and vegetables.

Starting from the socio-economic profile outlined based on statistical analyses of available data and qualitative information, the study provides a strategic basis for substantiating the development objectives and priorities associated with the period 2021-2027, supporting future public policies and strategic planning and programming of the South East Region.



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