GOVERNMENT OF ROMANIA

MINISTRY OF DEVELOPMENT, PUBLIC WORKS AND HOUSING

REGIONAL OPERATIONAL PROGRAMME

2007- 2013

- Revised Official Proposal -

- June 2007 -

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LIST OF ACRONYMS AND ABBREVIATIONS

ACIS	Authority for the Coordination of Structural Instruments
BSS	Business Support Structures
CEE	Central and Eastern European Countries
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECA	European and Central Asia
EDIS	Extended Decentralised Implementation System
ERDF	European Regional Development Fund
ESC	Economic and Social Cohesion
ESF	European Social Fund
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
GD	Government Decision
GDP	Gross Domestic Product
GDRD	General Directorate for Regional Development Phare Funds (MDPWH
GS	Grant Scheme
HRD	Human Resources Development
IB	Intermediate Body
ICT	Information and Communications Technologies
NIS	National Institute for Statistics
IRIS	Integrated Regional Information System
ISPA	Pre-Accession Structural Instrument
JAP	Joint Assessment Paper
JIM	Joint Inclusion Memorandum
MA	Managing Authority
MARD	Ministry of Agriculture and Rural Development
MIAR	Ministry of Interior and Administrative Reform
MARR	Mining Affected regions Reconstruction
MDPWH	Ministry of Development, Public Works and Housing
MERY	Ministry of Education, Research and Youth
MoLFEO	Ministry of Labour, Family and Equal Opportunities
MoCC	Ministry of Culture and Cults
MPH	Ministry of Public Health
MEF	Ministry of Economy and Finance
MT	Ministry of Transport
MESD	Ministry of Environment and Sustainable Development
MSMSCTTLP	Ministry for Small and Medium-Sized Companies, Trade, Tourism and Liberal Professions
NAE	National Agency for Employment
NBRD	National Board for Regional Development
NDP	National Development Plan

NGO	Non-governmental Organization
NIRDT	National Institute for Research & Development in Tourism
NPAA	National Programme for the Adoption of the Acquis
NSRF	National Strategic Reference Framework
NUTS	Official Nomenclature of Territorial Units for Statistics
OP	Operational Programme
R&D	Research and Development
RAI	Regions' Attractiveness Index
RAFI	Romanian Agency for Foreign Investments
RDA	Regional Development Agency
RDB	Regional Development Boards
RDI	Research, Development and Innovation
RDP	Regional Development Plan
RIQL	Research Institute for Quality of Life
ROP	Regional Operational Programme
SAPARD	Special Programme for Pre-Accession Aid for Agriculture and Rural Development
SF	Structural Funds
SME	Small and Medium-sized Enterprises
SOP	Sectoral Operational Programme
SWOT	Strengths, Weaknesses, Opportunities and Threats
TAIEX	Technical Assistance Information Exchange Unit
UNDP	United Nations Development Programme
USAID	US Agency for International Development
WB	World Bank

INTRODUCTION

The *Regional Operational Programme 2007-2013 ("ROP")* comprises all the 8 Development Regions of Romania established by Regional Development Law no. 151/1998, which was later amended by Law no.315/2004, in line with the provisions of EC Regulation No. 1059/2003 with regard to the establishment of a common statistical classification of territorial units. The eight Development Regions are:

Region 1: North–East including 6 counties: Bacau, Botosani, Iasi, Neamt, Suceava, Vaslui

Region 2: South–East including 6 counties: Braila, Buzau, Constanta, Galati, Tulcea, Vrancea

Region 3: South including 7 counties: Arges, Calarasi, Dambovita, Giurgiu, Ialomita, Prahova, Teleorman

Region 4: South–West including 5 counties: Dolj, Gorj, Mahedinti, Olt, Valcea

Region 5: West including 4 counties: Arad, Caras-Severin, Hunedoara, Timis

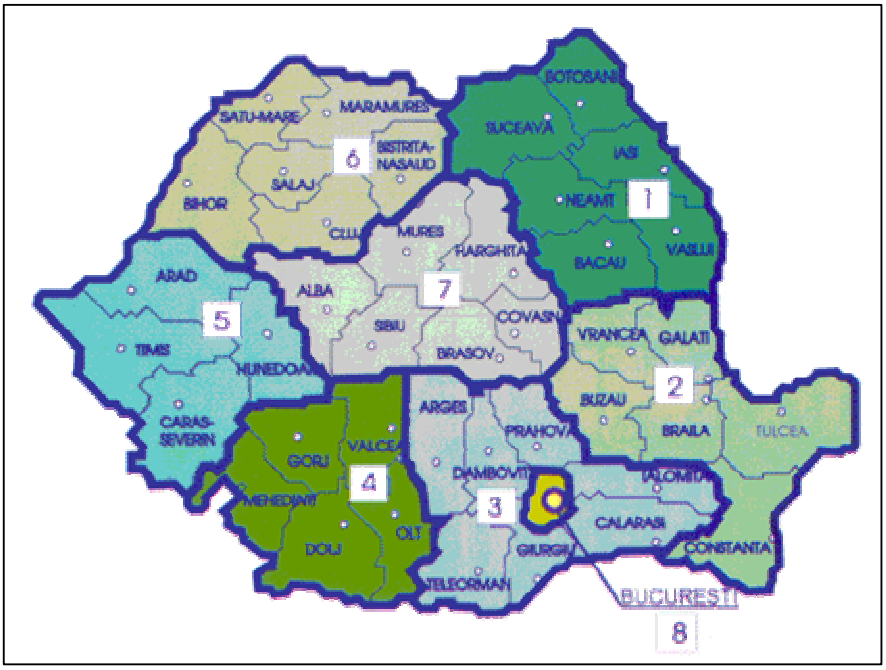
Region 6: North–West including 6 counties: Bihor, Bistrita-Nasaud, Cluj, Maramures, Satu Mare, Salaj

Region 7: Centre including 6 counties: Alba, Brasov, Covasna, Harghita, Mures, Sibiu

Region 8: Bucharest – Ilfov including: Country Capital - Bucharest and Ilfov County

Map 1

Romanian Development Regions



Romanian Development Regions are statistical units composed of 4 - 7 counties, with the exception of Bucharest - Ilfov Region, created based on association agreements between County Councils. They correspond to NUTS II level according to the EUROSTAT

classification and therefore represent the framework for collecting specific statistical data at the regional NUTS II territorial level.
The Romanian NUTS classification, based on the 3 territorial levels recommended by EUROSTAT, is the following:

Table 1

NUTS corresponding level	Unit	No of units (June 2006)
I	Romania	1
II	Regions	8
III	Counties and Bucharest Municipality	42

Development Regions represent the reference framework for drawing up, implementing, monitoring and assessing the regional development strategies, as well as the economic and social cohesion programmes implementing them.

All Romanian NUTS II regions, including Bucharest Ilfov, have a per capita Gross Domestic Product ("GDP") of less than 75% of the Community average. Therefore, they are all eligible for EU Structural Fund support, under the "Convergence" objective, as specified in the Art. 5 of Council Regulation No. 1083/2006[1].

The Ministry of Development, Public Works and Housing (the former Ministry of European Integration) was designated as Managing Authority for the Regional Operational Programme 2007–2013 (MA for ROP) according to GD 497/2004 and is responsible for management, administration and implementation of financial assistance allocated to this program. MA for ROP 2007 – 2013 is set up within the Ministry of Development, Public Works and Housing, according to GD No. 243/2006.

The eight Regional Development Agencies (RDA's) were established in 1998 by Law no. 151/1998, which was later amended by Law no.315/2004 and they are executive bodies of the Regional Development Boards, grouping representatives from county and local authorities. The RDA's were designated as Intermediate Bodies for the implementation of ROP, according to the commitments taken under the Chapter 21 – Regional policy and co-ordination of structural instruments.

ROP will be financed by State and local Budgets for 2007 – 2013 and private sources and will be co-financed by the European Regional Development Fund (ERDF) – one of the structural funds of the European Union. The EU contribution will represent up to 85% of the total public expenditure.

ROP implements important components of National Strategy for Regional Development of the National Development Plan (NDP) and together with the other Sectoral Operational Programmes will contribute to the achieving of the NDP and National Strategic Reference Framework's objectives, thereby contributing to reduce the economic and social development disparities between Romania and EU Member States.

[1] Brussels, COM(2006) 1083/2006, COUNCIL REGULATION laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999.

Territorial disparities in the level of socio-economic development are increasing throughout the Country, although in several cases the rhythm of change has been so fast that it is still difficult to identify structural patterns. What is obvious is that Bucharest-Ilfov is emerging as the most developed Region of the Country and shows preliminary signs of congestion. At the same time, there is a slight tendency of growth to concentrate in the Western Regions (North - West, Centre and West) rather than the Eastern Regions (North-East, South-East, South and South-West), although real dynamics can be better appreciated at the sub-regional level where signs of economic decoupling of marginal areas along the borders or the Danube River appear very evident, thereby reinforcing old historical trends, and other local factors can be better appreciated.

The purpose of ROP is therefore to support, to the extent possible, an equally balanced growth of all parts of the Country not that much by redistributing public resources but by ensuring that all areas should have a minimum level of business, social and human capital infrastructure to allow growth to take place. It is therefore to ensure that the right preconditions are in place and that underdevelopment traps are not created through some reinforcing mechanisms (fiscal policy, labour market). It is evident that ROP per se cannot spur regional development neither play any rebalancing role in isolation from the structural interventions in the field of transport, industrial competitiveness, environment, rural development and human resources that are included in the other operational programmes and that represent in a way preconditions for the ROP to succeed. The ambition of ROP is to support this geographically distributed growth process by giving it a more specific local and regional dimension and let the various areas of the Country to capitalise on their specific resources, based on local needs and local potential and the diversified development paths the various areas of the Country may take based on their history, strengths and resources. In other words the ROP is to support a bottom-up local development approach, complementary to the structural top down national sectoral development approach envisaged in most of the OPs. It will also support local interventions in high growth areas to cope with growth-related congestion, avoid specific cases of decoupling on a micro-scale and ensure sustainability to growth path by supporting strategic long-term interventions.

The ROP intervention modality is articulated into several steps also to take realistically into consideration the limited programming capacity available at the local level and the experience built in several years of EU-supported institution building in the field. Indicative financial allocations are made at the regional level based on local development stage by privileging more underdeveloped Regions through a financial allocation mechanism indirectly proportional to their GDP /capita level amended with the population density index, so that the less developed Regions to proportionally receive higher amounts of financial allocations within the framework of nationally agreed priority axes and in line with development strategies agreed at the regional level by the local authorities through their regional development boards. These allocations will be then used to finance projects deemed to have a major impact in the given context on local development as facilitators of growth: rehabilitation and modernisation of local transport infrastructure to improve accessibility, education and health infrastructure to ensure human capital formation and healthy population, strengthening the business support structures (industrial, logistics and business parks) to attract investors, support to business creation of micro companies to allow local market to reach a critical self-sustaining mass, valorisation of the local tourism, cultural and natural patrimony by supporting the tourism infrastructure development and related entrepreneurial initiatives, as well as specific measures to support

urban centres to function as a knitted network of engines for growth and spill over development opportunities in the neighboring areas thereby helping to build economic regional links, presently missing in most Romanian regions.

The main features of ROP distinguishing it from the other Operational Programmes are:

- It has a clear local dimension in addressing socio-economic problems from the local point of view and capitalizes on local resources and opportunities;
- It privileges Regions relatively lagging behind and less developed areas in ensuring them the existence of a minimum set of preconditions for growth but does not have redistributive purposes per se;
- ROP key areas of intervention are complementary to those of the other OPs and expected to operate in synergy with these;
- It fosters a bottom up approach to economic development;
- It takes into consideration the underdeveloped stage of local programming in the Country by envisaging broadly common-to-all thematic priority axes at the National level, namely:

Priority axis 1: Support to sustainable development of urban growth poles
Priority axis 2: Improvement of regional and local transport infrastructure
Priority axis 3: Improvement of social infrastructure
Priority axis 4: Strengthening the regional and local business environment
Priority axis 5: Sustainable development and promotion of tourism
Priority axis 6: Technical assistance

These priority axes are in line with the Community policies on economic and social cohesion promoted by the European Union, which are highlighted in Chapter 3.4 of the present document.

ROP contributes through implementation of these priority axes not only to reach the global objective of National Strategy of Regional Development but also to achieve the objective of National Development Plan and National Strategic Reference Framework, related to diminishing the development disparities between Romania and EU Member States through its complementarity with the other Operational Programmes:

- **Increasing Economic Competitiveness**
- **Transport**
- **Environment**
- **Human Resources Development**
- **Administrative Capacity Development**
- **Technical Assistance**

The ROP priority axes have been established through extensive partnership consultations (thematic working groups, forums, etc.) under the coordination of the Ministry of Development, Public Works and Housing. Regional partners (mainly Regional Development Agencies) have been invited to get actively involved in the drawing up processes of ROP 2007 – 2013 in order to identify and incorporate more easily the existing needs at regional and local

level and ensure local authorities and regional organisations ownership of programme. The process started in 2005 is to run on a continuous basis to accompany the strengthening of local programming capacity at the regional and sub-regional levels. The main partners involved in this wide consultation process are:

a) The competent regional, local, urban and other public authorities/ bodies, including the Regional Development Agencies;
b) The line ministries and government agencies and in particular, Ministry of Economy and Finance, Ministry of Education Researchand Youth, Ministry of Public Health, Ministry of Interior and Adminstrative Reform, Ministry of Labour Family and Equal Opportunities, Ministry of Transport, Ministry of Environment and Sustainable Development, Ministry of Culture and Cults, Ministry of Agriculture and Rural Development, Ministry for Small and Medium-Sized Companies, Trade, Tourism and Liberal Professions;
c) The economic and social partners;
d) Other bodies representing civil society, environmental organisations, non-governmental organisations, and bodies responsible for promoting equality between men and women;

The EC Representation in Romania and several international organizations (World Bank, USAID, UNDP, and EBRD) have also been actively involved in the public consultations for the identification of the ROP areas of intervention and actions.

The public consultations organized by the MDPWH at national and regional level, ensured broad, active and effective involvement of all relevant bodies for regional development and also ensured the dissemination of information to partners, with respect of the principles of transparency and access to information for all interested factors concerned by the ROP interventions.

The ROP includes comments and recommendations made during the interministerial and interregional consultations, as well as during the round tables organized by MDPWH.

The partnership principle will also be promoted during the implementation, monitoring and evaluation of the ROP. Throughout the implementation and evaluation of the ROP, the involvement of relevant organizations at regional level in the project selection, shall be ensured in order to select those projects that have a major positive impact on the local economies and address their specific needs, in line with what is envisaged in the Regional Development Plans and Strategies of the Regions and the other local programming documents.

The ROP is structured into five priority axes and twelve key areas of intervention as well as a Technical Assistance priority axis that assures the proper implementation of the Programme, with two key areas of intervention.

Regional Operational Programme' priority axes

Priority axis 1: Support to sustainable development of urban growth poles

1.1 Integrated urban development plans

Priority axis 2: Improvement of regional and local transport infrastructure

2.1 Rehabilitation and modernization of the county roads and urban streets network - including construction/rehabilitation of ring roads

Priority axis 3: Improvement of social infrastructure

3.1 Rehabilitation, modernization and equipping of the health services' infrastructure

3.2 Rehabilitation, modernization, development and equipping of social services infrastructure

3.3 Improving the equipments of the operational units for public safety interventions in emergency situations

3.4 Rehabilitation, modernization, development and equipping of pre–university, university education and continuous vocational training infrastructure

Priority axis 4: Strengthening the regional and local business environment

4.1 Development of sustainable business support structures of regional and local importance

4.2 Rehabilitation of unused polluted industrial sites and preparation for new activities

4.3 Support the development of micro-enterprises

Priority axis 5: Sustainable development and promotion of tourism

5.1 Restoration and sustainable valorization of cultural heritage, setting up and modernization of related infrastructure

5.2 Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services

5.3 Promoting the tourism potential and setting-up the needed infrastructure in order to increase Romania's attractivity as tourism destination

Priority axis 6: Technical assistance

6.1 Support for the implementation, overall management and evaluation of the ROP

6.2 Support for the publicity and information activities of the ROP

All proposed ROP priorities are in line with the renewed Lisbon strategy (taking into account the Gothenburg Strategy 2001), Community Strategic Guidelines on Cohesion Policy 2007 – 2013. It is developed in accordance with the principles of the "Convergence" objective of the EU Structural Funds.

EX-ANTE EVALUATION PROCESS: ASSESSMENTS & CONCLUSIONS

The ex-ante evaluation of the Regional Operational Programme has been externally carried out between August – December 2006 under the project Phare 2004/016-772.04.03.01.06 "Ex-ante evaluation". The purpose of the ex-ante evaluation was to optimise the allocation of resources and to improve the quality of programming. The ex-ante evaluation exercise has been an interactive process of meetings and consultations between the MA for ROP and the ex-ante evaluator, one to one interviews with the key stakeholders and overall meetings with the attendance of the MEF as national coordinator and other Operational Programmes Managing Authorities representatives. Also, a main component of this active process of consultations is represented by the survey undertaken by the ex-ante evaluator in order to assess the implementation of the partnership principle in the programming phase for this OP, whose conclusions are formulated on the basis of a questionnaire submitted to all the relevant stakeholders for this programme.

The main evaluation questions were the following:

- *Relevance:* to what extent are the programme's objectives relevant in relation to the evolving needs and priorities at national and EU level?
- *Effectiveness:* how realistic is the programme in achieving its specific and global objectives by 2013 or earlier?
- *Efficiency:* how well are the resources (inputs) allocated with respect to outputs or results?
- *Consistency and coherence:* are the proposed objectives and measures logically linked to the socio-economic analysis, are they mutually consistent (consistence) and are they well embedded in the regional, national and Community (e.g. Lisbon Objectives) policy objectives and interventions (Coherence)
- *Utility:* are the expected and unexpected effects realistic and globally satisfactory in the context of wider social, environmental and economic needs?
- *Sustainability:* will the effects obtained in the proposed programmes remain, even after the end of the programme without further public funding?
- *Management and monitoring arrangements*: how they may affect the achievement of programme objectives & contribute the chosen processes to positive results?

The ex-ante evaluator presented his preliminary conclusions and recommendations within two draft reports, for which two debriefing meetings were organized: on the 11th of October 2006 (discussing the overall analysis part and the ROP' objectives as they were formulated at that moment) and on the 7th of November 2006 (discussing the Strategy and the Priority axes proposed for ROP).

All of the debatable points were clarified during these two meetings and other bilateral meetings that took place between the evaluator and the representatives of the ROP Managing Authority. Most of the ex-ante recommendations have already been taken into account in the current version of ROP and only a few have been retained by the evaluator in the final ex-ante

evaluation report, based on the clarifications and underpinned explanations provided by the ROP MA.
The draft final evaluation report that was officially presented on the 15th of December 2006 presents a positive assessment of the logic and coherence between the different chapters and elements of the Regional Operational Programme. The report concludes:

- The analytical basis for this operational programme is considered sufficient and robust enough to justify the conclusions that were derived from it for the formulation of the strategy
- The Regional Operational Programme will certainly contribute to support and promote sustainable economic and social developments in the Romanian Regions
- The strategy is sufficient relevant in relation to the problems, needs and potential identified in the analysis
- There is a clear intervention logic of the particular priority axes
- The proposed budget's division are sufficiently justified from the socio-economic analysis and can be explained from the intervention logic
- The objectives of the strategy are compatible with existing EU and national policy objectives
- The proposed indicators for the priority axes are justified, although some further work could be carried out with quantification as well as to add some results indicators
- In general, the implementation system for ROP meets the requirements of Council Regulation No. 1083/2006.

However, the report also presents a set of recommendations, most of them of a strategic nature for the following programming period, relevant both for the ROP MA, but also for other institutions and structures acting as key actors for regional development process in Romania:

1) *Future socio-economic analyses should be structured in such a way that all determinants for regional development are taken into account. A rather comprehensive analysis of all aspects of these determinants should be taken into account. The relevance of the chosen strategy, its objectives and priorities will improve if this starts from a complete picture of the socio-economic situation.*

MA for ROP consideres this recommendation relevant and it will be taken into consideration in the drawing-up process of the future programming documents.

2) *It is strongly recommended to strengthen the relationship between the regional policy objectives and those for the spatial development. For this reason the tools for spatial planning and regional development should be adapted and fine-tuned in such a way that the available potentials can be better utilised for the region as a whole. Also closer relations should be build between the authorities that are responsible for these policy areas.*

Physical planning documents represent the framework, which the regional policy takes into consideration. No project is eligible without an urbanism permit. This permit ensures that each investment project eligible under ROP complies with physical planning documents. MA for ROP recognizes the need to improve planning systems for future programming periods.

3) *For a more balanced development in Romania the capital cities should be better used as motors for the socio-economic development in their region (growth poles). But also possible agglomeration effects of small and medium sized cities in the more rural areas have to be utilized if their potentials have been proved. Also to make programme activities as visible as possible, the ROP should strongly anticipate on these development opportunities.*

MA for ROP considers that this recommendation is relevant for the future programming periods and that a coordinated approach on spatial development and growth poles is necessary.

4) *It is the intention of the Romanian authorities to concentrate to a certain extent the available resources on the Regions which are most lagging behin. It is however, expected that financial, administrative and technical bottlenecks at regional and local level do exist. It is recommended to monitor closely the division of the resources among the regions and to deliver additional technical assistance to those Regions /municipalities that could otherwise be excluded from EU support.*

This recommendation wil be taken into consideration for an efficient implementation of the programme. On going evaluations will reveal the possible bottlenecks and the implementation system has already foreseen the adjustment mechanism.

5) *Tourism development is by all development Regions seen as an important potential for improving economic growth and employment. To utilise these potentials as optimal as possible, it is recommended – if they don't already exist - to draft regional tourism development strategies in the beginning period of the ROP. These strategies should also comprise components for information and promotion.*

MA for ROP considers also that regional tourism strategies should be available. For some regions, these strategies are elaborated, for others they are under development.

6) *In elaborating the implementation documents it is further recommended to give prioritisation for projects, which:*
   - *Strongly relate to other priority axes and/or SOPs*
   - *Are commonly submitted by groups of municipalities / communes*
   - *Which also orient strongly on Strengths and Opportunities*
   - *That promote sustainable economic and social developments*

As the law already allows local authorities to associate for common projects, the possibility to mention "groups of local authorities" as beneficiaries will be taken into consideration. A scoring will also be taken into consideration for this type of projects in the implementation documents.

In the framework of the ex-ante evaluation process was also included the activity of formulation or reformulation of the programme monitoring indicators. A series of meetings, both bilateral (between the expert on indicators and the MA representatives) and of overall attendance (representatives of all MAs and other key stakeholders for the OPs programming

phase) took place in order to establish a well defined set of indicators and to ensure also coherence and complementarity between ROP and other OPs systems of indicators.

It is concluded that the ex-ante evaluation process has met the primary objectives of improving the quality of the document.

Strategic Environmental Assessment

The Strategic Environmental Assessment (SEA), a major component of the ex-ante evaluation process for ROP, followed the procedural stages according to the GD 1076/2004 (which transposes the EU Directive 2001/42/EC). The SEA procedure started in September 2006; there were organized 3 meetings of the inter-institutional working group, established in order to assess the ROP implementation effects on the environment. The draft SEA report for ROP was issued in November 2006, when also the consultation process was launched. Public consultations on both SEA report and ROP have been carried out. The documents have been made publicly available and readily accessible through the MDPWH website. The public has been announced through media channels about the opportunity to express opinions on the documents within 45 days. The public debate meeting took place on the 18th of January 2007. The SEA procedure has been completed on 31 January 2007.

The SEA report for ROP identifies mostly positive and neutral effects on the environment following this programme's implementation. For the negative effects on the environment that are likely to appear as consequences of the specific investments foreseen in the programme, the report provides a set of measures envisaged to prevent, reduce or even offset them. Environmental considerations have been taken into account in the Programme. All the effects of the ROP implementation on environmental components will be strictly monitored through a proposed set of specific indicators, which will be introduced into the overall monitoring system of the programme.

1. CURRENT SITUATION ANALYSIS

1.1 COMPARATIVE ANALYSIS AND DISPARITIES BETWEEN REGIONS

As other former socialist countries, Romania started the transition process with relatively low level of regional disparities compared with long established market economies. These disparities have nevertheless been growing rapidly, in particular between the Bucharest-Ilfov Region (mainly, but not only, because of fast-growing Bucharest) and all the other Regions. However, interregional disparities in absolute terms still remain relatively small when compared to the EU average. In relative terms however, the interregional disparities are comparable with those in Czech Republic, Hungary and Germany.

Table 2

Interregional disparities in absolute and relative terms, compared to other EU MS

-2003-

No.	Country	Region with the highest GDP	GDP/inh PPS (EU25=100)	Region with the lowest GDP	GDP/inh PPS (EU25=100)	Interregional disparities (absolute terms)	Interregional disparities (relative terms)
	1	2	3	4	5	3-5	3:5
1	Austria	Wien	170.9	Burgenland	84.7	86.2	2.0
2	Belgium	Bruxelles – Cap.	237.6	Hainaut	77.6	160.0	3.1
3	Bulgaria	Yugozapaden	43.0	Severen Tsentralen	24.2	18.8	1.8
4	Finland	Aland	154.3	Ita-Suomi	84.1	70.2	1.8
5	France	Ile –de-France	173.3	Guyane	57.6	115.7	3.0
6	Germany	Hamburg	184.0	Dessau	70.9	113.1	2.6
7	Greece	Sterea Ellada	115.7	Anatoliki Makedonia	62.4	53.3	1.8
8	Ireland	Southern and Eastern	149.2	Border, Midlands and Western	92.5	56.7	1.6
9	Italy	Provincia Autonoma Bolzano/Bozen	160.0	Calabria	68.5	91.5	2.3
10	United Kingdom	Inner London	277.6	Cornwall & Isles of Scilly	75.8	201.8	3.6
11	Holland	Utrecht	152.5	Flevoland	89.4	63.1	1.7
12	Poland	Mazowieckie	72.8	Lubelskie	33.2	39.6	2.2
13	Portugal	Lisboa	104.3	Norte	57.4	46.9	1.8
14	Czech Rep.	Praha	138.2	Moravskoslezsko	53.4	84.8	2.6
15	**Romania**	**Bucuresti**	**57.9**	**Nord-Est**	**21.7**	**36.2**	**2.7**
16	Slovakia	Bratislavský kraj	115.9	Východné Slovensko	38.8	77.1	2.9
17	Spain	Comunidad de Madrid	128.8	Extemadura	63.8	65.0	2.0
18	Sweden	Stockholm	157.9	Ostra Mellansverige	98.2	59.7	1.6
19	Hungary	Kozep – Magyaroszag	94.9	Eszak – Magyarorszag	38.1	56.8	2.5

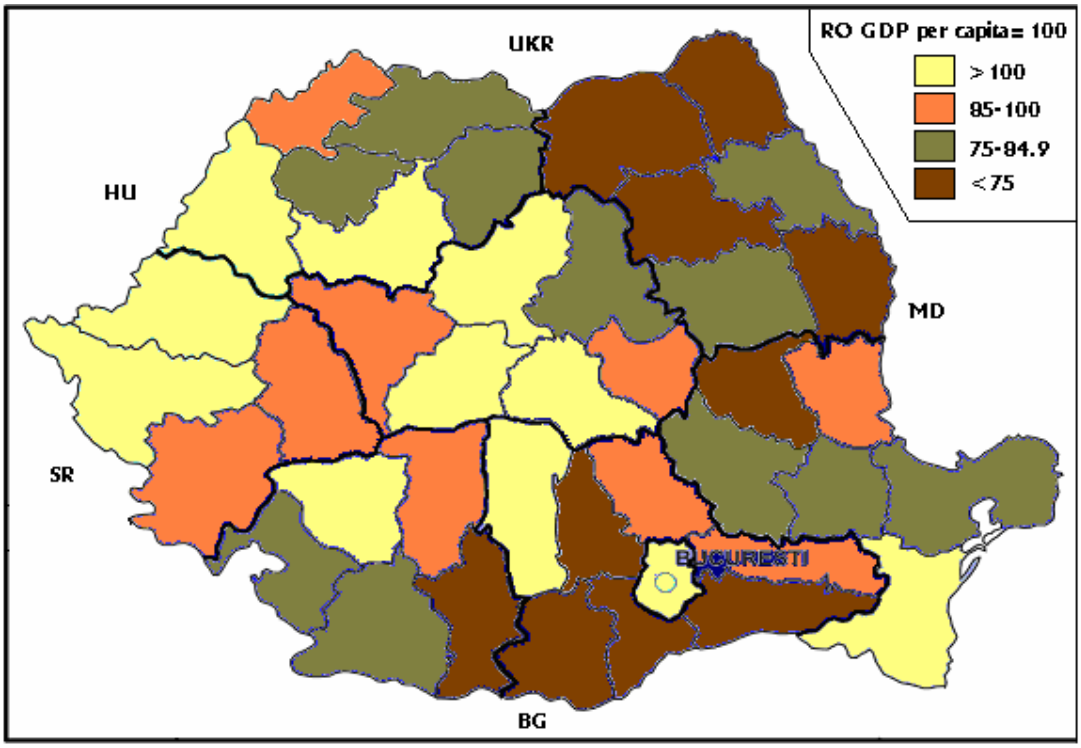
Source: EUROSTAT

Regions' economic performance and growth potentials

The regional NUTS II dimension allows only a fairly limited understanding of development trends across the country, as these have been mainly influenced by the 1) urban dimension, with growth mainly concentrated in large towns, with Bucharest representing by far the most visible instance of this phenomenon; 2) access to (global mainly western) markets, with FDI attraction and growth being favorably influenced by the existence of international ports (Constanta) or easy access to the western markets. On the contrary, proximity to natural barriers to trade (the Danube River) or underdeveloped Eastern markets (Ukraine and Moldova) has naturally hindered development. As map below demonstrates, if GDP per capita is used for analysis, the parts of the country with the higher per capita income are counties with either large towns, international airports or located close to or on the way to the western border. On the contrary, some of the counties experiencing the most severe underdevelopment problems either border the Danube or are located close to Ukraine or Moldova. It is worth noting that income concentrates around a few, mainly large cities. In 2004 only 12 counties had a GDP per capita higher than the national average and most of them had major urban centres. Another 10 had GDP lower than 75% of the national average, and these included a number of counties bordering the Danube, Ukraine or Moldova. At any rate, in no case any county ever found itself below 50% of average national GDP, while Bucharest alone was already double the average.

Map 2

Romania - Counties with the highest and lowest GDP per capita in 2004



Source: Romanian Statistical Yearbook 2006, NIS

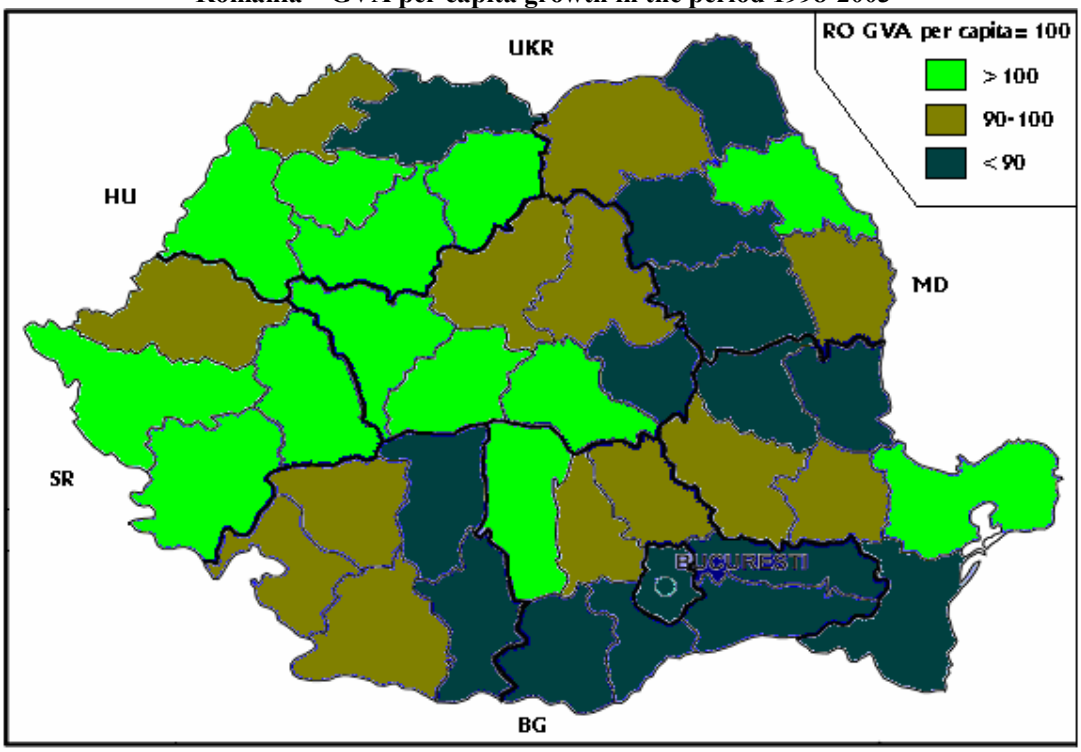
This situation results from the combination of traditionally historical factors and more recent development trends, including random factors related to the geographical dimension of the privatisation process. In particular, the different counties have been differently affected and in

different periods of time by the consequences of the privatisation process and the restructuring / disbandment of entire unprofitable sectors of the economy or large State owned companies.

From 1998 to 2003, if one uses the Gross Value Added (GVA) per inhabitant as a reference, only 14 counties have managed to register a growth rate higher than the national average but just half of these can be considered traditionally wealthy part of the country (Bucharest, Timisoara, Cluj, Gorj, Sibiu, Bihor, Arges) while the other counties with major urban centres failed to keep apace with growth rates (notably Brasov, Constanta, Ilfov, Targu Mures, and Arad). Three counties located slightly below the national income average on the contrary grew quite fast in the period, and namely Alba, Hunedoara and Caras Severin, and three counties located in the third quartile of poverty, notably Tulcea, Salaj and Bistrita-Nasaud (the two latter bordering Cluj) managed to experience higher than average growth rates. Finally, also Iasi county, with a large town (Iasi), grew quite fast in relative terms.

Map 3

Romania – GVA per capita growth in the period 1998-2003



Source: Romanian Statistical Yearbook 2006, NIS

On the negative side, decoupling from economic growth with substantially lower than average growth rates, resulting in a substantial worsening of the situation was confirmed for all counties bordering the Danube (Teleorman, Giurgiu, Olt, Calarasi) and extended to Ialomita and Mehedinti and partly for those bordering Ukraine (Maramures, but notably not so much Suceava) and Moldavia (Botosani) and severely hit two large cities: Galati – affected by the crisis of Sidex - and Constanta- affected by the crisis of the industrial port. Also Vrancea, Bacau, Neamt and Covasna counties experienced quite significant recessions. On the contrary, traditionally poor Buzau managed to cope with the Country average growth.

The resulting scenario for the period 1998 – 2003 can be simplified in the following terms:

- Proximity to Western markets appeared as a factor alone capable of gradually extending growth to neighboring areas (Caras Severin, Salaj);
- Successfully resilient mining districts seemed to have recovered from the mining crisis and apparently benefited from restructuring (Gorj, Hunedoara, and Alba), although not always in employment terms (but less successful similar experience in Mures);
- Dramatic economic decoupling increasingly affected border areas along the Danube Moldova and Ukraine but was somehow limited to the North by the slow emergence of Suceava as a tourism pole (monasteries) and the growth of Iasi;
- A cluster of counties located in the Eastern part of the Country, all experiencing severe recession (Galati, Vrancea, Bacau, Buzau, Braila) partly because historically underdeveloped and focused on agriculture partly because of the heavy industrial crisis affecting the area and complemented by the East-West reorientation of trade flows following transition and the end of the Eastern bloc;
- The slow emergence of a successful FDI-driven industrial pole in Pitesti;
- Stagnation or even fully-fledged recession increasingly affecting mountainous areas all along the Carpathians (Harghita, Covasna, Neamt, Valcea);
- A booming tourism pole in Tulcea (Danube Delta) bordering the less successful seaside tourism county of Constanta.

It is not easy at this stage to have an accurate view of ongoing trends because official statistical data are available only up to 2003, and therefore ignore both the consequences of the still present process of massive FDI inflows started after that date and of those privatisations that were delayed till 2003. So a fast changing scenario should be taken into consideration.

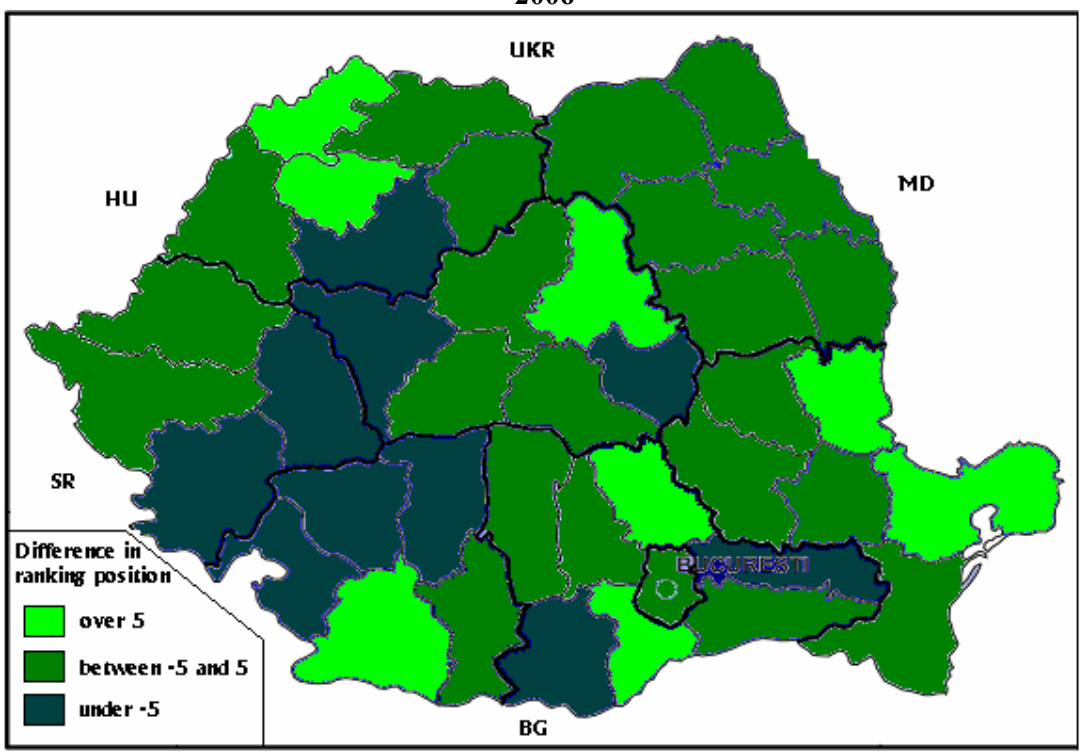
Based on existing statistical data it is very difficult to have a clear picture of more recent developments including the massive inflow of FDI and the increasing presence of non-European based foreign investors in the Country. A possible proxy indication may be given by data on County fiscal contribution capacity, that although slightly distorted by a different definition of income for fiscal purposes and GDP for statistical purposes and related problems of geographical allocation of income, can nevertheless be considered a reasonable proxy of statistical data to come. If data related to the first 10 months of 2006 are considered, a few notable novelties can be spotted, substantially changing parts of the previously described scenario or suggesting to temporarily play down the importance of some factors. Map below compares the ranking of Counties in 2003 GDP terms with their fiscal contribution in the first 10 months of 2006. As can be seen:

- The booming growth of Bucharest appears to extend to neighboring areas including not only Ilfov but also Prahova and Giurgiu. A complex conurbation would therefore be in the process of being created around the capital with substantial commuting relations and geographical spillover effects.
- Both Constanta and Galati could have impressively bounced back from their previous crisis and have taken advantage of the increasing importance of ports and shipyards in today's globalised economy. It is unclear to what extent income spill over to the local population in terms of increased opportunities for consumption and a critical market for the service and trade sectors.

- The relative importance of proximity to Western market is apparently being reduced. A number of Western towns cannot cope with the new FDI-driven growth rate and comparatively lose ground. This relates not only to Cluj (that would no longer spread growth to surrounding areas) but also to Timis. This has led to a fully-fledged crisis in Caras Severin also reducing the consequences of some privatisation. The border part of North-Est is apparently less affected: Bihor keeps its positions (like Arad does at its south) and Satu Mare is emerging as a fast growing area.

Map 4

Difference in ranking position: GDP per capita 2004 vs Fiscal contribution per capita 2006



Source: Romanian Statistical Yearbook 2006, NIS and National Agency for Fiscal Administration

- The apparently positive evolution of some mining districts does not appear to be sustainable and Hunedoara, Alba and Gorj are all losing ground.
- Danube Delta-related tourism continues to be a powerful driving force in Tulcea. On the contrary cultural and religious tourism in Suceava does not appear to have been an equally powerful attractor to drive the area out of its marginal status.
- With the impressive exception of Giurgiu, economic decoupling still mainly concerns the counties along the Danube and bordering Ukraine and Moldavia. Also, the relatively fast growth of Iasi appears to have been short lived.
- Overall stagnation appears to affect the Carpathians and Brasov keeps losing ground among Romanian towns.
- There is a hard core of old industrial towns to the East of Bucharest till Southern Moldova: Buzau, Braila, Focsani, Bacau, who show very little sign of recovery, as if they were part of an old industrial belt being increasingly replaced by a new large manufacturing belt focused on the Bucharest-Ploiesti axis and spilling over to Prahova and Giurgiu.

Development at the NUTS II Regional Level

Stemming from the above, developments at the regional (NUTS II) level (see table below) are an average of patchy local developments and complex interplays of different factors rather than truly regional trends.

Table 3

Key regional development indicators in Romania (national average=100)

-%-

Region	Per capita GDP		Unemployment rate (NAE)		FDI per capita		SMEs per capita[2]		Rural population	
	1998	2004	1998	2005	1998	2005	1998	2005	1998	2005
North-East	79.8	69.2	133.6	115.2	15.3	7.7	71.3	64.5	123.9	125.5
South-East	100.1	90.7	112.5	108.5	42.7	63.8	101.4	91.4	94.7	98.7
South	85.8	83.4	97.1	123.7	65.5	41.2	77.0	67.7	129.0	129.3
South-West	90.0	83.3	104.8	125.4	11.9	31.9	85.9	70.2	120.8	116.4
West	100.9	114.7	101.9	86.4	99.1	76.3	91.2	105.7	83.8	80.7
North-West	95.5	97.2	84.6	67.8	41.9	45.4	106.5	109.0	104.9	104
Centre	105.9	104.2	98.1	123.7	87.7	62.9	101.1	105.7	87.1	88.9
Bucharest-Ilfov	162.2	191.5	47.1	40.7	598.3	593.5	194.1	228.2	24.8	21.1

Source: Calculations based on Statistical Yearbook of Romania 1999, 2006

To simplify things it can be said that the North-East Region (but Iasi and Suceava counties are to some extent specific cases) is deeply influenced by its dependency on agriculture and suffers from its border position close to Moldavia and Ukraine and the mountainous nature of part of its territory. Also in the South and South-West Regions, agriculture is the dominant activity and the Danube hinders development and acts as a barrier against cross-border trade. Taking advantage of their closeness to the Western European markets and of their historically lower dependency on the primary economic sector, the West, North-West and Centre Regions have succeeded to attract a large number of foreign investors, that contributed significantly to their development. The South-East Region is a special case, mixing counties lagging behind with the peculiarities of Constanta, Galati and Tulcea counties. As could have been expected, all interregional disparities have been growing and have become a notable feature of the Romanian economy with growth concentrated around Bucharest and some areas of the Country clearly experiencing decoupling.

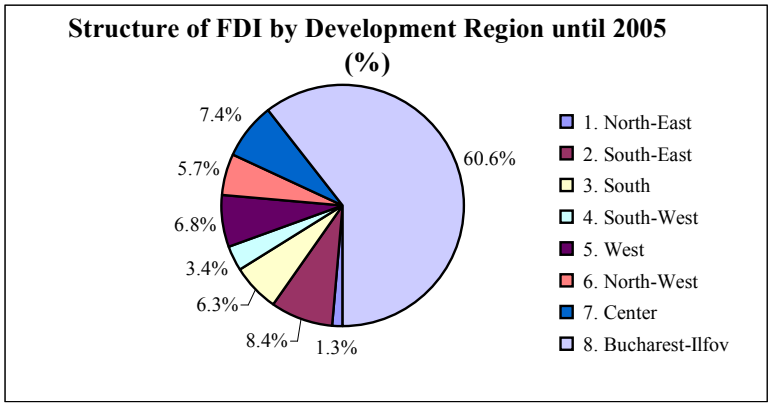
The main reasons behind this are:

- the mainly FDI-led nature of economic growth and the preference given so far to the Capital as an attractor for foreign investments – besides Bucharest-Ilfov, FDI in the seven development regions, in 2005, accounted only for 39.4% of total FDI;
- the shutting down of most of the old uncompetitive heavy industry sector that was not always replaced (especially in parts of Eastern Romania), by a market-oriented SME sector;
- the massive labor migration affecting the agricultural parts of the Country that could not cope with the consequences of industrial restructuring for lack of enough resilience in the

[2] It comprises the local units active in industry, construction, trade and other services, with less than 250 employees in 1000 inhabitants.

other sectors of the economy leading to major disruption in the economic texture of all towns and counties.

Chart 1



Foreign investments in Romania have been mainly driven by accessibility to Western market considerations (including the availability of international airports) and the urban status of target areas, including the existence of appropriate facilities and level of services for expatriates. In these conditions it is little surprise Bucharest-Ilfov Region ranks first in terms of FDI attraction capacity, with 60.6% (13,264 Meuro out of a 21,885 Meuro total) of total FDI in Romania by 2005. Constanta is also becoming a preferred target for FDI in South-East Region.

Different parts of the Country have so far attracted different typologies of investors. The West and North-West Regions have a relatively high number of (mainly European) foreign-participated companies sometimes even grouping in proto-clusters, but these are mainly SMEs, often working as subcontractors or on a lohn basis or companies exploiting traditional business links with Western Europe (see Annex 1 Table 1). Bucharest - Ilfov, South and the South - East have managed to attract much more capital intensive investments often in greenfield initiatives and also from non-European investors (see also Annex 1, Table 2).

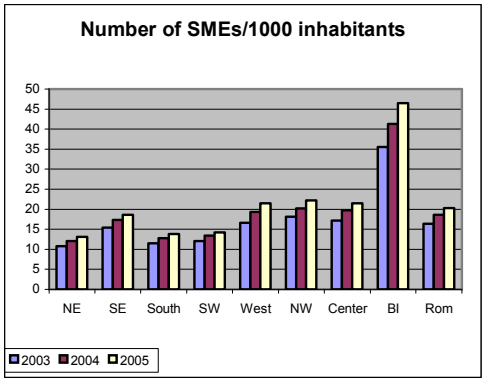
Presence of FDI positively correlates with effects on the labour market by constantly increasing the demand for a qualified labour force and by developing business services (i.e. specialised staff recruitment companies). The availability of highly skilled labour force becomes an important factor in attracting investment. As the transfer of productive as well as creative activities towards Romania intensifies, there will be an increasing demand for highly qualified labour force. As a matter of fact there is already evidence that the Regions which have succeeded to tap in the largest amount of FDI are already confronted with difficulties in finding on the labour market highly skilled labour force, especially in technical and administrative fields.

Entrepreneurial development

Similarly to other EU countries, SME's are predominant in Romanian economy, representing 99.5% in the total enterprises and having a substantial contribution to GDP formation and employment. Taking into consideration the SMEs density, Romania, with 20.38 SMEs/1000 inhabitants[3], has a density lower than Bulgaria (27.6 SMEs/ 1000 inhabitants) or Czech Republic, Slovakia, Hungary and Poland (with an average of 42.3 SMEs/ 1000 inhabitants)[4].

Chart 2

Bucharest-Ilfov, with 46.51 SMEs/1000 inhabitants, has 3 times more SMEs, compared to North - East, the least developed Region. Positive trends regarding entrepreneurial development have characterized, in the last years, the West, North-West and Centres Regions, while the situation of South-West, South and South-East has only started to slowly recover lately (2003-2005). Entrepreneurial development is generally negatively correlated with predominantly rural areas with a lower educated population, low levels of urbanization and experiencing massive temporary migration abroad.



Romania's SME's structure is relatively comparable to the ones of the Member States which joined the EU in 2004. The analysis reveals also, that in Romania, like in the other MS, the contribution of SMEs to the turnover formation is over 50%.

Table 4

Number of enterprises and turnover, 2003 (% share of total)

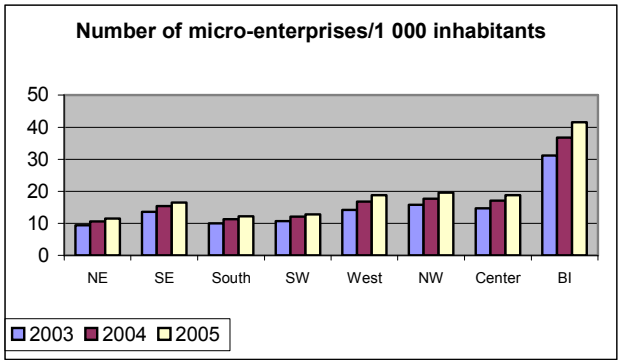
Indicators	EU-25	LV	CZ	PL	HU	SK	BG	RO
Number of enterprises								
- micro	91.5	82.5	95.2	96.3	94.7	73.3	90.8	87.1
- small	7.3	14.5	3.9	2.6	4.4	20.0	7.4	9.8
- medium	1.1	2.7	0.7	0.9	0.7	5.2	1.5	2.5
- large	0.2	0.5	0.2	0.2	0.2	1.4	0.3	0.6
Turnover								
- micro	19.4	17.6	19.4	25.3	21.1	12.7	25.2	15.0
- small	19.3	30.5	19.9	14.5	19.0	15.9	21.9	22.1
- medium	19.2	29.6	21.6	22.1	18.6	19.8	19.9	20.2
- large	41.9	22.4	39.1	38.1	41.2	51.5	32.9	42.7

Source: Eurostat – Statistics in focus, No.24/2006

[3] Source: Calculated – Statistical Year Book, 2006, NIS

[4] Source: Feasibility study regarding improved access to finance for SMEs, start-ups and micro-enterprises Romania, Global Partners 2005, Data 2003

Chart 3

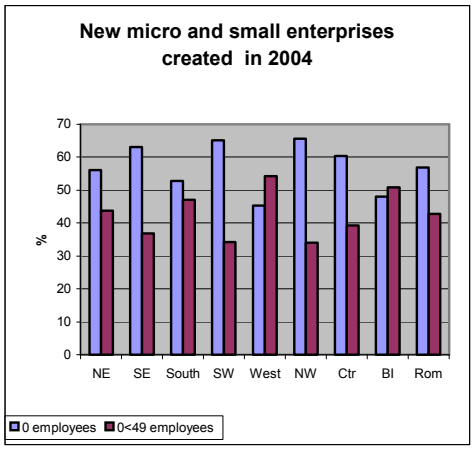


The micro-enterprises are included within the category of SMEs, grouping companies with up to 9 employees and an annual net turnover or total assets up to 2 Mn euro. In 2005, microenterprises in Romania represented 87.9% of the total number of enterprises (while in European Union they exceed 90%). Regarding density of the micro-enterprises (micro-enterprises /1000 inhabitants), there is a large discrepancy among the country's Regions, especially between Bucharest-Ilfov – 41.6 microenterprises/1000 inhabitants (superior to the national average of 18.01 micro-enterprises/ 1000 inhabitants) and the North-East Region – 11.52 microenterprises/1000 inhabitants.

Regarding the employees by micro-enterprises, the average size is around 2 employees; this indicator increased in the period of 2003-2004 and then decreased in the period 2004-2005 in all Regions. The smallest number of employees, fewer than 2, is in South-East; South-West and Bucharest-Ilfov Regions.

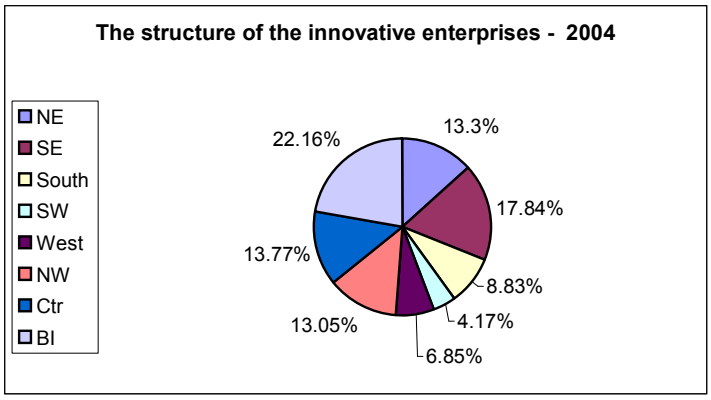
143,411 SMEs were created in 2004 i.e an impressive 35% of the total existing stock, but only 60% of these were still active after the first year of operation. The attractiveness of business environment development in the capital ranks the Bucuresti –Ilfov Region on the first place in creation of new SME's (19.5% from the total number of new created SMEs). The lowest level was recorded in South – West Region (7.9% new created SME's). As far as micro and small enterprises are concerned, 6.6 / 1000 inhabitants were new created in 2004, representing 32,4% of the total number of SME's/1000 inhabitants.

Chart 4



Almost all newly established SMEs in Romania have their headquarters located within the owner's house and are involved in one activity only. The average number of employees varies between 2.5 in North-East, South-East and North-West Regions and 4.7 in Bucharest-Ilfov Region. Self-employment without employees is the most widespread typology of newly established SMEs almost everywhere. These SME's are very fragile in a market economy, especially after 2007 when there are applied the new EU standards. In the New Member States, between 20 and 45% of SME's went into bankruptcy after accession to the European Union (according to NIS).

Chart 5



The Lisbon Strategy focuses on supporting the innovative micro-enterprises that can contribute to the economic growth and creation of new jobs. According to the National Institute of Statistics, in 2004, there were 5,171 of innovative enterprises in Romania. At regional level, their structure differ from one Region to another, because of the costs and high risks involved. Thus, within South-West Region only 4.17% of the enterprises are innovative, while in Bucharest-Ilfov Region 22.16% are innovative enterprises. The average innovation costs vary from 85,900 euro in North – West Region (representing 39.23% from the national average) and 443,182 euro in South Region (representing 202.41% from the national average), as a consequence of the different level of interest for research and development among the Regions.

Business support structures

At regional level, the business support structures (industrial, logistic, business parks etc) are still underdeveloped and poorly functional and a limited number of SMEs are located within these structures.

In 2005 the number of authorized industrial parks[5] (that comply whit the requirements of the Government Decision No. 65/2001, with all the amendments, regarding the creation and operation of the industrial parks), receiving Government support and benefiting from some fiscal privileges, according to the Ministry of Interior and Administrative Reform (MIAR) data was 36 industrial parks: 9 private parks, 21 public parks and 6 public-private parks. These were disproportional distributed across the various Regions, with 1 park in the West Region, and the most, respectively, 12 industrial parks in the Centre Region.

Table 5

Industrial Parks

Regions	Industrial parks -No-	Attracted companies -No-	Employees -No-	Areas - ha	
				Total	Rehabilitated
North-East	2	7	809	23.3	12
South-East	3	12	176	84.9	7.5
South	9	129	7,510	493.3	140.5
South-West	3	23	540	34.4	8
West	1	3	23	19.3	19.3
North-West	3	5	154	100.2	73.9
Centre	12	121	1,377	487.1	117.2
Bucharest-Ilfov	3	126	25,760	491	18.9
Romania	**36**	**426**	**13,312**	**1,733**	**397.6**

Source: Calculations based on MIAR data (25.07.2006)

[5] Criteria: access to a national and European road; possibility to be connected to the basic infrastructure; surface at least 10 ha.

These parks have managed to attract (according to MIAR) 426 paying firms for renting space. Most of these firms were located in South Region (129), representing 30% from the total number of active firms situated within the business structures, followed by Bucharest-Ilfov Region (126 firms).

Besides the above mentioned parks, there are also, according to some private business sources, back in 2004, about 45 business structures not registered by MIAR, out of which slightly less than half located between the Bucharest area and the South region, thereby showing some inevitable correlation with FDI attraction patterns. The Western part of the Country is apparently underrepresented. In some cases, these structures are simple warehouses unsuitable for manufacturing purposes, mainly due to lack of connection to the sewage system or less frequently to lack of connection to the gas grid. In a very limited number of cases access to railway was reportedly available.

Business incubators, an important component of business infrastructure, with a major role in encouraging small entrepreneurs is also weak represented in some of the regions, or within these in some areas.

There are currently 21 business incubators spread around the country and most of them are located in South West (24%) and Centre Region (19%). These incubators host about 11 SMEs each, which is far below EU average of 34. However, many of these incubators suffer from lack of resources and expertise in business development, thus being unsustainable. Nevertheless, some incubators have succeeded to prosper and perform.

The average surface of a business incubator in Romania is of 1,630 sqm (mostly used for production and office activities) compared to 3,000 sqm, the EU-15 average. Most incubated SMEs operate in services and industrial sector and there is no clear specialization for possible incubees. The existing incubators offer general business-consulting services, such as start-up advisory services and preparing business plans. Only 10 of the incubators offer ICT services as well.

The majority of existing structures are brownfield facilities (with a total surface of 439.86 ha) reutilizing parts of the former industrial plants. Demand for such structures is on the rise, as companies increasingly try to move their activity away from the congested central areas of the towns. The greenfield parks do not have experienced yet a significant development, most of them being still under construction.

The other business support structures (scientific, technological, logistic and business parks, etc) are underdeveloped. According to Law 50/2003 regarding the creation and functioning of technological and scientific parks, there were set up 7 technological and scientific parks (with provisional/ temporary authorization) in: Galati, Braila, Slobozia, Brasov, Bucuresti, Timisoara and Iasi, out of which are operational only Galati, Iasi and Brasov.

The weak infrastructure endowment, including utilities, lack of spaces and information and communication technologies are the major problems, which the most of business support structures are confronted with. In a very few cases industrial parks also offer business support including assistance in dealing with difficult access to financing by framework agreements with banks.

Moreover, the analysis of the financing sources of businesses reveals that the weight of loans (from bank and financial institutions), leasing, and factoring increase, with the size of the SMEs. Micro-enterprises use their own financing resources and for this reason they hardly can develop or they just go bankrupt. This situation is mainly caused by the very restrictive financing conditions (high interest rates, high collaterals, bureaucracy etc.).

Table 6

SMEs financing sources by size classes

%

Financing sources	Percentage in total SMEs		
	Micro	Small	Medium
Own resources	79.53	74.30	77.95
Bank loans	37.84	59.78	72.44
Leasing	20.10	41.62	58.27
Loans from financial institution	1.74	3.35	7.87
Factoring	1.12	5.59	11.02
Guarantees from the Romanian SME Guarantee Fund	0.12	0.00	0.00
Other financing sources	0.37	0.56	0.79

Source: White Charter of Romanian SMEs, 2006

Population and employment

Population

Romania is confronting with both, declining and ageing population, a phenomenon common to the majority of the EU Member States. Since 1990, the share of population under 14 years has been declining, while there is a simultaneous increase in the share of the population aged 65 and over. In particular, in 2002 for the first time the share of elder population (over 60 years) has reached the same level as that of the young population (0-14 years), at around 18% of the total. The number of births is constantly decreasing, and this is already visible in the decreasing number of population in the 15-19 years category. This points to a likely future reduction of pupils and students in the education system and to a growing demand for health and social services in the future. The ageing process will have negative consequences on the overall economy if accompanied by an increase in the number of inactive persons that will represent a burden for the social insurance system.

South and South-West Regions show an accentuated ageing profile, concentrating the highest share of population aged 65 and over, in total population (16.5% and 16.2% respectively in 2005) and there are signs of a growing trend in this respect. On the contrary the highest share of young population is recorded in North-East Region (18.3% in 2005, although rapidly declining from the 20.5% share recorded in 2002), whereas the lowest shares are to be found in the West Region (14.9% in 2005 vs. 17% in 2002), and Bucharest-Ilfov Region (11.7%). At 1st July 2005, there were 94.6 elderly people per 100 young people at the national level. South, South-West, West and Bucharest Ilfov Regions registered an even higher ratio than the national average and in the South and Bucharest-Ilfov Region the elderly have already outnumbered the young.

Table 7

Dependency ratio, by Regions - 2005

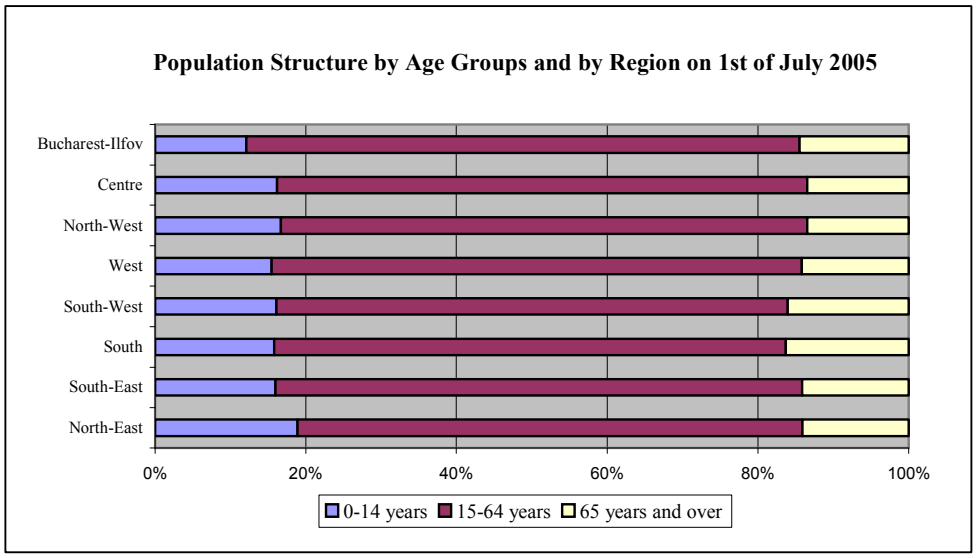
%

Region	Young/Adults	Elderly/Adults	Dependency ratio
North-East	27.3	21.3	48.6
South-Est	21.8	20.5	42.4
South	22.3	24.3	46.7
South-West	22.7	23.8	46.5
West	21.1	20.3	41.4
North-West	22.8	19.3	42.1
Center	22.2	19.4	41.6
Bucharest-Ilfov	15.9	19.9	35.8
Romania	22.4	21.2	43.6

Source: Romanian Statistical Yearbook 2006, NIS

The demographic dependency ratio stands at peak values in North-East Region (48.6%), due to the high prevalence of the people aged between 0 and 14 on the active population (27.2%). The elderly play the same role in the South and the South - West Regions with over 23 old people every 100 adults. Bucharest-Ilfov Region, though remarkable for its high share of elderly population, does not suffer from a heavy dependency ratio because of the very high number of adults in their working age (73.6% the highest in the country) and this because the capital city is a powerful attraction pole for the people living in the different regions of the country in search of employment opportunities.

Chart 6



The combination and mutually reinforcing effect on dependence on agriculture and high dependency ratio and related consequences on social welfare systems (health care, social security, social insurance budget) is bound to have a strong negative impact on economic development and further contribute to the economic decoupling of certain areas of the Country, where the remaining economically active population will have even more incentives to migrate to larger urban areas.

Migration

Regarding internal migration prevailing trends appear to be fairly stable. Since 1995 the North-East Region has the major loss of population and this pattern was confirmed also in 2005.

Table 8

Migration flow by regions, in 2005

- Number -

Regions	*Out-migrants*	*In-migrants*	*Balance*	Share %
ROMANIA	272,604	272,604	-	-
1. North - East	47,150	43,430	-3,720	-54.9
2. South - East	35,248	34,408	-876	-12.9
3. South- Muntenia	40,517	39,333	-1,184	-17.5
4. South - West Oltenia	29,848	29,168	-680	-10.0
5. West	23,849	25,638	1,789	+26.4
6. North - West	28,742	28,426	-316	-4.7
7. Center	27,902	28,093	191	+2.8
8. Bucharest - Ilfov	39,312	44,108	4,796	+70.8

Source: Romanian Statistical Yearbook, 2006

Bucharest-Ilfov, West and Centre Regions have been attracting population, owing to the better living standards and opportunities offered.

Internal migrants usually are young people from the working population moving towards urban areas, in search of better jobs and a more interesting and attractive lifestyle. This is particularly the case with the people aged 20 to 39. However it is worth noting that there is a parallel phenomenon of migration towards rural areas concerning the population aged 40 and over and affecting the whole Country. In general terms these are people dismissed from the restructured state-own enterprises, which have not succeeded to re-qualify themselves, being forced to return to the rural areas and take up self-subsistence farming activities as a strategy for survival.

During the period 2000-2005 the internal migration was dominated by urban-rural flows (557,091 persons), followed by urban-urban (482,772 persons) and rural-urban flows (476,319 persons). People from urban areas are more dynamic compared with rural population: 1,039,863 persons moved from urban areas, either to rural or other urban, compared to 855,966 persons which moved from rural areas.

As a consequence of the worsening socio-economic situation in urban areas and the migration of the urban population towards rural areas, the rural population in most regions registered a significant population growth in the past few years (see table below).

Table 9

Rural migration flow by regions, in 2005

-Number-

Regions	Out-migrants	In-migrants	Balance	Share %
ROMANIA	115,227	135,764	20,537	7.5

1. North-East	25,085	28,151	3,066	1.1
2. South-East	16,489	19,396	2,907	1.1
3. South-Muntenia	21,921	24,812	2,891	1.1
4. South-West Oltenia	16,216	16,656	440	0.2
5. West	8,521	12,788	4,267	1.6
6. North-West	14,194	15,828	1,634	0.6
7. Center	11,062	14,534	3,472	1.3
8. Bucharest-Ilfov	1,739	3,599	1,860	0.7

Source: Romanian Statistical Yearbook, 2006

As far as official permanent migration abroad is concerned, after 1990, Romania has been characterized by the huge movements of the population towards different other destinations. In the first years after 1990, the majority of the German ethnic has left Romania, with tens of thousands leaving each year. At a later stage the number of these migrants fell below 1000 (in 2001), due, amongst others, to the limitation imposed by the countries of destination on the access on their territory of German ethnics with unclear and insufficiently documented ethnic status. On the other side, the definitive emigrations towards Canada and the USA have maintained at a constant level of 1500-3000 persons/year, while the permanent (which takes into account the official registration) and the temporary emigration for work purposes have reached a huge dimension.

Immigration flows in Romania had an upward tendency (1,602 persons in 1991 and 11,350 in 2001) followed by a drop in 2004 (2,987 persons), as a result of access restrictions, while in 2005 it increased up to 11,024. Immigrants are mostly expatriates for work purposes coming from various countries, especially migrants from the Republic of Moldavia (51.7% in 2005). USA, Germany and Italy are the main countries of origin of the immigrants in 2005. Between 1992 and 2002, Bucharest – Ilfov Region has been the favorite destinations of these immigrants (41.03%), followed by North - East, North - West and the Centre Regions[6].

The official statistical data (emigration and immigration) do not provide a real picture of the Romanian migration because they don't include the temporary migration, which is a very important phenomenon. The temporary migration cannot be registered, as the people don't leave officially their residences. This un-recorded migration of the active population is a major determinant of demographic and economic phenomena that are not really captured by studies based on official statistics. Informal data suggest that at least 2 million Romanians "temporarily" work abroad in Spain, Italy, Germany, Hungary, etc. The historical regions Moldavia, Muntenia and Oltenia that overlap with the development regions North-East, South-East, South and South-West are those regions with intense temporary migration for work.

To sum up:

1. Internal migration and labour mobility increased continuously after 2000 until 2004. In 2005 Romania experienced a migration flow of 272,604 persons or 1.3% of the total population.

[6] "The migration phenomenon seen from the perspective of Romania's EU accession", European Institute of Romania.

2. From the regional point of view, net migration sources are the Regions North-East, South-East, South, South-West and North-West, while Regions West, Centre and Bucharest-Ilfov are net recipients of this flow. This is correlated with unofficial international migration patterns as far as the Regions that lose population are the same (North-East, South-East, South and South-West).
3. All Regions still record a net inflow of migrants to rural areas for subsistence farming purposes, which is a particularly worrying trend if one considers the fact that Romania has already a big share of its employment in agriculture and the productivity is already fairly low in this sector.

Labour force

The dynamics of the labour market mirror the consequences of the economic restructuring process, SMEs growth and FDI attraction in the different regions. As shown in table below[7], ***employment rate*** in Romania and its Regions maintained at a relatively constant level between 2002-2005 (58%), revealing a slightly decreasing trend, being low compared to the average employment rate of EU 27 (63.4% in 2005). This situation could be correlated with the decrease in the total number of jobs available, and with the "temporary" abroad migration phenomenon, for work.

Table 10

Employment rate in Romania

-%-

	2000	2001	2002	2003	2004	2005
Romania	**63.6**	**62.9**	**58.0**	**57.8**	**57.9**	**57.7**
Male	69.5	68.5	64.1	64.1	63.6	63.9
Female	57.8	57.3	52.0	51.5	52.1	51.5
North-East	**67.1**	**66.4**	**60.1**	**59.9**	**62.4**	**61.5**
Male	71.5	70.2	64.0	63.8	65.4	64.0
Female	62.6	62.5	56.1	56.0	59.3	59.0
South-East	**60.8**	**59.9**	**55.3**	**55.8**	**54.7**	**54.7**
Male	67.3	67.9	64.2	63.1	62.7	63.2
Female	54.3	52.0	46.5	48.5	46.7	46.2
South	**64.7**	**64.0**	**58.2**	**58.1**	**58.1**	**58.1**
Male	72.0	70.9	65.2	66.6	64.5	65.9
Female	57.4	57.2	51.3	49.6	51.6	50.2
South-West	**69.1**	**69.5**	**61.8**	**62.0**	**59.9**	**60.1**
Male	73.4	74.3	66.9	66.8	65.5	65.8
Female	64.9	64.8	56.6	57.0	54.2	54.3
West	**62.2**	**61.2**	**57.6**	**57.1**	**56.9**	**56.6**
Male	68.7	66.9	64.9	64.8	63.4	63.9
Female	55.9	55.7	50.5	49.7	50.5	49.5
North-West	**63.4**	**64.0**	**57.8**	**57.2**	**56.1**	**56.0**
Male	67.9	67.7	62.6	62.2	61.4	61.0
Female	59.0	60.3	53.1	52.2	50.9	51.1
Center	**59.8**	**59.6**	**55.9**	**55.2**	**53.9**	**54.2**
Male	66.3	65.1	61.4	62.1	60.2	61.7
Female	53.4	54.2	50.3	48.4	47.6	46.6
Bucharest-Ilfov	**60.0**	**56.7**	**56.9**	**56.5**	**59.7**	**59.4**

[7] Starting with 2002, data are not fully comparable with data series of previous years, due to revised definition used.

Male	67.2	63.5	63.6	63.5	65.8	65.9
Female	53.5	50.5	50.8	50.2	54.1	53.4

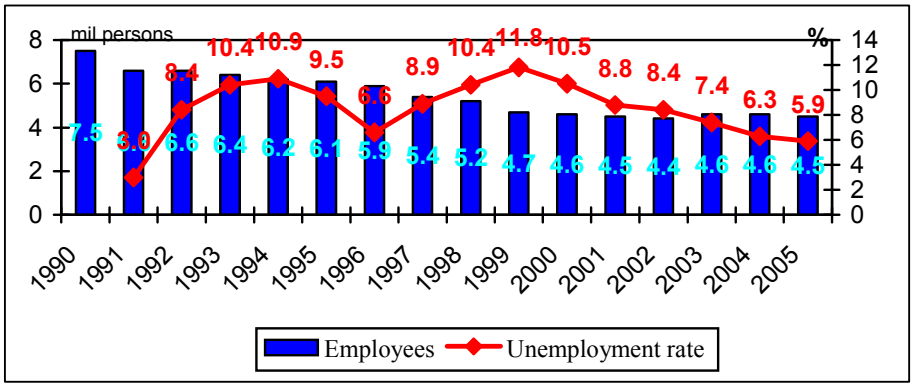
Source: Romanian Statistical Yearbook, INS, 2006

By Regions, employment rates are higher than the national average in the less developed Regions: North-East, South and South–West, because of high employment rates in agriculture. Bucharest-Ilfov Region also registers employment rates above the national average, but this is related to the much higer and diversified jobs offer.

Between 1990 and 2001 the total number of employees fell from 7.5 million to 4.5 million, at the same time with the increasing number of unemployed people, due to the economic restructuring process, which led to the dismissal of great number of labour force. The unemployment rate increased constantly in 1991-1999 period (from 3% to 11.8%).

Chart 7

Number of employees and unemployment rate (1990-2005)



Source: National Institute for Statistics

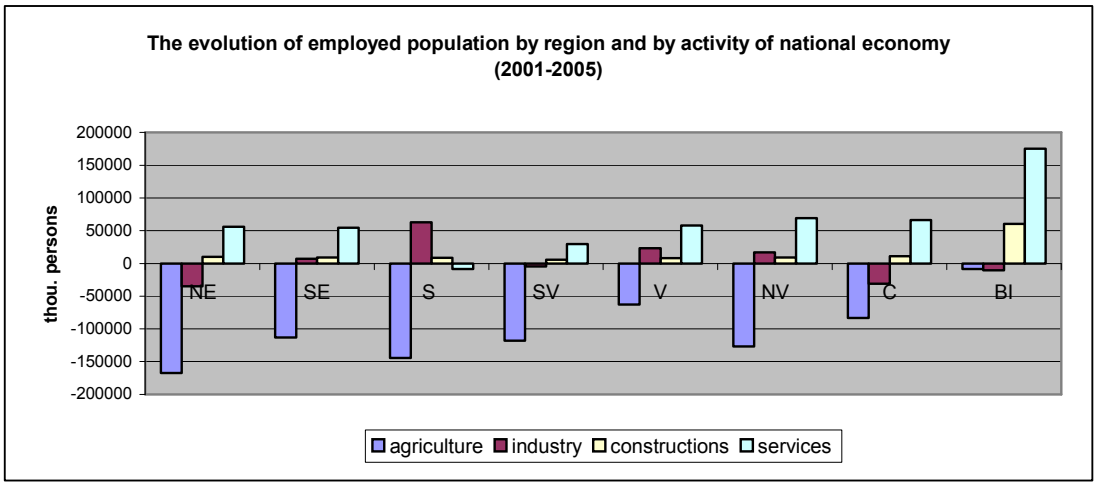
After 2000-2001 the Romanian economy experienced a recovery process, entering into a phase of economic growth, although the number of employees remained stable (4.5 million in 2005).

The unemployment rate decreased to 5.9% in 2005. It is still worth mentioning that the number of unemployed people is higher as these figures only capture the registered unemployed people. Although the surveys give a better image of the real number of unemployed people, still as a phenomenon, the unemployment rate is decreasing from one year to another, one of the major causes being the temporary migration abroad for work (about 2 million persons).

By sectors of economy, connected with Romania's economic evolution, the population employed in agriculture diminished in all regions, in the period 2001-2005. However the decreased of population employed in agriculture is not a real one, because many people who are actually working in agriculture, as self-employed, are not registered as working in this sector. This is verified by the fact that the highest share of self-employed appears in statistics in rural areas in all Regions of Romania.

The construction industry is one of the most active in the Country, being the only sector where employment grew in real terms, in all Regions. Bucharest-Ilfov (60.7 thousand persons) and Centre Regions (11.5 thousand persons) are regions with the most dynamic evolution in this sector in the last five years.

Chart 8



Source: Territorial Statistics, 2006 and Romania Statistical Yearbook, 2006, NIS

In the same period (2001-2005), the service sector[8] employment experienced the same trends as the constructions industry, the only region that registered a diminishing in number of employees being South Region.

In particular, Bucharest-Ilfov Region stands out in terms of increased employment in services, (175.2 thousand people) due to the rapid growth of the business sector, the relatively high education level, a factor well known to spur consumption of services, as well as a booming – mainly Bucharest - located telecommunications sector. Other Regions, North-West, Centre and West, experienced an increasing number of employees in sectors like trade, hotels and restaurants, real estate and other services, financial intermediation, etc).

At the same time with the growth of the private – business sector was the decrease of the share of the employment in the public sector in the total employment.

Table 11

Employment in Private and Public sector

-%-

Year	Public Sector	Private Sector
2000	26.4	67.1
2001	24.3	70.4
2002	24.8	69.9
2003	23.7	72.1
2004	23.2	73.8
Q1 2005	21.8	75.7

Source: NIS

[8] Trade, hotels and restaurants, transport, storage and communications, financial intermediation, real estate and other services, public administration and defense, education, health and social assistance and other activities of national economy.

As regards labour force qualifications, there are obviously disparities between more developed regions and the less developed ones, the most rural Regions namely North-East, South-East, South and South-West registering high ratio of employed population with primary education or without graduated school. Bucharest-Ilfov Region by far registers the best-qualified employment of all Romanian Regions.

Table 12

Employment structure by educational level and development region in 2005

-%-

Regions	Tertiary education	Speciality post high school or technical foreman education	High school	Vocational, complementary or apprenticeship	Secondary school	Primary or without graduated school
Romania	12.6	4.8	30.7	25.5	18.6	7.8
North-East	9.4	3.5	24.0	27.3	24.0	11.8
South East	10.4	4.6	29.6	27.1	19.3	9.0
South-Muntenia	8.9	4.4	31.5	25.5	19.8	9.9
South West	11.1	6.0	28.4	21.9	21.1	11.5
West	13.2	4.7	34.9	25.3	18.1	3.8
North West	10.7	4.9	32.1	26.4	20.3	5.6
Center	12.1	5.8	33.5	31.9	12.2	4.5
Bucharest-Ilfov	30.2	5.1	37.3	17.5	8.9	1.0

Source: Romanian Statistical Yearbook, NIS, 2006

Unemployment

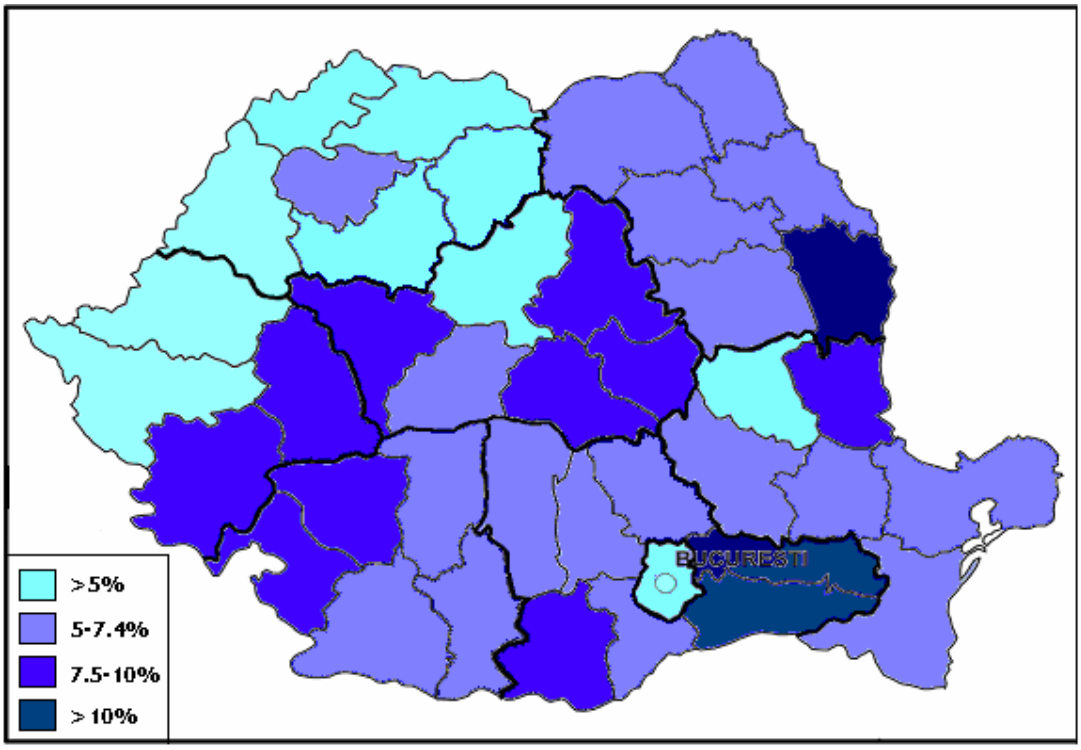
After 1990, the unemployment suddenly increased in all the Regions, and the highest rates were recorded in the most fragile regions lately industrialized during the ’60s and the ’70s: North-East and South-East, while the lowest rates were traditionally recorded in Bucharest-Ilfov and West. In 2000 as a consequence of the industrial and mining sector restructuring, unemployment peaks were recorded also in South-West, West and Centre Regions. The decrease in unemployment registered after 2000 can be explained as a combination of: discouraged workers retiring from the labour market, temporary migration abroad, a flourishing underground economy, all these factors discouraging registration at the workforce departments. In 2005, the highest unemployment rate was registered in South-West (7.4%), South and Centre Regions (7.3% each), while the lowest rates were registered in North-West and West Regions (4.2%, respectively 5.8%) and obviously in Bucharest-Ilfov Region which practically works at full employment and where unemployment is purely fractional (2.4%).

The unemployment rate differs within Regions, with the eastern counties registering on average higher unemployment rates than western counties (Annex 1, table 5). High unemployment rates between 8.3-10.1% are particularly registered in the eastern part of country (Vaslui and Galati counties), in south – along the Danube, between 9-12%, (Calarasi, Ialomita and Teleorman counties), in the area comprising some counties from South West, West and Centre Regions, between 7.9-9.5% (Gorj, Mehedinti, Caras-Severin, Hunedoara, Alba, Brasov, Covasna, Harghita). The main reasons of high unemployment rates have been either *industrial restructuring* (ore extraction–Alba, Hunedoara, Caras-Severin; coal extraction –Hunedoara and

Caras-Severin; metal processing – Alba and Caras-Severin; siderurgy – Galati and Hunedoara) or the existence of a *traditionally underdeveloped* rural economy (Vaslui, Ialomita or Teleorman counties).

Map 5

Unemployment rate[9] – intraregional disparities (2005)



Source: Statistical Yearbook, 2006, NIS

Transport Infrastructure

International pan-European transport corridors cross Romania, connecting North and South Europe, the West and the East. The transport network connects networks of neighboring countries with networks of Europe and Asia as well.

Compared to the EU 25 average, the Romanian transport system is poorly and insufficiently developed, and of very low quality, also because still suffering from the consequences of several years of neglecting during the transition period, when public investment in infrastructure dramatically dropped. Therefore poor accessibility is increasingly perceived as one of the main factors hindering development and impeding the Country to benefit from its favorable geographical position.

Accordingly, the development of the transport system is very important in order to accelerate the economic progress of the country and also to support the increase of demand of the transport services.

[9] Unemployed registered at National Agency for Employment

Romania could benefit from its position on the Central Asia and Caspic area corridor, and the EU countries could take advantage from promoting their commercial and strategic interests in these areas.

Access to the transport infrastructure

The different accessibility to local, national and international transport infrastructure and its quality represents one of the determinants of development at the local level and related disparities, as well as influence the nature of economic activities. Airports with international connections are a powerful attraction factor for FDI, good railway connections are important for bulk exports, effective roads are key for short time-to-market products requiring quick logistics.

Bucharest-Ilfov Region has the airports with the most intense international and national traffic. Centre Region has some important railway junctions (Teius, Sibiu, Brasov, Targu Mures), which serve as connection points between Romania and Western and Central Europe. Four international roads cross the South Region, where most of the national road network has been modernized. West Region ensures the rail and road transit towards West Europe and has modernized the Timişoara and Arad airports.

Other Regions are disadvantaged in terms of transport infrastructure. For instance, in the North – East Region the Botoşani County has as high as 16.8% of its road network unpaved and hardly usable by modern means of transportation. The Region's railway network is below the national average from the point of technical endowment and not compatible in terms of section length.

At interregional level, inadequate transport network hinders the development of small and medium sized towns, communes and villages. In many areas, road transport network among localities is very poorly developed (e.g. villages from the Danube Delta, the Sub-Carpathian area, Mehedinti plateau, Apuseni mountains), which causes the sheer isolation of some localities.

County road transport

At the end of 2005, the total length of public road network in Romania was of 79,904 km, out of which 36,009 km are county roads. The share of county roads in total public road network represents 45% with higher percentages in Bucharest-Ilfov (51.4%), South (47.8%), and Centre (47.4%).

Over 80% of the traffic volume is presently conveyed along the national and county roads, with spectacular increasing potential for the next years. The average traffic on national roads is below 500 vehicles/day, but an increase of more than 50% is foreseen in the forthcoming period.

Although during the period 1995-2005, the modernized public roads network increased, the density of public roads (33.5 km/100 sqkm) continues to be very low in comparison with the EU 25 average (110.1 km/100 sq. km). The density of county roads is 15.1km/100 sqkm, higher density being registered in Bucharest-Ilfov (24.6 km/100 sqkm), South (16.6 km/100 sqkm), South-West (16.1 km/100 sqkm) and North-West (15.1 km/100 sqkm).

The lack of financial resources at the local government level for the rehabilitation and modernization of the public roads is one of the causes further contributing to the poor accessibility of several areas of the Country; at the same time it negatively affects labour mobility, hinders enterprise development, by making the access to main market areas more difficult, as well as tourism development, not to speak of any chance of attracting foreign investors.

Roads network is poorly developed and has low quality in comparison with the EU countries. Except for Bucharest-Ilfov, South-West Region has the highest percentage of modernized public roads (32.4%), while the South-East Region registers the lowest value (19.5%). On the other hand, those towns that have undergone growth, first and foremost Bucharest, are already experiencing severe traffic congestion, as the urban streets network could not keep pace with traffic increase, and this phenomenon is gradually likely to extend to other parts of the Country.

Table 13

Romania's public road network, by Regions - 2005

Region	Public roads[10]- total -km-	Non modernized public roads in total -%-	Density of public roads (per 100 sqkm)	County roads -km-	County roads in total public roads -%-	Density of county roads (per 100 sqkm)	Urban streets -km-	Out of which modernised %
North-East	13,387	74.9	36.3	5563.2	41.5	15.0	3,737	52.9
South-East	10,856	80.5	30.4	4961.6	45.7	13.8	2,954	68.6
South	12,000	70.7	34.8	5743.1	47.8	16.6	3,605	58.1
South-West	10,460	67.6	35.8	4720.4	45.1	16.1	2,551	61.2
West	10,292	74.0	32.1	4427.3	43.0	13.8	3,157	62.5
North-West	11,855	72.8	34.7	5314.9	44.8	15.5	3,355	57.9
Center	10,182	76.1	29.9	4830.2	47.4	14.1	3,823	59.7
Bucharest-Ilfov	872	47.3	47.9	448.8	51.4	24.6	2,514	43.5
Romania	**79,904**	**73.5**	**33.5**	**36,009.7**	**45.0**	**15.1**	**25,696**	**58.1**

Source: National Institute of Statistics, Statistical Yearbook, 2006

The financial resources were focused towards the rehabilitation of the national roads, while the county roads were neglected, both as resources allocated and quality. Consequently, county and urban streets network did not benefit from significant modernization works, thus leading to the decrease of the Regions' attractiveness and at the same time to the increase of the regional inter and intra disparities.

At the level of the 8 development regions a low level of the modernized roads is registered, with negative consequences on developing productive activities, limiting the trade of agricultural products within the urban centers and hindering the development of areas with agrotourist potential, many of them remaining unexploited (the Sub-Carpathian area of Muntenia and Oltenia, Mehedinti plateau, Apuseni mountains).

[10] National, county and communal roads

Except for Bucharest-Ilfov Region, where the density of public roads is high (47.9/100 sq. km), due to the presence of Capital, the public road network is distributed in a balanced manner in the other Regions.

The insufficient capacity to accommodate heavy traffic and heavy weight vehicles (particularly in Bucharest-Ilfov, North-West and West Regions), lack of highways, poor street lighting and markings, which lead to very slow driving speeds, increased travel time and unreasonably high fuel consumption are the main problems that the public roads network faces. On the other hand, almost half of the total modernized roads, are in an advanced state of wear due to intensive exploitation of the roads between county municipal towns and development poles in the regions with ramifications towards the border crossings, as well as at interregional level.

Provided that roads are the straightforward mode of transport to achieve accessibility for people and cargo, the rehabilitation and development of public roads network has been and is a priority of Romania's economic policy.

Air transport

In Romania there are 17 airports; the most important airports are Henri Coanda Bucharest (2.9 mil persons of the total international passengers in 2005), Aurel Vlaicu Băneasa (380 thou of international passengers), Timişoara (336 thou of international passengers), Constanța (111 thou of international passengers). In the last years the traffic on the Cluj, Sibiu and Arad airports also increased, becoming destinations of the international companies; in Constanța airport only international charter routes operate.

Out of 17 airports, 11 public airports are on the TEN-T, 5 public airports are not on the TEN-T (Baia Mare, Satu Mare, Targu Mures, Craiova, Tulcea) and another one (Caransebes) is private. At this stage, the passenger and freight traffic data for the non-TEN-T airports register a low level and they would not justify the investments. Local authorities support and argues these types of investments, underpinning that the reduced level of economic activities until 2001 as well as the lack of air communication, the improper road and railway connections between different destinations contributed to the Regions lack of attractiveness for potential investors.

Water transport

The Danube River, which crosses the country along 1,075 km and the navigable channels, as well as the 244 km Black Sea coastline, offer Romania an important potential to develop its waterway transport sector.

Romanian sector of the Danube includes Maritime Danube and Fluvial Danube with 29 ports, out of which 4 are fluvial – maritime and 25 are fluvial. Romania has also 3 maritime ports: Constanta, Mangalia and Midia. In the total number of ports, there are 19 non TEN-T ports: Mangalia, Midia, Chilia Veche, Mahmudia, Isaccea, Macin, Smardan, Harsova, Turnu Magurele, Zimnicea, Corabia, Bechet, Cetate, Gruia, Orsova, Drencova, Basarabi, Ovidiu, Luminita.

These harbors totalise 40,000 m embankments, out of which 18.1% were constructed 60 years ago and need urgently reconstruction works. Compared to the Member States, the activity

carried out in these ports is smaller than in the other harbors. The main activities are represented by shipping (loading-unloading, storage etc) and also by the auxiliary operations linked to the transport activities (naval transport infrastructure maintenance, repairs, ships provision etc).

According to the statistical data provided by the National Company for Fluvial Danube Ports Administration-Giurgiu, in 2005 there were 2230 ships conducted on Danube, out of which 1926 Romanian and 304 foreign ships. The total freight fluvial traffic registered in 2005 was 2,187.1 thousand tones.

Romania navigable waterway network has a part of local navigable internal network, on which mostly leisure and small traffic navigation can be carried out. This network includes mainly natural lakes (Snagov, the lakes from Bucharest system, lakes from Romanian seaside), storage lakes (Bicaz, Vidraru, Fantanele, Tarnita, Mariselu, etc.) and also some of the internal rivers (Prut and Bega).

The investments in ports infrastructure rehabilitation are necessary in order to valorize their development potential, contributing to the economic development of the poor areas, where the ports are located (the Inferior Danube, Dobrogea etc).

Infrastructure for health care, social and public safety services

During the past 15 years, Romania has been confronted with a complex socio-demographic process. The decrease of the birth-rate and of the general mortality, combined with an emigration process of the working-age population led to a general population aging, as well as to a decrease in the total country population with 1.5 million inhabitants during the last 10 years, down to 21,623,849 inhabitants on July 1st, 2005.

All these aspects lowered the dimension of the active population (from 51.5% in 1999 to 45.55% in 2005) and required therefore a different approach of the health and social services system, in order to prolong the active life from the point of view of quality of services and of infrastructure endowments.

Starting with 2006, the law for the reform in the health sector (Law No. 95/2006) has as an objective the regulation of public health services, aiming to improve their efficiency. It provides for the development of a modern system for treatment and prevention, accessible to all categories of people, as well as for an efficient system for emergency situations.

Regarding the health-unit types, they are organised by different criteria, according to the territorial and the specialisation levels. From the territorial point of view, the hospitals are county, municipal, city or communal. According to the pathologic specificity, they are organised and function as general, emergency, speciality and chronic care ones. According to their ownership, the health care units are public, private, or, in some cases public hospitals with private sections.

In communes, towns and cities there are “general hospitals”, with basic specialties - internal medicine, pediatry, obstetric – gynecology, general surgery. Depending on the category of the hospital (clinical, county, emergency) the complexity of the medical interventions increases;

they provide for wider territorial areas specialised services, emergencies and difficult cases which cannot be treated in hospital with basic specialties.

The majority of buildings within which health care units function, as well as the equipments are in a precarious state and need important investments, in order to provide the population with services according to the standards.

Most of these units are under state property. The buildings belong to local authorities (local/county councils), the latter having the obligation of maintaining and rehabilitating them, while the coordination of human and material resources is at the level of the Ministry of Public Health. Equipments acquisition is supported from the state budget, under the coordination of the Ministry of Public Health. Hospitals may also buy the equipments they need, but the insufficient budget of local authorities is allocated mainly for the financing of rehabilitation and maintenance works, which is under their responsibility, leaving thus equipment acquisition at the end.

In Romania, according to the Statistical Yearbook in 2005 there were 422 public hospitals, with 142,377 hospital beds and 11 private hospitals with 6,504 beds; on average, 6.6 beds per 1000 inhabitants, above the EU average (6.1‰), but hospital buildings need rehabilitation as the quality of services provided is below the EU standards. Half of the Romanian Regions are much above the country average, namely Bucharest-Ilfov (10.45 beds ‰), West, North-Est and Centre (7.00‰, 7.33‰, respectively 7.21‰). The over-dimensioning of the hospital beds overloads the healthcare system from the point of view of high costs and low efficiency.

The privatisation of primary healthcare led to a segregation between the primary, the secondary and the tertiary healthcare, resulting in a global decreasing of healthcare system performances. Family doctors do not have the financial capabilities to ensure basic endowments – this leads to many hospitalised cases for basic investigations when these could have been treated in out door patient deparments. Therefore, both the duration and the cost of hospitalisation increase.

Hospital infrastructure has a precarious situation, the majority of hospitals in need of rehabilitation being older than 50 or 100 years. Many hospitals function in buildings that do not have functioning authorization (South-West Region - 94%, North-West Region - 86% and West -70%), which affects the quality of the services provided and the safety of the hospitalised patients. Centre Region has the highest number of buildings without earthquake evaluations – 70%. In every Region there are claimed hospital buildings, most of them in West Region (16%) and the least in South -West (4%).

Health care services are also confronted with operational problems as a consequence of outdated equipments and utilities – in boiler rooms, washing rooms, kitchens and other technical equipment, being more than 25 years old in most of the cases.

Table 14

The hospitals situation by Regions

Region	No. of hospital building	% hospitals >100 years	% hospitals >50 years	% hospitals without functioning authorisation	% hospitals without earthquake evaluation	% Claimed hospital buildings	Estimated needs for rehabilitation (mil. Euro)
NE	136	29%	29%	61%	8	6%	47.215

SE	71	30%	34%	55%	4	6%	17.867
S	101	18%	54%	66%	5	5%	25
SV	48	25%	46%	94%	2	4%	16.330
V	106	17%	43%	70%	17	16%	46.871
NV	125	19%	54%	86%	17	14%	100
C	221	33%	35%	22%	73%	11%	23.5

Source: Ministry of Public Health, 2006

In the same time, the outpatient infrastructure, both in hospitals and in out patient departments, is outrun and does not lead to the provision of efficient and qualitative services.

Table 15

Hospital and speciality outpatient departments by Regions

Region	**NE**	**SE**	**S**	**SV**	**V**	**NV**	**C**	**BI**	**Total**
Hospital outpatient departments	45	41	47	36	21	34	39	33	296
Speciality outpatient departments	3	1	15	4	2	4	8	5	42

Source: Ministry of Public Health, 2006

Medical equipments are old, physically outrun and technically outdated. The last acquisitions have been made in 2000 and the normal functioning period is of eight years. For example, over 700 hospital radiological equipment without image intensificator (TV chain) did not comply with the norms regarding people radioprotection against medical exposure to ionic radiations, reason for which they have been put off at the beginning of 2006. Also, the emergency, anesthesia, intensive therapy, surgery and out door patient compartments' equipments are either lacking or very old - therefore dangerous, so malfunctions are very frequent and the possibilities of reinstallation are reduced as a consequence of putting this type of equipments off the production line.

Table 16

Equipment distribution and needs by Regions

Region	Inhabitants (no)	CT equipments *)(2004)		RMN Equipments **)(2004)		Heart disease equipments - angiographers - (2004)		Radium therapy equipments (telecobalt) Needs	Radium therapy equipments – linear accelerators - 2004	
		Existing	Needs	Existing	Needs	Existing	Needs		Existing	Needs
NE	3,734,546	6	12	1	4	2	5	3	1	
SE	2,846,379	6	9	1	3	1	5	1	0	
S	3,329,762	3	11	0	1	0	3		0	
SW	2,306,450	4	4	1	1	1	3		1	
W	1,930,458	6	11	1	2	2	7	1	1	1
NW	2,737,400	5	8	1	1	4	5		2	1
C	2,530,486	8	6	1	1	4	6		1	
B***)	2,208,368	17	22	4	7	11	10		2	
Total	**21,623,849**	**55**	**83**	**10**	**20**	**25**	**44**	**5**	**8**	**2**

Source: Ministry of Public Health, 2006

The lack of necessary equipments delays a rapid and timely diagnosis, so the number of ill people who need hospital treatment increases, and so do expenses with hospitalisation and treatment. By Regions, the indexes of standardised death by causes highlight an alarming situation: on circulatory system illnesses: 773.4 cases in North-West, followed by 771.2 in West, while the least cases - 641 in North-East, as compared to an EU average of 270.3 cases. Problems refer also to the incidence of respiratory system death cases (North-East 82.3 compared to an EU average of 62.9), of tumors, of accidents (72.9 in North-East, down to 56.1

in Bucharest-Ilfov as compared to an EU average of 10.4 /11.6 for vehicles and 22 for transport) and of mortality because of digestive system diseases (81.8 in South-East as compared to 31.13 in EU).

Medical system for emergency

The lack of investments in the health system is also reflected in the overall state of the emergency medical system. It operates through emergency hospitals and emergency departments in county hospitals, as well as through ambulance and SMURD services (Mobile Emergency Extrication and Medical Response Unit) in the framework of the national state emergency system.

The emergency system is overcharged with cases that do not necessarily need emergency treatment. The ambulances and SMURD deal with emergencies, patient transport and house calls because of the lack of primary care coverage 24 hours/24 hours. They concentrate mainly in urban areas (with an average response time of 15 minutes), the response time in rural areas rising up to 30 or 45 minutes. This long response time is also a consequence of the bad quality of transport infrastructure.

In Romania function 529 first aid and resuscitation ambulances, which include the ambulances in the endowment of the National Ambulance Service and of the SMURD (Mobile Emergency Extrication and Medical Response Unit). Centre Region has the best coverage at country level (4.3 ambulances for 100 000 inhabitants), while South-West (1.77) and North-East (1.26) have a very low coverage, indicators which situate Romania much below the EU standards.

At the beginning of 2005, a new law regulated the integration in a single institution - the General Inspectorate for Emergency Situations - of the Romanian Firefighting Units and of the Romanian Civil Protection. This institution solves the daily emergency situations including here disasters, which may cause mass accidents.

The Romanian system for interventions in emergency situations operates through the response units at national, county and local level, made up of SMURD teams, fire brigade teams and civil protection units. The TAIEX evaluation of the response capacity of these units, carried out in 2004, outlines the fact that they do not have the necessary capacity to face major incidents, especially because of the lack of equipments and materials and of the management system that needs improvements.

SMURD services intervene in rescuing operations[11] and are meant to complete part of the gap left by the ambulance services[12] and to increase the quality of care when it comes to critical cases and special rescue operations. During the last 15 years, in 8 counties, respectively in 5 regions of development, these structures take action in the case of difficult emergencies as integrated structures between the county fire brigades, county hospitals and regional hospitals, being co-financed by local authorities. Centre Region has 2 counties covered by 10 ambulances, most of them for first response. North-East Region has one resuscitation

[11] Such as traffic accidents, water rescue operations, height rescue operations, close spaces rescues, quests, rescues from buildings, rescues from wells, etc.

[12] The TAIEX expert evaluation carried out in October 2004 underlines the lack of capacity of intervention at the National/County Ambulance level and the fact that the rural and small town level is not properly covered.

ambulance, North-West Region 2 resuscitation ambulances, South-West – one resuscitation ambulance, West Region – 5 first response units at one county level.

The emergency response units are located at county level in large cities as well as in towns; in rural areas there are volunteer services for emergency situations. The quality of protection equipments and intervention tools is medium and fit only for putting off fires; the corresponding vehicles for interventions in case of natural catastrophes are below the required level.

By regions of development, the vehicle endowments for emergency situations and the needs envisaged are presented in the table below:

Table 17

Vehicles for emergency situation endowments by Regions

Dev. Reg.	NE		SE		S		SW		W		NW		C		BI	
Type of vehicle	E[13]	N[14]	E	N	E	N	E	N	E	N	E	N	E	N	E	N
Water and foam (ASpLAS)	111	94	117	102	175	148	93	80	102	91	129	116	110	114	77	135
Intervention for mass accidents and for Urban Saving	0	6	0	6	0	7	0	5	0	4	0	6	0	6	0	3
N.B.C.R. research (nuclear, biologic, chemical, radiological)	0	6	0	6	0	7	0	5	0	4	0	6	0	6	0	2
Heavy extrications	0	14	0	18	0	23	0	10	0	13	0	15	0	19	0	19
Complex intervention, extrication and emergency medical assistance – FRAP	0	18	0	18	1	18	0	18	0	15	0	15	0	15	0	15
First aid ambulances	0	36	2	36	2	37	1	35	5	34	3	36	7	38	0	33
Resuscitation ambulances	1	8	0	8	0	8	1	8	0	8	2	8	1	8	0	8
Control and command bases	0	6	0	6	0	7	0	5	0	4	0	6	0	6	0	2

Source: General Inspectorate for Emergency Situations, 2006

Special vehicles for operative work cover only 44.7% of the necessary. Similar situations have been identified also in the case of other endowments of the intervention units: compressed air breathing equipment – 51%, powders and liquid foaming agent - 50%. By Regions, South and South-East have no vehicles for smoke and gas evacuation and for illumination, and West has no vehicles for height intervention and rescue operations.

Social Services Infrastructure

Social services system is coordinated by the Ministry of Labour, Family and Equal Opportunities. According to the legislation, the system covers "the complex of measures and actions taken in order to answer the social individual, family or group needs, with a view to preventing and overcoming difficult situations, to preserving the individual autonomy and protection, to preventing the social marginalisation and exclusion, to promoting social inclusion and to increasing quality of life"[15].

[13] Existing
[14] Needs
[15] Ordinance no.68/2003 regarding the social services system

Out of the total number of social services providers, only 8% are local authorities[16], because of the fragmentation of the responsibilities in the field, the lack of financial and of human resources, an insufficient implementation capacity and the lack of planning.

During the past ten years, at community level there has been an active involvement of the private providers of social services. At present, 86% of the total number of NGOs provide social services, alone or in public-private partnership with the local authorities, who own the vast majority of the buildings.

The system for social services is flexible and interrelates with the health, education, housing, and employment services, depending on the beneficiaries' situation. The social services can be provided at community level, at the beneficiary's home, and through day and home care (residential) centres. Qualified personnel, using proper equipment and facilities, provide the social services.

Regarding the regional distribution of social services, South and South-West Regions are significantly lagging behind having the lowest number of this kind of services.

Table 18

Regional distribution of social services types

Region	**NE**	**SE**	**S**	**SW**	**W**	**NW**	**C**	**BI**
No. of social services	152	126	56	52	127	128	153	92

Source: MLFEO, Directorate for Social Assistance and Family Policies, 2006

There are also important disparities between the social services providers in rural and urban areas: 482 local authorities in the urban areas, compared to 167 in the rural areas, and 2,224 NGOs in urban areas compared to 107 in the rural area.

The **home care (residential) centres** provide for accommodation for periods longer than 24 hours and are financed from three sources: the state budget, local budgets and private sources. They are very efficient in taking care of the dependent elderly persons, contributing to the improvement of life quality and promoting the independency of the persons on the labour market. They provide services for children, elderly, disabled, drug and alcohol addicted, former detainees, mono-parental families, family violence victims, human traffic victims, etc.

The restructuring of residential institutions took place in close relation to the effort of providing family-type alternatives to the residential-type care. The „classical" high-capacity institutions (between 100 and 3-400 places) were restructured, attempting to reduce their capacity and to modulate them, in order to offer more space for each person, in an environment as close as possible to that of a family. Not all of the placement or residential centres were thus transformed; the lack of money and experience made the process a slow one, in several phases, depending on the existing funds or on the priorities established. Therefore, the home care infrastructure for different vulnerable groups has a precarious situation, as the equipments are overused and the buildings need rehabilitation:

[16] Phare project RO 0108.02 "Social services institutional building in Romania", 2004

- The residential care for *people with disabilities* comprises 147 institutions; an analysis of necessary amounts for rehabilitation of such institutions by development regions indicates that there are significant differences and the largest investments are required in North East, South and Centre regions, as in these regions the largest share of users has been registered. The distribution of persons with disabilities by development regions and age groups indicates the existence of a large population aged 35 – 59 needing special care, both in institutions and in communities.

Table 19

Institutions for disabled, by regions of development

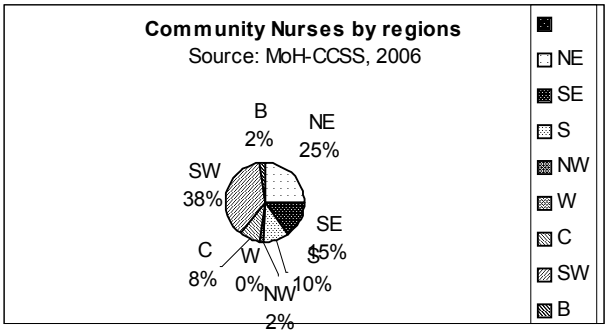
Region	NE	SE	S	SW	W	NW	C	B
No. of institutions	24	14	24	18	18	18	21	10
No. of people in institutions	3362	1837	3262	1544	1730	2175	2720	1240

Source: Monitoring Report 2005, National Authority for People with Disabilities

- *Children residential care* - at the end of March 2005, there were almost 600 functioning services alternative to institutionalisation. At the end of March 2005 there were 1,382 placement centres (995 public centres, 352 apartments, 287 houses, 126 modulated institutions, 230 classic institutions and 387 private centres). Between 2000 – March 2005, the number of children protected in public placement centres has dropped from 53,335 to 27,039, following children transfer to other family-type measures (maternal assistants, extended families or other persons), reintegration to own families, or following children older than 18 leaving the system – in case they did not continue their studies.

Chart 9

- *Residential care for elderly persons* - There are 19 homes for elderly persons, financed from local budgets, with a total capacity of 2153 places. During the last years the NGO sector started to build and develop new institutions for elderly out of which the residential care institutions are the most frequent.

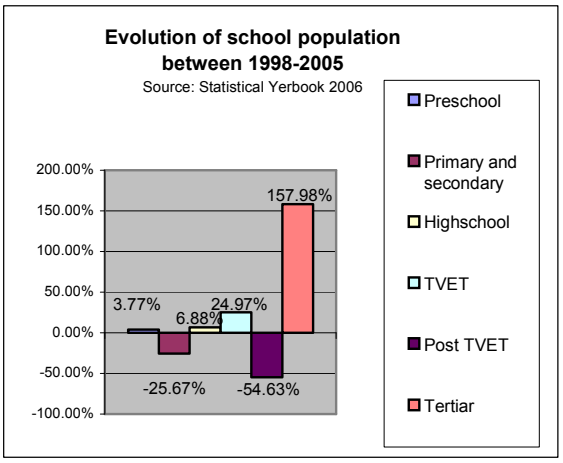


The social infrastructure at the level of local communities provides for primary social care services. However, the social problems within communities are much more complex. According to the social services strategy, a new concept appeared - the **multifunctional centers,** which provide integrated services at local level. They provide for different categories of services (medical, counseling, labour market orientation, work-shops, etc.), addressed to several vulnerable groups. It is envisaged that the multifunctional centers are based on a nucleus represented by an existing day centers, social canteens, etc.

It is foreseen that, within the multifunctional centers will activate the network of pluri-disciplinary team in order to provide adequate social services. In this teams will activate: *physicians*, *social workers, sanitary mediators, community nurses and other relevant professions.* The *community nurses* provide their services in 19 districts (375 nurses), covering a total of 382,717 persons/users out of 494 communities. Their number is expected to increase up to 4,000 in the next years. The infrastructure available is very poor and not appropriate. The 4 districts of West Region and 23 other districts are not covered by this type of assistance. Community assistants are currently paid and coordinated by the Ministry of Public Health, as an administrative alternative and in the future these should become an integrated part of the community social services team at community level.

Education

Chart 10



During the '90s Romania registered a fall in the birth rate, followed by a slight increase at the beginning of the year 2000 (and thus of the school age population). For various reasons (according to some studies – the poverty rate limiting access and participation in education and higher educational attainments and the young people desire to help their families by taking up jobs as unskilled workers, greater work opportunities offered by the underground economy, occasional incomes etc.), there has been registered a significant decrease in pupils' enrolment during the period of 1990-2005 (5,066,031 in 1990 to 4,360,831 in 2005). By levels of education, the evolution in the pupils' number oscillates: between 1990 – 1998 massive decreases, except for the university level, and after 1999 an increase, except for the post high school level.

The chart illustrates the evolution of students, by levels of education, in Romania between 1998-2005.

The average participation rate to education of the population aged between 15-24 (ISCED 1-6 – primary to post university education) is 46.1%, the lowest in Europe compared to the 59.0% EU average.

The number of pupils in primary and gymnasium education constantly decreased during the past years, but the number of primary and gymnasium school units decreased more rapidly (with 48% less in 2005, compared to 2002). At regional level, except for Bucharest Ilfov Region in which the units decreased with only 19%, in all the other Regions the reduction was between 30% (North East) and 56% (North West). The prognosis foresees an increase in the number of the pupils that will lead to an increased demand of the school infrastructure.

At high school level, the number of pupils increased in all regions between 1998 and 2005, with different percentages (between 1.27% in Bucharest-Ilfov Region and 14.63% in North-East), unlike the number of units that didn't vary significantly, leading to overcrowding.

The same trend applies to vocational apprenticeship, the most significant increase being registered in South-West (38.5%) and North-East Regions (29.27%). This situation could be the result of an increased awareness of the school aged population on the importance of the educational level on the labour market and that specialized knowledge ensures better positions and better wages. The measures adopted by the MERY also contributed to the increase in the attractiveness of this type of education.

The compulsory education in Romania rose from 8 to 10 years in 2003. In order to graduate compulsory education the students can choose to enroll in a theoretical high-school, technological high-school (as part of the direct vocational route) or in an art and craft school (as part of progressive vocational route).

The gross enrolment rate in the compulsory education is 95.8% for the 2005/2006 school year. But this figure is over-dimensioned due to the fact that in 2003 the Law for education provided the opportunity for enrolment in the first grade at the age of 6, one year less than before (in 2002). Therefore, if the gross enrolment rate in the compulsory education is currently of 95.8%, less than in the school year 2002/2003 (when it was 98%).

At the tertiary educational level the situation seems to be more or less stable due to simultaneous increase of infrastructure and enrolment of students. Since 1990 the number of students increased with 371% from 192,810 (1990) to 716.464 in school year 2005/2006. Still, in two Regions the increase between 1990 – 2000 is outstanding: the number of students in Centre Region increased more than 4 times and in South Region, where the number of students was 6 times higher than in 1990. The high increase is explained through the growing appearance of private university institutions and to the awareness of the population regarding the benefits from a higher education degree.

The number of higher education institutions increased to 107, out of which 49 public institutions. Currently, these institutions have 770 faculties in their structure. The highest number of higher education institutions and faculties is registered in Bucharest-Ilfov (almost one third of the total). In the North-East, West, North-West, Centre Regions the number of superior education institutions and faculties is balanced developed (varying between 12 and 15 percentage points).

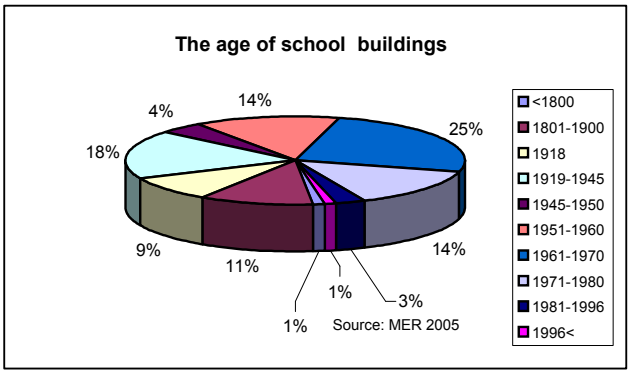
Starting with 2000, except for Centre and Bucharest-Ilfov regions (of 42% and 47%), the increase in the number of students varied between 20-30 percentages per school year. The average rate of graduate students was of 30.1% in university year 2004/2005. As regards the number of tertiary education graduates per education discipline, the current distribution (2005) is of an average of 22% graduates in technical disciplines, 28% in economics, 33% in human sciences and 10% juridical graduates.

Educational infrastructure

Educational infrastructure is an important factor to attract quality and knowledge intensive educational activities, as it contributes to ensuring the proper learning conditions to train and qualify the population.

Chart 11

The pressure to reduce the public expenditure, its strict control, as well as the high fiscality, sacrificed in a constant manner the stimulation of social programmes. Therefore, the financing of the education infrastructure was affected, its inevitable consequence being the deterioration of the human capital and the reduced economic development potential on medium and long term.



The situation of education infrastructure at preuniversity level worsened, in terms of buildings safety, basic utilities, endowment with equipment. The rural area is more affected due to the difficult access.

The main problem of the education infrastructure is the lack of safety due to the damages caused by earthquakes and the age of the buildings. Some of them were built in the 18th century, mainly for other purposes, the resistance structure and the functional arrangements being confronted with major deficiencies. The first protection rules against earthquakes in constructions were introduced in 1940, meaning that all the buildings built before have a great damage or even collapse risk.

Compulsory education

The raising evolution of the birth rate in the past years, correlated with the availability of the compulsory education will determine, in the following period an increased pressure on the related infrastructure on the compulsory education infrastructure.

From the technical and utilities point of view, in the worst situation are the schools from the rural area where 43 units still function without electricity and 2805 without any water sources. The equipment with school furniture in rural area is also in a bad situation, only 28% being in an adequate condition. The level of teaching material equipment is low and the percentages vary between 5-10% for preschool, primary, gymnasium and vocational levels, and between 15-20% for high-schools. Over 70% of the pre-university schools need to be rehabilitated. The highest needs are in North-East Region (90.8%) compared to Bucharest-Ilfov Region that needs only 32.92%. In the case of specialised laboratories, there is need for the endowment with the necessary equipment as to achieve professional standards.

Table 20

Schools and equipment status, by Regions [17], in 2004

-No of schools-

Region	Total schools[18]	Out of which		Necessary to be rehabilitated	Necessary class furniture	Lack of modern heating system	Necessary equipment for workshops	PC Rooms	Necessary workshop furniture	Necessary laboratory equipments
		Rural	Urban							
NE	2,198	1,769	429	1,996	2,037	1,932	533	753	949	959
SE	1,745	1,262	483	1,383	1,441	1,259	197	602	733	736
S	1,934	1,463	471	1,573	1,733	1,495	390	607	959	970
SW	2,052	1,500	552	1,449	1,764	1,603	299	323	835	724
W	1,884	1,285	609	1,370	1,540	1,400	340	485	630	692
NW	2,739	2,109	630	2,228	2,308	2,253	544	845	1,160	1,172
C	1,551	1,551	592	1,057	1,238	945	307	517	626	634
BI	738	198	540	243	280	357	169	287	301	324
Total	14,841	11,137	4306	11,299	12,341	11,244	2,779	4,419	6,193	6,211

Source: Ministry of Education, Research and Youth, 2004

The number of schools in rural areas is very high, and usually they function below standards. The situation is affecting thus the quality of the education process as well as the health of students and teachers.

The basic equipments level for the development of a learning system based also on IT is very low – 3 PCs / 100 gymnasium pupils (39,983 PCs for 1,229,449 pupils) and 5 PCs / high-school students (34,396 PCs for 697,919 students). A percentage of 57% of schools are connected to the Internet, the average is of 1PC connected to Internet / 100 gymnasium students and 3.5 PCs connected / 100 high-school students.

In 2001 the Informatics Education System (IES) has been launched, as part of the Romanian Government Strategy regarding the informatisation and the computer assisted education. The programme has been developed in three stages, and the fourth one is foreseen for the 2005-2008 period. Up to 2004, from the IT endowments point of view, 37,150 PCs and 1,510 servers have been allocated and there have been created 1,510 IT networks and 600 schools connected.

It is estimated that during the last phase of the IES, 3,228 laboratories will be equipped, which represents an additional number of approximately 80,000 PCs (3,228 laboratories x 25 workstations). 55.26% of them will be located in the rural areas and 44.74% in urban areas.

Taking into account that in the European Union the average IT equipment is of 10.8 PCs/100 lower secondary pupils and 12.5 PCs/100 upper secondary pupils and 10 PCs connected to Internet/100 students (primary, secondary and vocational education) and that 93% of the schools are connected to the Internet, it is necessary that the endowment with IT infrastructure of the pre-university schools continues.

[17] Ministry of Education and Research, Survey 2004. County School Inspectorates provided data on the number of schools in different ways: some provided data on all schools, some only on the ones that needed rehabilitation or have other problems, therefore the data are available only as estimation (80% of the total schools). The actual patrimony is around 18000 schools. Out of these 2800 schools were rehabilitated through other projects and around 250-350 are new schools

[18] The number of schoold refers to the ones where technical and vocational education is followed

Educational campuses

Preuniversity campuses

In 2003, compulsory education has been extended from 8 to 10 years. In this context, pupils living in rural areas have difficulties in continuing their studies because schools in rural areas cover teaching only up to the eighth grade.

In order to counteract this phenomenon, MERY initiated a project for creating of school campuses by grouping the educational activities scholar centres to provide for a larger area. These campuses are conceived as a means to integrate in the same area all activities related to the educational process (teaching, practice bases, social activities, leisure activities, etc.) by concentrating the educational buildings and services (grouping educational and support activities in certain areas). Thus a campus includes: the school, accommodation facilities, canteen, library, and special workshops for developing practical capacities, sport rooms. These facilities could be used for both initial and continuous formation and can be adapted to meet local needs.

The aim of the campuses set up is to facilitate the access of students from the rural area to education and training, as well as to ensure equal access to education. From the moment the campus status will be awarded, the market qualification needs will be taken into account and the school units will be equipped according to the specific needs of the area and to the demand on the labour market. A total number of 458 preuniversity campuses has been identified. These will be rehabilitated / built using different financing sources: state budget, external loans, ROP. The estimated necessary by development regions is as follows:

Table 21

Estimation of needed preuniversity school campuses by Regions (2005)

Region	The need of school campuses		
	Total	Out of which	
		Urban	Rural
North-East	83	55	28
South-East	51	33	18
South	75	46	29
South-West	40	36	4
West	58	55	3
North-West	83	57	26
Centre	59	49	10
Bucharest-Ilfov	9	2	7
Total	458	333	125

Source: Ministry of Education, Research and Youth

In order to respond to the need of integration on the labour market, the preuniversity campuses supported by ROP will focus on the VET education. The VET enrolment capacity increased from 844 schools in school year 2002/2003 (out of which 518 located in rural area) to 1367 (out of which 611 located in rural area) in school year 2006/2007. Even if the number of these units increased, their level of equipment is inadequate to function in good conditions and standards. A number of 325 VET units benefited from Phare assistance, these functioning at

standards. Considering the experience gained so far in the pre-accession programmes, the direct link of this educational sector with the labour market as well as the rehabilitation need of these school units, it has been agreed that it would be the most appropriate to support this area under ROP.

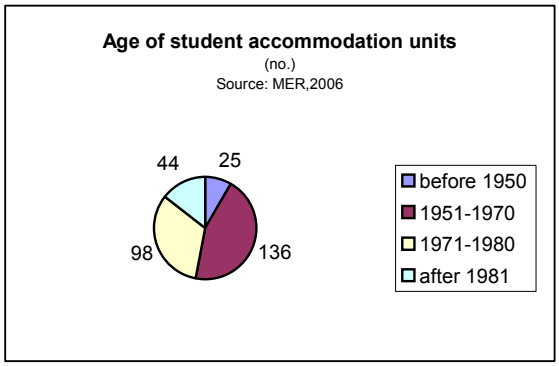
University campuses

Romania agreed to respect the Bologna convention provisions. Therefore, starting with school year 2004/2005 the university education is organised on three study cycles.

As shown earlier in the analysis, the number of faculties increased, but their quality did not follow the same path, affecting thus the educational process. The documentation pool from the libraries or the laboratory equipments is insufficiently developed in most of the universities. The living and learning conditions for students are not at a high qualitative level.

Chart 12

The 49 higher education institutions manage 333 student accommodation spaces, out of which they own 303. The living standards cannot be ensured due to the age of buildings, lack of appropriate utilities, high level of use. The overwhelming majority of these buildings is more than 35 years old, outdating the normal functioning period. Their maintenance costs are very high and the energy efficiency is very reduced.



Regarding the utilities, 65% of the student accommodation units do not have separate sanitary facilities. 40% ensure their heating by the thermic plants nearby, increasing thus the heating costs, as the pipelines are old and therefore energy is lost.

Considering that after 1981 only 44 new student accommodation units were built, correlated with the increasing number of students the capacity of the accommodation units is overrun. The number of students in a room usually exceeds the normal number. Due both to the lack of space and adequate accommodation conditions in the university hostels, in the university year 2005/2006 above one third of accommodation requests from the students were rejected.

The university libraries are an important component in the educational system. They have to respond to the learning and study needs of students and teachers, as they contribute to their overall development. The funds allocated to equipping libraries were insufficient, most of the book stock being out of date, and the information is not any more relevant to the current times.

Although important funds were attracted for investments in the universities, both from state budget and external sources, the rehabilitation need was not covered. Many institutions need rehabilitation works, IT equipments, books, and documentation.

Continuous vocational training

In 2004, Romania registered the lowest participation rate to continuous vocational activities, of 1.5% compared with the EU 25 average of 10.6% (for the population of 25-64 years). The formation cost and the insufficient number of offer at local level can be mentioned among the reasons for this low participation. Regional Centres of the National Agency for Employment are few and the 1200 school units that provide both education and vocational training services are not sufficiently involved in adult training.

By the end of 2005, the NAE adult vocational training centres network comprised 20 vocational training centres subordinated to the county agencies (in 19 counties) and 6 regional centres for adult vocational training in the direct management of NAE. These centres operate both in rented spaces and in spaces under own administration or undertaken by contract. The public vocational training centres network has at its disposal 178 classrooms, 132 workshops/laboratories (on a total surface of 28,325 sqm).

The authorized centres[19] provide vocational training services for 98 qualifications which, although currently prove themselves to be the most requested on the labor market, seem to be insufficient in order to contribute to the increase of the mobility and (re)integration of the unemployed on the labour market.

Table 22

Qualifications provided by authorized Centers for Adult Continuous Vocational Training

-Number-

Centre /Region	Qualifications provided by centres	Centre	Qualifications provided by centres
RCAPF Braşov / C	14	CPF Caraş Severin/SW	12
RCAPF Călăraşi/ S	27	CPF Dâmboviţa/S	14
RCAPF Cluj/ NW	23	CPF Hunedoara –Deva/W	14
RCAPF Dolj/SW	26	CPF Hunedoara – Petroşani/W	8
RCAPF Teleorman/S	15	CPF Iaşi/NE	27
RCAPF Vâlcea/SW	24	CPF Neamţ/NE	20
CPF Alba*/C	0	CPF Maramureş/NW	23
CPF Arges/S	16	CPF Mehedinţi/SW	6
CPF Bacău/NE	13	CPF Olt/SW	8
CPF Bistriţa Năsăud/NV	9	CPF Prahova/S	25
CPF Brăila /SE	5	CPF Suceava/NE	9
CPF Buzău/SE	2	CPF Sibiu/C	2
CPF Botoşani/NE	11	CPF Timiş/W	5

**Note: At present, the vocational training center is not operational*

The insufficient development of the occupations segment for which the NAE own centres hold authorization, is also reflected on the number of course attendants for year 2005. From the total of 42,996 persons benefiting from the vocational training services financed by NAE in 2005, only 18,582 (43.2%) attended the courses organized by the centers, as it follows:

[19] There are 6 authorised centres (RCAPF) under the responsibility of National Agency for Employment and 20 (CPF) under the responsibility of the County Agencies for Employment

- 11,514 persons have attended the 614 courses organized by the vocational training centres belonging to the county agencies for employment (the most requested courses: commerce worker, waiter, mason, data operator, chef);
- 7,068 persons attended the 418 courses organized by the regional centres for adult vocational training (the most requested courses: mason, data operator, chef, waiter, carpenter).

Currently, the public vocational training infrastructure is not sufficiently developed to allow the increase of number of persons attaining vocational training courses and the extent/diversification of type of courses for more beneficiaries. The low number of authorized vocational training providers also justifies the need for NAE own centres. There have been authorized 1214 vocational training providers, as follows: North-East: 152, South-East: 143, South: 120, South-West: 115, West: 122, North-West: 157, Centre: 182 and Bucharest-Ilfov: 202. The private providers are located especially in the cities, therefore the access of the unemployed to their services involves transport expenditures and in some cases accommodation.

The adult vocational training centers network is still underdeveloped in terms of territorial distribution, infrastructure and equipments, as well as the number of qualifications provided. This area should become a filed of intervention, in order to develop the necessary space for the adults continous training, to ensure the equipping and modernization of the existing centers, increase and diversify the professional skills of persons looking for a job, training them in new qualifications, corresponding to the market demand, in line with EGO No 129/2000, republished, regarding adult vocational training.

Tourism

Romania represented before 1990 an important tourist destination for the East-European area, promoting especially seaside tourism on the Black Sea cost, spa resorts, cultural programmes and monasteries from North Moldavia and Bucovina. The Romanian tourist offer did not improve in time, losing thus competitiveness in relation with the new market demands and similar market products on international level. This is why, even though all the eight Regions of the country, especially those lagging behind in development, have a significant potential for tourism development, currently the tourism contribution to the growth of the national economy is still low (2.13%[20] of GDP in 2003).

The Romanian tourist industry "engines" are actually some segments which are well functioning: agro tourism, mountain and spa tourism, events and tours tourism.

The Regions have an important natural, cultural and historical tourism potential. Regarding the capitalization of tourism potential, there are differences between Regions, caused both by the evolution of historical conditions and the country's transport infrastructure, which often, impeded the development of areas with high level of attractiveness, but hard to get to and encouraged the development of other areas easier to access. A good example is the development of Prahova Valley in comparison with Rucar-Bran route as well as with Buzau Superior Valley.

[20] National Institute for Statistics

Romania has a diversified and balanced distributed tourism potential, concentrated especially in the Carpathian Mountains area (including spa and ski resorts), Black Sea coast and in areas with old cultural traditions (Bucovina, Moldova, Transilvania, Banat or Dobrogea). The underdeveloped areas concentrate the most important tourist sites and attractions. These areas can be revitalized by valorization of their diversified natural and cultural resources, attractive for tourists.

There are identified two categories of tourist potential: **areas with complex and high value tourist potential** (24% of country area), including National Parks and Biosphere Reservations, natural monuments, natural protected areas and cultural patrimony of national interest, spa resources, museums and memorial houses, and **areas with high tourist potential** (34% of country area), which include at least one of the following: natural monuments, protected areas and cultural patrimony of national interest, spa resources, museums and memorial houses (Source: National Plan for Spatial Planning, Draft Section VI-Tourism, Annex 3).

Outside of these areas, there are also natural and anthropic attractions, which offer opportunities for tourism development, even if their density is low (Source: National Plan for Spatial Planning, Draft Section VI-Tourism, Annexes 5 and 6).

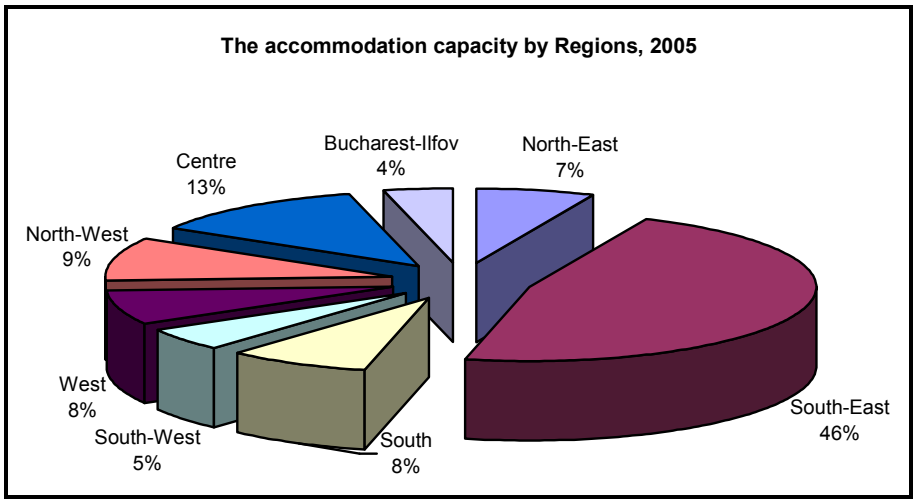
More than one third of all European mineral water can be found in Romania. Thus, due to the Herculane Spa, attested since the 2nd century A.D., Romania may be considered one of the founder countries of spa tourism. Some 160 spa resorts – mostly famous in Europe, others local – offer many ways to treat difficult diseases (rheumatism, nervous system, etc).

The tourism infrastructure recorded major decline after 1990, but the quality of tourism infrastructure improved (aspect revealed by a research study undertaken by the Ministry of Development, Public Works and Housing within Phare programme[21]). In 2005, the tourist accommodation capacity in function (number of places-days) shows that 18% of the accommodation capacity (exploited only two–three months per year) was located in Black Sea areas (except for Constantza), 29.7% in Bucharest and counties' Capitals (except for Tulcea), 19.4% in spa resorts, 16.6% in mountain destinations, 0.96% in the Danube Delta (including Tulcea Municipality) and 15% in other tourist destinations.

The accommodation capacity (number of places) by Regions indicates important differences. The South-East Region has the largest accommodation capacity (47%), being hardly followed by Centre Region (12.5%) and North-West Region (9.2%). In the next period, it can be envisaged a more balanced distribution of accommodation capacity by region, than the existing one, due to the interest showed by tourism actors and the support of local authorities. However it is expected that the Black Sea area and Danube Delta, as well as Carpathian and Sub Carpathian mountain areas to further develop.

[21] Study realised within Phare Programme RO2002/000-586.05.01.04.02.02 through the project "Development of Schemes for Regional Operational Programme"

Chart 13



Source: NIS - „Existing accommodation capacity 2005"

The tourist accommodation structures and especially the tourist programmes are obsolete, not competitive, the tourist services or programmes are stereotypes like and of low quality; moreover the quality / price ratio is inconclusive. Therefore in the past 20 years a continuous decrease in the external demand for Romania tourism was registered.

Thus the modernization, development and renewal of the Romanian tourism are needed, together with the creation of modern and competitive tourist products on the market. The development of recreation and animation offer is needed, together with thematic and amusement, aquatic parks are needed, these being present in countries with tourism tradition.

The Regions' main tourism indicators reflect disparities both in tourists' number and use of accommodation capacity.

Table 23

Evolution of the main tourism indicators between 2000 – 2005

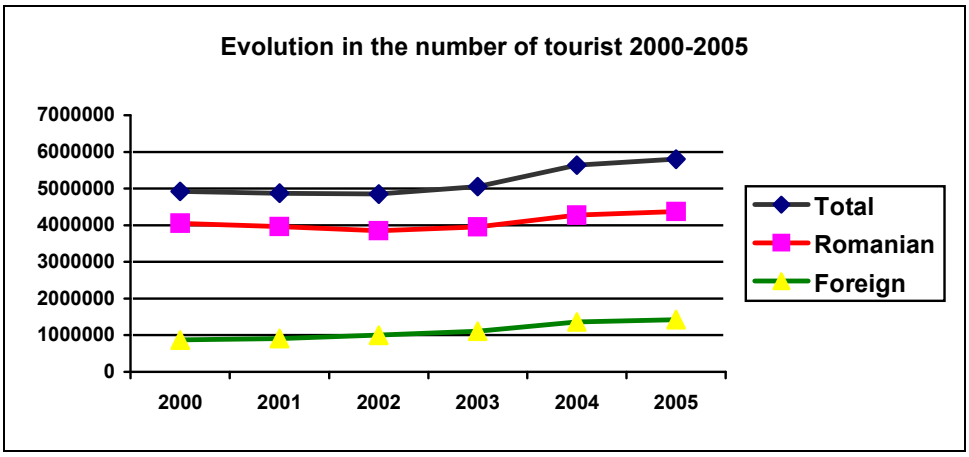
Region	Accommodation capacity 2005 (No. of places)	Accommodation capacity I/2005 vs.2000 (%)	Overnight staying 2005 (thou)	Overnight staying I/2005 vs.2000 (%)	Arrivals 2005 (thou)	Arrivals I/2005 vs.2000 (%)
North-East	18,718	+5.48	1,436	-2.1	622	+14.5
South-East	132,965	-0.83	5,139	-5.7	1,108	+13
South	22,292	-0.62	1,807	+3.8	574	+3.9
South-West	14,672	-4.07	1,601	+0.6	334	+2.1
West	21,291	-2.06	1,836	-2.2	535	-5.8
North-West	26,019	+1.84	2,290	16.8	733	+31.1
Centre	35,479	+0.7	2,782	+8.6	1,068	+23
Bucharest-Ilfov	11,225	+41.56	1,481	+48.7	831	+59.8
Romania	**282,661**	**+0.95**	**18,373**	**+4.1**	**5,805.0**	**+17.9**

Source: Statistical Yearbooks, NIS

Tourism sector in 2005, compared to 2000, registered an increase in the number of accommodation structures (35.4%) and also in the accommodation capacity (0.95%). Correlated to that, the total number of tourists registered in the accommodation structures

reached 5,805,000 (with 17.9% more than in 2000), accounting for 18,373,000 overnight staying (with 4.1% more than in 2000).

Chart 14



Source: Statistical Yearbooks, NIS

By tourist destinations, it was registered a spectacular increase of foreign tourists, as follows: 168.9% in Black Sea resorts, 42.5% in spa resorts, 28.2% in mountain resorts, 398% in Danube Delta and 54.9% in county capitals and Bucharest.

In 2005, the incomes resulted from international tourism were about 600 million USD, while the contribution of tourism to the GDP is still low (2.13% - according to NIS methodology and 4.7% - according to WTO data); the jobs number in tourism sector is pretty significant - 105,000 jobs (1.2% of the total number of jobs).

In the context of the tourism support, by important investments in tourist attractions, services and accommodation capacity, it is expected to continue these positive trends in Romanian tourism sector. This optimistic vision is based also on the tourism sector evolution at global level.

According to the Ministry for Small and Medium-Sized Companies, Trade, Tourism and LiberalProfessions (*Tourism Development Strategy in Romania,* August 2006), the World Trade Organization identified the main mega-trends in tourism demand and supply that will be amplified in 2020. Among the most important aspects the following are worth mentioning: increase in the number of tourists, increase in the number of persons developing an interest in ethnic tourism (visiting their birth places), increase in the demand for new destinations, increase in the frequency of visiting spa resorts (due to the constant concern for maintenance, beauty, gym, fitness, etc.), increase in the number of more active and travel oriented elderly persons; the tourists are becoming more exigent, expecting high quality attractions, utilities and services, adequate costs for the quality of their trips; development of supplies for business travel, congresses, conferences, reunions; increase in the number of tourists having interest in maintaining the natural environment; the tourism sector uses constantly more modern technology, in areas such as booking or marketing services; the internet becoming a more and more important mean for information and marketing lately.

These expectations can indicate a growing tourism demand also in Romania, if the tourism accommodation capacity and attractions adapt to the market demands, increasing their quality and capacity requirements.

Based on World Bank development indicators and on UN data, WTTC reports, eight countries are considered competitors on the tourism market for Romania: Bulgaria, Croatia, Serbia, Hungary, the Czech Republic, Slovakia, Poland and Ukraine). Compared to these countries, the average tourism competitiveness index in Romania is 58.91, lower than the registered values in Hungary (78.44), the Czech Republic (74.47), Bulgaria (68.57), Croatia (68.04), Poland (66.03) and Slovakia (62.84), being higher only in relation with Ukraine and Serbia. Romania has more competitive prices, a better-preserved environment, international openness towards trade and tourism and better social services related to tourism.

Urban Development[22]

In 2005 the urban population accounted for 54.9% of the total and this makes Romania one of the least urbanized countries in Europe.

At the regional level urbanization is historically correlated with overall economic development. North-East, South, and South-West Regions have a share of the urban population less than 50% (the lowest being South 41.7% and North-East 43.4%). The highest urban population is to be found in Bucharest-Ilfov – 90.5% and West – 63.6%.

In 2005, the Romanian ***urban network*** included 314 officially registered towns and cities[23], with a total population of 11,879,897 inhabitants, but only 46 exceed 50,000 inhabitants. Out of the total number, only 25 towns have more than 100,000 inhabitants grouping some 55% of the overall urban population, which means on average some three relatively large towns per region. Bucharest alone accounts for 16.2% of the total urban population. The remaining part of the Romanian urban network comprises a number of small and medium sized towns (about 90% of the total) with very limited urban functions and poor infrastructure. Actually 209 small towns (under 20,000 inhabitants) account for only 17.1% of the urban population, as most of them are very small (below 10,000 inhabitants) and obtained their urban status in the last decades, despite the fact that their infrastructure and urban endowments are poor or do not exist at all. Moreover the industrial restructuring of the 1990s heavily affected a number of these monocompany towns that lost even more of their urban functions.

Table 24

Distribution of towns by size and Regions in 2005

-Number-

	< 20,000	**20,000-99,999**	**> 100,000**	**TOTAL**
Romania	**207**	**82**	**25**	**314**
North-East	26	14	5	45
South-East	24	6	5	35
South	32	14	2	48
South-West	29	8	3	40

[22] According to the NIS methodology: the urban areas are represented by cities and the rural areas are represented by communes. The Law 351/2001 defines cities and communes as basic administrative territorial structures, and these are listed in the Annexes of the Law 2/1968, which are updated regularly.

[23] Number of towns and cities at 1 July 2005

West	30	10	2	42
North-West	29	9	4	42
Centre	37	17	3	57
Bucharest-Ilfov	2	2	1	5

Source: Romanian Statistical Yearbook, NIS, 2006

The urban network is more densely populated in the Centre Region (57 towns and cities), because of Transylvania historically having a better-structured urban network and in the South (49 towns and cities), but this because the Region simply includes the highest number of counties (7). There is a relatively well-balanced distribution of large towns across the country. The largest regional urban centres, are: Iasi – 307,377 inhabitants (North-East), Constanta – 306,332 inhabitants, Galati – 298,366 inhabitants, Braila – 218,744 inhabitants (South-East), Ploiesti – 233,699 inhabitants (South), Craiova – 300,182 inhabitants (South-West), Timisoara – 303,640 inhabitants (West), Cluj-Napoca – 310,194 inhabitants, Oradea – 206,223 inhabitants (North-West), Brasov – 282,517 inhabitants (Centre) and Bucharest – 1,924,959 inhabitants (Bucharest-Ilfov).

The economic decline of several urban centres and related problems with quality of life has spurred a process of migration away from urban areas directly into rural areas. Starting from 1997 ***urban-rural migration flows*** (26.8%) exceeded the rate of rural-urban flows (22.6%), in total migration flows at national level. In 2005, the urban-rural migration flows were still dominating, accounting for 29.6% of total internal migration flows. As a consequence, but also because of the decrease of birth rate and international temporary migration for working, the urban population decreased from 12.4 million inhabitants in 1995 to 11.8 million inhabitants in 2005. As a consequence, most of the towns that should have acted as catalyst for growth of the surrounding region, actually experienced significant decline in their population, level of urban functions and economic growth potential. To make things worse, there are few economic links between the urban centres and the surrounding areas, because they have developed independently one from another. Also, the urban transport system is not always favorable to the strengthening of the relations and the contacts between counties. As a result, even today one cannot speak about a proper regional labour market, which explains why a shock on the local labour market has hardly resulted in migration towards other more developed urban centres within the same region.

The big towns, with a much-diversified structure of economic activities, have managed better to overcome the shock of industrial restructuring, by reemploying dismissed labour force in the previously underdimensioned service and trade sector.

The ***labour market*** regional analysis in the Romanian urban areas for the year 2005 reveals disparities due to the different development opportunities.

Unemployment is a problem that appears in all Regions, the shift to the market economy increased the disparity between the demand and supply of the labour force. A lower unemployment rate is to be found in towns and cities from the western part of the country, Regions West and North-West (7.0% each), and also Bucharest-Ilfov (6.7%), regions that have a growing economy. In general, the unemployment rates in larger and prosperous urban areas record a lower level.

Employment rate in urban areas shows higher rates in 2005, for Bucharest-Ilfov (60.1%) Centre (55.8%), the smallest employment rate being registered in South-West (46.2%).

Employment structure by activities in urban areas in 2004 was as follows: 4.0% in agriculture, 41.7% in industry and construction and 54.3% in the service sector including trade. The relatively high, although decreasing (it used to be 6.9% in 1996) share of urban population working in agriculture depends on classification problems, as certain small centres became towns in the last decades despite having a very high share of total working force employed in agriculture. After 1990, as a consequence of industrial restructuring in these towns, most of those dismissed returned to their agricultural occupations.

In the 1996-2004 period the share of population employed in the service sector grows (54.3% in 2004 and 46.8% in 1996), although it remains lower than the EU average. The secondary sector (industry and constructions) maintained a high share of employment, mainly due to the booming construction industry.

The ***level of available urban infrastructure and services influences the quality of life in urban areas***. Out of the total of 314 Romanian towns and cities, only 217 (69%) were connected to natural gas network and 129 (41%) had a community-based district heating system. These problems are equally spread by town size class and become less noticeable only beyond the 100,000 inhabitants range.

In 2002[24], among towns with a population lower than 30,000 inhabitants, 31% of housings were not connected to the water supply system, 33% were not connected to sewerage system, 82% were not connected to thermal energy system and 44% were not connected to natural gas network. In towns with a population between 30,000 and 100,000 inhabitants, 22% of total housing did not have access to the water supply system, 13% were not connected to sewerage system, 47% were not connected to thermal energy system and 29% were not connected to natural gas network. Only towns with over 100,000 inhabitants were in a better condition, but even in this case not all the housing are connected to the all basic urban infrastructures: around 5% of them do not have access to water supply, 8% to sewerage system, 30% to thermal energy system and almost 15% to natural gas network.

It is worth reminding that whenever existing infrastructure is obsolete and suffers from the severe reduction of public investments made by local authorities for maintenance and modernization of public utilities. A large number of small and medium towns in Romania still have difficulties in providing basic public utility services, which is an obstacle against elaboration of a strategy for attracting investments and stimulate small entrepreneurship.

A common problem for the majority of towns and cities of Romania is the multifamily housing, which were built in the communist period facing now a severe degradation. High energy losses of the buildings, high maintenance costs, the need for modernization, the low esthetic quality of the buildings are common features of the multifamily housing in Romania.

More than one third of entire population of Romania live in the 2,984,577 apartments in about 84,000 multifamily housing, almost all located in urban areas. At the moment of their constructions in the past the projects, the materials and technology used did not provide a good energy performance. Presently, a big parts of residential buildings of Romania passed almost

[24] ”Diagnosis of housing: lacking a house and living in precarious conditions”, RIQL, 2004

half of their life, thus is a need for modernization: at the 2002 Census, almost 50% of total residential buildings were old than 40 years, and 34% had between 20 and 40 years.

Public urban transport plays an important role in ensuring the good functioning of a town and also contributes to social equity, by facilitating the access of people from peripheral areas to main urban services. After 1990 the continuous increase in number of private cars had consequences in the traffic congestion, especially in large urban areas. The level of traffic is critical particularly for Bucharest Municipality and large urban areas.

Traffic congestion, increasing number of accidents, environmental degradation of towns and cities are severe problems caused by the low capacity of roads within cities or the ring roads around the cities for taking over the vehicles apart from the towns. Urban road infrastructure is hardly developed, since in 2005, from the total length of 25,696 km of urban streets at national level, over 40% were not modernized.

The layout of the streets is not adequate for the increasing number of vehicles. Moreover, the contribution of urban public transport to the traffic flow within towns decreased because of the diminishing in number of vehicles used by urban public transport and transported passengers. At national level, the number of vehicles of any kind of transport means decreased after 1990, especially the number of tramways (number of wagons), which decreased from 2374 in 1990 to 1673 in 2005. The decrease in the number of buses and trolleys was registered after 1995. The total transported passengers at national level decreased from 2.5 billion passengers in 1990 to 2.1 billion in 2005.

The development of an adequate urban public transport is a necessity for the towns and cities of Romania, contributing, firstly to the reducing of phonic and atmospheric pollution and secondly to the decongestion of traffic by offering alternative routes and better linkages between functional areas of the town in general, and especially between the areas where the economic activities are concentrated (areas of jobs) and residential areas and also to the reducing of transport time of the users.

Besides the disparities between towns and cities as mentioned above, there are also disparities within large and medium sized cities, caused by the high level of attractiveness of some areas of these cities compared to others, not necessarily peripherical. The most significant example in this sense is represented by the evident difference between the prices of land. For example, in the capital city, the price of the land in the northern side is 10 times higher than in the southern and eastern part, which is less attractive for investors, and as a result the investments are low.

The differences between neighborhoods within a city are usually significant. The data collected for towns and cities of Romania from Urban Audit shows that within the cities there are areas (neighborhoods) where the socio-economic indicators reveal worse situation than the average values for those indicators at town level or even national ones. For example, in 2001, the unemployment rate in the poorest neighborhoods of Bucharest Municipality was about 7 times higher than the unemployment rate of the richest ones. Usually, high unemployment rates are closely related to the poor urban infrastructure, lack of green spaces, deteriorated housing, low level of education or employment opportunities and high level of criminality.

Another important urban problem is social exclusion of some disadvantaged and marginalized groups and their integration into society. It is the case of ethnic minorities, especially the Roma

population, affected by severe poverty, low level of education and high dropout rates from school. At the same time, young people in urban areas are often confronted with difficulties in the integration on the labour market. In towns like Alba-Iulia, Bacau, Craiova, etc the unemployment rate of people under age 25 is reported double in comparison with overall unemployment rate. In Arad, in 2001 the percentage of unemployed people under age 25 (22%) is four times higher than the unemployment rate (5%).

Environment

Environmental protection is critical to be introduced within the ROP as a horizontal priority, even if the primary objective of the Cohesion Policy for the 2007 – 2013 programming period is growth and jobs promotion, in accordance with the Lisbon Strategy and as defined in the Community Strategic Guidelines 2007 – 2013. The environmental approach is necessary both to take advantage of the benefits which environmentally driven growth can bring to society and stimulate further sustainable development in the EU.

In this context, the ROP environmental dimension is particularly important, aiming to reduce and minimize the negative effects and to maximize the positive effects of the projects financed under different priority axes of the Programme.

The most relevant characteristics of the main environmental components in Romania refer to:

Air

Much of Romania's air pollution is caused by an outdated energy sector. Because of conditions imposed by the EU and foreign investors, state-run energy companies are gradually being restructured, but progress is slow. Thermal power plants continue to burn low-efficiency solid fuels and high-sulfur content heavy fuel. Adding to the poor quality of air in urban centers is the reliance of low-income Romanian households upon low-quality coal for heat. Another major source of urban air pollution are Romania's transportation sector and industrial activities.

Most cars in Romania are old and poorly maintained, running on gasoline that has the highest lead content in Eastern Europe. Road traffic affects the environment mainly because of NOx emissions. Emissions are high due to the largely outdated heavy transport fleet in Romania (old and badly maintained vehicles, which burn mixes of diesel and oil, generating pollution by aromatic substances and insufficiently burned heavy oils). Therefore, air pollution in the cities has increased dramatically, in recent years. Public transport is considered a cleaner mean of transport, but it contributes to the overall pollution of air in town and cities due to an outdated fleet and congestion.

A slight improvement in the air quality was noticed during 1995-2004 due to a reduction in economic activities and retooling programs carried out at the level of some other industrial units, as well as to the activity of the Environmental Protection Agencies (the increase of the number of inspections to the economic operators whose activity produces an impact on the air quality).

Based on present legislation, urban polluted settlements are classified as follows:

- Slightly polluted urban areas: Slobozia, Alexandria, Braila, Buzau, Tulcea, Focsani, where the mean annual values range closely or below the sanitary standards;

- Averagely polluted urban areas: Bucuresti, Galati, Resita, Targu Jiu, Turnu Magurele, Timisoara, Brasov, Craiova, where the value of the average annual concentrations exceed the admissible limits for some pollutants;
- Highly polluted urban areas: Zlatna, Baia Mare, Copsa Mica, Ramnicu Valcea, Hunedoara and Calan, where the average annual concentrations exceed the sanitary standards at most indicators;

These are the following hot spots for air pollution:

- Copsa Mica, Zlatna, Baia Mare: areas polluted mainly by heavy metals (copper, lead, cadmium), sulphur dioxide and suspended particulates originating from non-ferrous metallurgy;
- Hunedoara, Calan, Galati: areas polluted mainly by iron oxides, ferrous metals and depositing particulates originating from siderurgy works
- Ramnicu Valcea, Onesti, Savinesti, Stolnicei, Ploiesti: areas polluted mainly by hydrochloric acid, chlorine and volatile organic compounds originating from the chemical and petrochemical industries;
- Targu Mures: area polluted mainly by ammonia and nitrogen oxides originating from the fertilizers industry;
- Braila, Suceava, Dej, Savinesti, Borzesti: areas polluted mainly by sulphur dioxide, carbon disulphide, sulphuretted hydrogen, mercaptans originating from the cellulose, paper and synthetic fiber producing industries.

Water

Water pollution represents a major problem for Romania. Not only are there many water pollution "hot-spots," but Romania's has a high register of curbing industrial releases into the rivers. The biggest ratio in the pollution potential as regards the point pollution sources belongs to the units of the communal management, the chemical industry and animal-breeding sector, followed by the economic operators in the drilling and metallurgic industry. The total quantity of the sludge resulted from urban wastewater treatment plants is estimated at 171,086 t/year. Usually sludge is being discarded to landfills posing contamination threat of underground water. As compared with the weight of the „degraded" water sections, the most unfavorable situations were registered in the basins: Prut (17.1%), Someş (14.9) and Vedea (13.4%)[25].

The poor water quality is caused mostly by anthropogenic point and diffused source pollution. The biggest ratio in water pollution from point sources belongs to the water operators of cities and communal wastewater services, the chemical industry, metallurgy, mining activities and animal-breeding sector. Diffuse pollution sources are agriculture activities (nitrates and solid sediments accumulated in the last 20 years of communist intensive agriculture), from the consumption of raw materials by industry and waste.

[25] State of the Environment Report, 2004 (2005); Complementary position paper of Romania: Chapter 22 – environment (2004); Analysis of the environmental situation related to the S.O.P. Environment, Ausra Jurkeviciute, Key Environmental Expert.

There are 1,310 urban and industrial WWTP (wastewater treatment plants) and only 37.6% of them have operated in appropriate manner. The insufficiently treated water discharges contain mainly organic substances, suspended solids, mineral salts and ammonia. Ground water contamination depends largely on the contamination of the surface waters and the quality of soil. The greatest historical underground pollution can be found in the industrialized areas such as refineries from the Prahova valley, the steel and heavy metal industries from north-west part of the country, mining and extracting industries and from chemical products plants all around the regions.

An improvement in water quality[26] in the different water basins has been observed during recent years in Romania due to a reduction in animal farms and the closure of different polluting industries over the last two decades.

Biodiversity

Romania has the largest unfragmented area of land in Europe. However, habitat fragmentation has accelerated due to the speed and scale of transport infrastructure and urban sprawl developments in the last decade, especially those involving Greenfield sites. There is a need to promote the use of brownfield, rather than Greenfield, sites development.

Romania's bio geographical space is almost equally shared by three geographical units - plains, hills, and mountains, featuring a broad diversity and hydrological conditions, based upon which a number of 52 eco-regions with a wide variety of ecosystems may be identified, such as terrestrial, aquatic specific of coastal and Black Sea shore areas, steppe areas, forest steppe zones, hills, mountains, lakes, water bodies and river meadows, drought-afflicted or wetland areas, including those specific of the Danube Delta. As a consequence of its geographical position, Romania has high biological diversity, which is acknowledgeable at the level of ecosystems and species. Except for the large agricultural areas and some land and aquatic ecosystems that are adversely affected by some pollution sources, thus inflicting changes in the structure and dynamics of biodiversity, the natural environment is preserved within the limits of natural quality parameters, which provide the required conditions for the conservation of specific biological diversity.

Since the ecological systems are operational systems with a complex organization, in general, structural changes at their level cannot be noticed from one year to another, unless major ecological disasters occur, which anyway are to be taken into account only on short term, considering that the natural environment has the ability to recover as soon as the respective disturbance has been removed.

Soil

Soil is an important resource in Romania. The soils damaged by pollution represent a critical problem. Measurements performed within the Baia Mare area revealed some diminution of heavy metal concentrations in the soil.

[26] During 2005 the overall quality of surface water was assessed by 781 surveillance sections (measurement points): 12.9% identified Ist, 38.5% identified IInd, 26.1% identified IIIrd, 15% identified IVth and 7.4% identified Vth category of water quality.

The chemical pollution of the soil occurs on about 0.9 million ha, out of which excessive pollution on about 0.2 million ha; adverse effects are due to pollution by heavy metals (Cu, Pb, Zn, Cd in particular) and sulphur dioxide, as assessed at Baia Mare, Zlatna, Copsa Mica.

Soil in Romania is mostly affected by the poor quality of waste management system, and as a result municipal and industrial waste is accumulated in unsuitable and illegally maintained landfills. Due to deficiencies of the system and a lack of incentives to reduce waste generation, waste separation, recycling and reuse, the country has accumulated large quantities of exposed waste on land causing soil, surface and underground water pollution, deterioration of eco-systems and is a potential danger to human health.

Waste management and especially household waste, represents one of the main environment problems that local authorities must tackle. As a consequence of both increased consumption in the last 10 years and also of old-fashioned industrial and overused technologies and installations, throughout the country, millions of tones of waste are annually generated. Also, there are huge masses of waste stocked within urban and industrial deposits affecting the quality of the environment, especially the underground and ground waters. Currently, the waste collection coefficient is considered to be 100% for dense urban areas (>50.000 inhabitants). The collection coefficient for urban areas (>3.000 inhabitants) is 90%. For the rural areas, the collection coefficient is around 10%. An increase of 1 % per year in 2007, and of 7-8% per year until 2012 is anticipated; after that, the increase will be 10% per year until 2017, when it is considered that the waste collection process will reach 100%[27].

The unused polluted industrial sites represent a particular area of interest for Romania, since after 1999, the massive decline of the industrial activity in Romania has led not only to a new configuration of the country's economic structure, but also to the appearance of many polluted and unused industrial areas, with harmful effects on environment, which contributed to the diminishing of the investors' interest for the geographical areas where these sites are located.

There are numerous unused polluted industrial sites, on which mining, industrial, military activities were performed, with various problems of pollution that needs to be analyzed and addressed by finding solutions for rehabilitation. The devastated image of the industrial units in which the economic activity stopped, is not capable in attracting investors, situation that impose intensification of efforts to overcome the effects of the former industrial activities on environment and preparing these sites to take over new investments. The intensification of efforts is needed more because the location of the former industries does not affect only the environment in the nodal areas of the territory, but many of the industrial areas were set up in the most favorable geographical areas from the point of view of communication networks and dwellings. Rehabilitating these areas does not only favors environment protection, but also represents an advantage regarding the efficiency of new investments, because they have an infrastructure that needs to be improved and not totally renewed. The reintegration of currently unused areas into the economic cycle turns out to be, as experience has shown, a costly and long-term process.

[27] State of the Environment Report, 2004 (2005); Complementary position paper of Romania: Chapter 22 – environment (2004); Analysis of the environmental situation related to the S.O.P. Environment, Ausra Jurkeviciute, Key Environmental Expert

Providing private investors with the economy's complementary infrastructure is an absolute necessary condition to develop the private sector. Practically, the existence of this kind of infrastructure is determinative for private investors to choose a certain region, county or locality. This type of infrastructure address the infrastructure needed for productive activities, also comprising environment rehabilitation of former unused polluted industrial sites and closed enterprises, in order to bring to use the existing infrastructure potential for new types of activities.

It became a necessity for Romania to rehabilitate and prepare the fields, which remained after the closure of one or more enterprises, in the case of industrial platforms, or polluted fields as a result of different foremer polluant activites and the polluter is not known anymore. The rehabilitation of these sites would favor both the environment cleaning and the local economies, by creating conditions for new investments in new activities.

MA for ROP collected information on the unused polluted industrial sites needing rehabilitation. Based on the data submitted by the county councils there are at least 262 areas with different level of degradation that need rehabilitation. The regions with the higher number of depraved areas are South West (63), South Muntenia (49) and North West (42), followed by West (33), Center (31), South East (24), North East (19) and Bucuresti Ilfov (1).

1.2. REGIONS' SOCIO-ECONOMIC CHARACTERISTICS AND DISPARITIES WITHIN REGIONS

One of the specific features of regional development in Romania is the mosaic-like structure of economic development at sub-regional level. Practically, in all regions fairly developed counties co-exist with less developed areas, and even with underdeveloped ones. Therefore, a sub-regional analysis is needed in order to reveal the intra-regional disparities and to justify, not only through the GDP/ inhabitant, the need to support all the country regions, including those, considered accordingly to GDP, more prosperous. **Annex 2 includes tables, by Regions, with indicators characterising the development level also by counties, and Annex 3 contains a SWOT analysis by Regions.**

North-East Development Region

Demo-geographic characteristics

North-East Region is the largest region of Romania, with a surface of 36,850 sqkm (15.46% of the total surface of the country). It has external borders with Ukraine and Republic of Moldavia. The region has 6 counties: Bacău, Botoşani, Neamț, Iaşi, Suceava and Vaslui as territorial administrative units that correspond to NUTS 3 territorial statistics units.

With a population of 3,734,546 inhabitants (17.2% of the Romania population) and a density of 101.3 inhabitants/sqkm, North-East Region has the second place in terms of population after Bucharest-Ilfov. The population is located mostly in rural areas (56.6%).

The region is characterized by a harmonious arrangement among all landscape forms: 30% mountains, 30% subcarpathic relief, 40% plateau. The diversified relief offers plateau and plane areas suitable for a large variety of agriculture, and mountain areas with spectacular landscapes favourable for tourism development.

Employment and migration

The employed population of the Region is close to the country average (33.8%). However, there is a high rate of employment in agriculture, especially in Botoşani (52.9%) and Vaslui (51.2%) counties while the average employment rate in agriculture for the entire Region is 42.7%. The percentage of employed population in industry and services is below the country average (23.5%, respectively 19.4%), Botoşani (15.1%) and Suceava (16.8%) counties having the smallest employment rate in industry while Vaslui County (30.0%) in services. Moreover, they are also confronted with an obvious lagging behind of the industrial and agricultural technology, as well as with a low level of people qualification.

During the last years, there has been registered a decline in the employment percentage in the region (from 64.2% in 2000 to 33.8% in 2005). A significant drop happened in Botosani County, where a high percentage of the population is occupied in agriculture (52.9%).

A large part of the active population in this region is employed temporarily or permanently in economic activities in Bucharest, Banat, Transilvania, Western Europe and Israel. After the departure of young male working population, the villages in Bucovina face the tendency of women emigration to work abroad. Therefore, old people and children now populate many

localities. In many of these localities, the construction activity is impressive, the wood being used as the main row material. Thus can be explained the discrepancies between the region's localities, from the general development and infrastructure endowment point of view.

The unemployment rate (6.8%) exceeds the country average (5.9%), Vaslui County having the highest unemployment rate of 10.1%. The women unemployment rate has lower values than unemployment rate in all region' counties. This situation is generated by the existence of more jobs for women (textile industry and hotels) and by the fact that many women are working abroad.

Regional economy

The North - East development region is the most underdeveloped region in Romania (in 2004 the GDP/capita was 69.2% of the national average). The high poverty area comprises the South of Iasi district, the South-East of Neamț district, the East of Bacău district and the districts of Botoşani and Vaslui.

The Western part of the region, which in the 60s and 70s has been the subject to a forced industrialisation (metal manufacturing, furniture, chemistry, construction materials, car manufacturing, textiles), has started a des-industrialization process for the past 10 years (chemical industry, petrochemistry, machinery, furniture, textile), which has aggravated the economical situation, whereas the Eastern part of the region is traditionally underdeveloped.

The attractiveness index[28] is the lowest in this region – 19.7 (the biggest attractiveness level being accomplished, according to the study, by North - West region, respectively 39.8). The low level of direct foreign investments reveals the low level of attractiveness, 292 mil. EURO, representing 1.3% of the total direct foreign investments in Romania, in 2005.

Consequently, North-East Region has the smallest number of SME's by 1000 inhabitants, only 13.1%, while the total SME's number is 49,078, the micro-enterprises representing 87.6% of the total SME's. Within the region, Iaşi (27.2%), Bacău (20.7%) and Suceava counties (18.8%) have the biggest share of SMEs, at the opposite pole being Vaslui County (8.5%).

Two industrial parks (Bacău and Iaşi) are active within the region, one in private property and one in public-private partnership. They cover 22.38 ha brownfield. Bacău industrial park, based on information technology and communication, will assimilate the unemployed labour force and will activate the development of this economic sector at regional level. It is forecasted that it would create more than 50 new jobs during the implementation phase and approximately 200 during the operational phase. Iaşi industrial park is designed for high-tech industries, including IT and biotechnology companies. It is aimed at stopping the young and specialized labour force migration, assuring jobs for the graduates.

[28] Survey, Romanian Business Digest, 2005. The attractiveness index was calculate taking into consideration indicators regarding business environment (political and administration environment, the labour market and wages, the economic environment, the private sector and competition, foreign investment, foreign trade, infrastructure and prices for real estates) and living standards (telecommunication, health, education, bank accounts, internet users, household equipment, holidays and spending on leisure, average prices for basic products).

In North-East Region there is an Euroinfo Center (since 1999), an Innovation Relay Centre in Iaşi and 33 consultancy centres. Moreover, the three existing business incubators ensure the incubation for 118 firms, contributing at obtaining 270 new jobs.

Even though in the other counties of the region there were signs of a slightly economic recoverment, the situation is still precarious and unstable in Botoşani, Vaslui Counties and in the south of Iasi County, even though here are many textile enterprises working in lohn regime; the slightest perturbation in the international demand drives to falls in the salaries, to unemployment or even to bankruptcy. There are industrial decline and high unemployment areas, within urban localities such as: Roman, Suceava, Fălticeni, Rădăuți, Vaslui, Negreşti, Huşi, Buhuşi, Dărmăneşti, Moineşti, Comăneşti, Onesti, Targu Ocna, Paşcani, Hîrlău, Tîrgu Frumos, Tîrgu Neamţ, Piatra Neamt, Botoşani and Dorohoi, with the corresponding industrial platforms.

Besides the West-East development disparities, North-East Region has also obvious gaps between the rural and the urban areas as it regards the general level of development, the infrastructure endowments and the investments' absorption capacity. Meanwhile, there is also an worrying phenomena linked to the small and medium towns decline, especially to the mono-industrial ones, which tend to be or are already decoupled from the economical growth process and are not able anymore to undertake their urban functions.

Infrastructure

Transport infrastructure
The roads, water and sewerage infrastructure networks raise problems in the majority of the counties, the most affected being Botoşani, Iaşi and Vaslui. They are also confronted with an obvious lagging behind of the industrial and agricultural technology, a low level of people qualification, as well as with environmental problems, caused by the lack of water resources, deforestation, considerable earth glides and a deep phreatic layer.

Due to the fact that the region is crossed by a number of European roads (E85, E576, E574, E581, E583) the public roads density is 36.3 km/sqkm exceeding the country average (33.5 km/sqkm), higher in Iasi, Botoşani, Vaslui and Bacău counties. There are few modernized public roads, their percentage being smaller than the country average (25.1%), Botoşani and Iaşi counties having 16.4%, respectively 17.6%. Due to the predominant mountain relief, Neamț and Suceava counties are confronting accessibility problems.

The railways network density is 44.3/1000sqkm, the region being crossed by two of the nine county railways route: V (Bucharest-Suceava) and VI (Bucharest-Iaşi).

Within the region there are three airports (Bacău, Iaşi and Suceava) that host internal and occasionally external flights. The existing infrastructure does not allow any of the airports to perform regulate passengers and cargo flights. Suceava County has 5 heliports and Iasi county one utilitarian aerobase with over 30 years experience in utilitarian and sanitary flights.

Both the water supply and sewerage networks are insufficiently developed: the percentage of localities with water supply is only 54.8% as compared with national average (61.0%), Iaşi and Vaslui counties have only 13.3%, respectively 12.8% sewerage networks.

Moreover, both the residual water cleaning capacity, and the waste dump capacity are insufficient comparative with the current needs.

Only 13.8% of the total number of localities is connected to the gas distribution network with the highest percentage in Bacău, Iaşi and Neamț counties. It was observed a continuous drop in the number of localities connected to the thermal energy network. 4.39% of North East localities are connected to the thermal energy distribution network, higher values been registered in Bacău, Suceava and Neamț Counties.

Moreover, these are also confronted with environmental problems, caused by the lack of water resources (consequence of a deep phreatic layer), deforestation and considerable glides (earth flows).

Education
Taking into consideration that among the eight development regions, North-East Region has the highest percentage of population and scholars (17.2% and respectively 17.7%), the number of regional educational units is low, representing only 10.19% of the total number of national education units. Three Counties Bacău (23%), Iaşi (16.3%) and Suceava (14.4%) comprise approximately 60% of the total number of school, having also the highest share in scholar population as compared to the other 3 counties. These localities also act as university centres.

Health
North-East Region has 164 health units (hospitals, polyclinics, medical clinics, TB sanatoria), representing 12.07% of the total number of Romanian health units, most of them on public ownership. The health infrastructure has a precarious situation, many hospitals being at risk not to obtain functioning licenses. Moreover, the technical endowments are obsolete and do not correspond anymore to the current needs. The technical endowments needed for the next period are the highest among all regions.

Social services
The region registeres the highest number of newborn children in the country (5.4% of the total national), but childcare facilities are not sufficiently developed. This situation does not stimulate the reintegration of parents on the labour market. Iasi and Suceava counties do not have any residential care institutions.

Areas in difficulty

A more detailed analysis of the internal disparities in North - East development region, both from an economic and an environmental development point of view, put forward the following problem-areas:

- Isolated rural areas, with underdeveloped infrastructure;
    - The rural area covering the confluence region between Bacau, Vaslui, Iasi and Neamt counties, which continues with the Western part of Vaslui county;
    - The adjacent band at the border between Botosani and Iasi counties;
    - The portion at the Southeastern extremity of Iasi County, which continues to the North-East of Vaslui County, on the right side of Prut River;
- Areas comprising isolated groups of localities in the South of Suceava County;
- Areas affected by glides and erosion phenomena;
    - In Botosani county they are located in the central and southern area;

- In Neamt county: on both sides of Bicaz accumulation lake and in the North of the county;
- In the North and in the South of Iasi county;
- In Vaslui county, in the basin of Birlad river tributaries;
- In Bacau district there have been identified 13 areas exposed to erosion, in the Central and Northern part;
- In the South of Suceava district, on the area of localities Falticeni, Dolhasca;

- Areas affected by floods in Bistrita river basin, in Jijia and Prut rivers' meadow, as well as in Bacau County, in the hydrographic basins of Trotus, Siret, Tazlau, Bistrita and Zeletin rivers.

Development potential

The whole North-East Region faces big discrepancies both concerning the current state and the development potential between the more developed West and the lagging behind East (Botosani, Iasi, Vaslui counties). The chance of the Eastern areas, neighbouring with the Eastern border of the EU, Ukraine and Moldavia, would be its development as a transit services' area for the products from the former Soviet Union (eg: warehouse, packing and segmentation preparation works, etc.). In order to achieve this, investments in infrastructure are needed in order to create specific facilities areas (logistic parks), comparable to the ones in the port yards of Belgium and Holland, specialized in this kind of services.

Due to favorable conditions, landscape, air and water purity within mountain areas of Bacau, Neamt, Suceava counties, as well as to existing priceless cultural and religious heritage, North-East Region has a relatively high tourism potential, comparable with other well-known national and international tourism areas. Beside the region picturesque, the well-known hospitality, traditional customs, specific Moldavian gastronomy, traditional wine tasting at Cotnari and Husi vineyards give the local color to attract the tourists.

The main tourism types that can be experienced are: cultural (museums, ethnographic, artistic), religious, spa-therapeutic, leisure, transit, and agro-tourism.

The mountain and hill areas in the West of the Region (Suceava, Neamt, Bacau counties) have a valuable tourist potential, largely (except for Bucovina) underdeveloped, but which, with adequate measures, can easily be comprised in the European tourist circuit, with a specialization on "religious tourism" (Putna, Neamț, Sucevița, Moldovița, Voroneț, Humor, Arbore, Agapia, Văratec, Dragomirna), on spa and therapeutic tourism (Vatra Dornei, Câmpulung-Moldovenesc, Slănic Moldova, Târgu Ocna), ethnographic and rural tourism, agro-tourism and sport tourism (climbing, hunting, fishing, extreme sports - paragliding, rafting, tourism orientation, mountain bike, ski).

The level of localities endowment and the originality of the landscape in Bucovina, as well as the village specificity, with a high civilization degree of the population could play an important part in the long-term tourism, with sport and leisure activities, and for the health improvement (Vatra Dornei, Solca, Cacica and Bistrița Valley).

Traditional field of the region, the wood processing had a significant increase in the last years (2001-2005), not only of the jobs number (11.6% in 2004), but especially of the turnover (with 100% more than in 2001). The increase of the furniture share in the total turnover reveals the orientation to a superior valorization of the wood.

The textile industry record a spectacular increase of the turnover in 2004 (150% since 2001), but it has a low productivity because in this field is used the lohn system which has a low added value.

South – East Development Region

Demo-geographic characteristics

South – East region is located in the southeast side of Romania, covering 35,762 sqkm, or 15% of the total surface of the country; the region is the second by size among the 8 regions of Romania.

South – East region has almost all relief forms: Danube water meadow, Baragan plain, Dobrogea plateau with the Macini Mountains, and the northwest side of the region comprises a part of the Curbura Carpathians and Sub-Carpathians. The whole region is crossed by Danube River, which includes the Danube Delta and is bordered in the East side by the all-Romanian littoral of the Black Sea. However, the plain relief is preponderant, with continental specific.

In 2005, the region had 2,846,379 inhabitants, meaning 13.1% out of the country population; the density of 79.6 inhab/sqkm is below the country average (90.7 inhab/sqkm). The highest density is registered in Galati County (138.9 inhab/sqkm), dominated by the industrial and commercial centre with the same name, and the lowest in Tulcea county (29.7 inhab/sqkm), where the natural and economic conditions are less favourable.

The towns and cities concentrate 55.5% of population, with diminishing trends. The process of forced industrialization after the war determined a concentration of population in Galati, Braila and Constanta.

The localities network of South – East Region include 35 towns (out of which 11 municipalities) and 1447 villages (organized in 354 communes). The biggest town in the region is Constanta (307.447 inhabitants), followed by Galati (298.941 inhabitans), Braila (219,491 inhabitans), Buzau (137,161 inhabitans), Focsani (101.294 inhabitans) and Tulcea (92.676 inhabitans).

There is a high ethnic, linguistics and religious diversity in the South-East Region:

- Roma population (1.7%);
- Russians (Lipovens) Community (0.9%) – concentrated in Tulcea District (16,350 inhabitans);
- Greeks Community (0.1%);
- Turkish Community (1%) - concentrated in Constanta District (27,914 inhabitans);
- Tatars Community concentrated in Constanta District whith 23,230 inhabitans.

Employment and migration

In 2005, the employed population represented 36.1% out of the total, the highest rate in services (44.5%) and agriculture (32%) followed by industry (23.5%). It can be noticed a high rate of employed population in the service sector in Constanta and Galati counties, due to the tourist resort alongside the seashore and of Constanta, Mangalia and Galati harbours. Unlikely

to these, in Vrancea County, almost 49% of the employed population works in agriculture and 62% of the county population lives in the rural area.

The unemployment rate (6.4% in 2005) exceeds the country average (5.9%). The lay-offs in the metallurgical industry (MITTAL GROUP) are the main reasons for which Galati county registers the highest unemployment rate (8.3%), followed by Buzau (7.4%) and Braila (6.8%).

The lack of adequate jobs, the unattractive salary system as well as the inadequate qualification cause massive leavings of the active population towards areas of economic growth in the country and abroad. The most accentuated migration is registered in Vrancea County, especially because of the unconsolidated structure of the economy, where the young population strongly left the localities for working abroad.

Regional economy

With a GDP that represents 11.3% (2004) out of the country economy, the region ranks the 6th, while this indicator per inhabitant is below the national average. By 2004, the work productivity represents an average position among the country regions, with the highest level in Constanta County.

Specific to South-East Region are the disparities between the concentration areas of industrial and tertiary activities (Brăila - Galați; Constanța - Năvodari), isolated complex industrial centers (Buzău, Focşani), tourism areas (the sea side and Danube Delta) and extended agricultural and winegrowing areas. Illustrative for the region is the discontinuity of the industrial activities and the mixture with tertiary activities (trade, services, tourism) and agriculture. This situation is due to an intraregional specialisation. Thus, Galati and Constanta have a greater population ratio occupied in industry, Buzau and Braila in agriculture, Constanta, Galati and Tulcea in consructions and services.

During the transition process to a market economy, industrial restructuring led to a massive rise in unemployment in the large heavy industry centers (Galați, Brăila, Buzău) and in the small mono-industrial urban centres. The intense activity of private house building around important urban centres, sea side and other tourism areas in the Sub-Carpathian took over part of the laid off labour force and therefore the social shock of the lay offs was reduced.

In spite of massive lay offs in Brăila – Galați; Constanța – Năvodari area, the past few years show a certain recovery in the industrial activities, a process of stabilization of the enterprises that were created on the restructured platforms of the big industrial plants. The textile enterprises from Brăila, the steel plant from Galați and Midia Năvodari oil rafinery are to be mentioned. Another example of industrial recovery is the city of Buzău where a number of enterprises were created, such as those for wood processing, glass-art manufactory etc. Unlike the urban centres, that are experiencing a certain economic stability, small towns continue to experience serious imbalances, as jobs are continuously being lost (Babadag, Negru Vodă, Hârşova, Făurei, Tulcea, Măcin etc.). The latter do not benefit from foreign investments, one of the reasons being the underdeveloped infrastructure (roads, water supply, sewerage etc.).

The areas of maximum poverty are in the North of Galati county, the East and South of Brăila county, the North of Dobrogea, the Danube Delta, and the East of Vrancea county.

Infrastructure

Transport

The region is crossed by significant transport corridors which ensures the links between the urban centers and the capital of the country, among which can be noticed the important European road corridors E60, E85, E87, E70, E581.

Out of the 10,856 km of regional public roads, only 19.4% is modernized, the region registering the lowest rate per country. The very low indicator of roads density in Tulcea County is attributed to the fact that the Danube Delta covers about half of its surface.

The main problems related to road infrastructure are: low quality of roads, deficient illumination and street marking systems, and the road situation in rural area is critical, the most rural localities lack stoned and asphalted roads. The floods in 2005 showed not only the insufficiency of the road infrastructure but also the lack of a strategy regarding active protection measures.

It was also proved that there are no real and economic possibilities for reserve routes, existing the danger that some areas are isolated and the links between the big regions of the country are interrupted. In this context the scarce stage of the road bridges can also be noticed.

Two essential elements favor the water transports of the regions: the Danube River and the Black Sea**.** The maritime port of Constanta, is the biggest port in the Black Sea and the IVth in Europe, providing services of all transport types (auto, rail, maritime, air, pipes transport), and being endowed with warehouses and terminals for all types of goods. It is situated at the crossroads of the TEN-T corridors no. IV and VII – Danube through the Danube–Black Sea Channel.

In 2005 the railway network had a total length of 10,948 km, out of which 1,750 km are in the South-East Region (only 477 km, representing 27.2% are electrified). The density of railways is of 45.9km/1000 km^2

Public Utilities
South – East region registered in 2005 a high rate of modernized municipal streets (69% out of the total 2,954 municipal streets). There are yet big differences within the region: Buzau, Constanta and Galati having more than 70% modernized municipal streets, compared with only 46% in Vrancea county. This situation is generated both by the presence of some big and medium cities (Buzau, Constanta, respectively Galati) – in the case of the first 3 cities – in which the majority of streets are modernized, while in Vrancea county, to Focsani can be added only 4 small towns (under 20,000 inhabitants) – in which only a low rate of streets are modernized.

Regarding the basic public utilities, at the end of 2005, South – East region occupied the second place at national level as it concerns the simple length of the supply network of drinkable water (17.4% out of the total per country), and from the total number of localities, 80% had drinkable water supply installation, these being concentrated more in Constanta and Buzau counties – close to the Danube, and less in Braila and Galati. But, it must be mentioned

that many of these installations are obsolete, their rehabilitation and even replacement being necessary.

A frightening situation can be met in the sewerage network sector, only 22.1% of the localities in the region being endowed with this utility. At intra-regional level, there are the same differences, if we take into account the fact that 70% of the localities endowed with sewerage are located within the 3 counties in the East of the region (Constanta, Galati and Tulcea).

Education
At regional level, in the university year 2005/2006, in public education system there were 570 kinder gardens, which had to face the increasing number of children registered during the last years. For the primary and secondary education, there were 1,000 schools and 176 high schools. To these can be added 9 technical vocational schools and 11 post-high school units, whose well functioning is essential in order to ensure the labour market with skilled persons in fields.

In order to have a well qualified labour force, absolutely necessary for the region development is essential the well functioning of the 9 universities with 58 faculties in the region, from which the most important are the ones in Constanta and Galati.

Health
There are 47 hospitals in the region, out of which 24 are located in Constanța and Galati. Also, within the region 13 polyclinics and 41 hospital and specialized ambulatories are functioning. To these, other types of sanitary units can be added. The development of medical services for rural population is very lagging behind, being necessary to organize a planning of medical process.

The life expectancy at birth is on average 71.69 years, respectively 68.04 for males and 75.56 for females. The health infrastructure in the region, regarding both constructions and endowments is of low quality, buildings rehabilitation and also their adequate endowments being necessary.

Social services
Three out of six counties (Buzau, Vrancea and Tulcea) do not have day care centres. Children are now protected in family type institutions (65.7%) or residential services (34.3%). At the end of 2004, there were 8818 children with disabilities, out of which only 462 were benefiting from reintegration services. Braila, Buzau and Galati counties do not have any residential care institution.

Areas in difficulty

Within the region two areas were identified in NDP 2000-2002 as being areas in difficulties, and benefited of support under Socio-Economic Cohesion PHARE Programme for 2001 – 2002:

- The industrial area of the Curbura Sub-Carpathians, which includes the towns: Buzau, Ramnicu Sarat, Focsani, Marasesti, Adjud, Odobesti and Tecuci, characterized by the following aspects: massive social unbalances, insufficient and mono-directed qualifications of the work force. The natural environment is strongly affected by

uncontrolled deforesting in the last decade, which were doubled by the lack of works for limiting the land slips;

- The industrial and services area of Dunarea de Jos, including the towns Braila, Galati, Tulcea, Macin and Isaccea must tackle problems concerning: high unemployment, diminishing the ports role in the area as maritime ports of the Central Europe countries without sea border following the Danube – Black Sea channel, losing the ocean fishing fleet. To these 2 industrial restructuring areas can be added other areas with serious development problems: the mining area Altân-Tepe and Hârşova (Tulcea), the towns Nehoiu (Buzau), Marasesti (Vrancea).
- The entire rural area is characterized by serious development problems due to the process of migration of young people to big towns or abroad and lock of basic infrastructures.

These areas are still in difficulty excepting the slight recovery of Galati shipyard and Mittal Steel Industry Galați (Sidex).

Development potential

The South East region disposes of some natural resources, which capitalized adequately, can play an important role in the socio-economic development. Out of these, the most important are the oil and natural gas reserves (Buzau Sub Carpathians, the West of Braila County and the South of Galati county), the stone carriers (Muntii Macinului), salt, etc.

Another advantage that might be capitalized within the region is represented by Constanta port, followed by the Danube ports Galati, Braila and Tulcea. Their links with the great ports of the world, can be used both for ensuring the raw material necessary for the economic development of the region and for exporting goods produced in region and in the rest of the country.
Touristic resources represent the most important potential for regional development:

- The Black Sea shore comprises 13 resorts, with accommodation units, treatment and entertainment (hotels, motels, villas, camping) alongside the 70 km of coast between Navodari and Mangalia;
- The Danube Delta, which represents a scientific attraction and a high touristic potential, especially after its including in 1990, together with other adjacent areas, in the Danube Delta Biosphere Reservation;
- The region benefits from a special spa heritage, with an old tradition: Techirghiol Lake (Eforie Nord) (healing mud with similar properties to the one in the Dead Sea);
- Also, there are promising conditions for the agro-tourism development (Braila, Galati and Tulcea) with important resources for the entertainment tourism development (hunting and fishing) in Insula Mica of Braila, Insula Mare of Braila, etc.;
- The mountain area in Vrancea and Buzau presents tourist interest through Soveja and Lepsa resorts, and unique tourist areas in the country, such as: Vulcanii Noroiosi (Berca), the caves from Bozioru, Focurile Vii;
- The cultural – historic patrimony of the region: getic, Roman, Greek, Byzantine fortress and monastery places, most of the them being located in Tulcea and Constanta Counties

The industrial potential of the region is quite important and diversified. In 2003 the gross added value of this sector (including the constructions sector) was 2 bil. Euro, representing 31.3 % of the regional gross added value.
The regional industry is concentrated mainly in the urban centres:

- Petrochemical industry is represented in Navodari;
- Metallurgical industry in Galati and Tulcea;
- Equipment industry in Braila, Buzau, Constanta, Tecuci;
- Shipbuilding industry in Constanta, Galati, Braila, Tulcea, Mangalia, Midia
- Building materials industry in Medgidia;
- Textile and garment industry in Braila, Tulcea, Vrancea;
- Food industry is present in almost all the towns.

The main characteristics of the regional industry:

- It is concentrated in the big towns with a very little portion in the rural areas;
- The processing industry holds by far the first place in terms of turnover and people employed in the region, comparing to other industrial activities.

The agriculture is very important for the regional economy: circa 40% of employed people work in this sector, which contributes with 16% of the regional GDP. The cultivated land represents 65% of the Region's surface and represents a high potential for future development. Despite a great agricultural potential, the agricultural products processing capacity is low because of outdated technologies. The high fragmentation of the cultivated land in small parts is another obstacle for agricultural development. The low economical potential of small farms and their inefficient management determined the underdevelopment of the agricultural products processing sector.

In 2004 the region was ranking first nationwide, in terms of production of specific products, namely grapes and sunflower, and in the second place with regard to wheat, cereals and beans production. Concerning the animal-breading and zoo-technical sector, the region is in the first place in the production of sheep and goat meat, as well as wool.

South Development Region

Demo-geographic characteristics

South development Region is located in the South part of Romania, with a surface of 34,453 sqkm (14.45% from the country' surface), composed by 7 counties (Arges, Calarasi, Dambovita, Giurgiu, Ialomita, Prahova and Teleorman). In the South, the region has an external border with Bulgaria. The relief is characterized by the predominance of the low altitude relief: plains and watermeadows-70.7%, hills-19.8% and about 9.5% mountains.

In 2005, the total population of the seven counties was of 3,329,762 inhabitants, which represented 15.3% of the total Romanian population. The population density is 96.6 inhab/sqkm, a higher value compared to the national average (90.7 inhab/sqkm). The urbanization level is 41.7%, below the national average, because, except Prahova County, the majority of the population lives in rural areas.

South region had, in 2005, a settlement network composed of 48 cities (out of which 16 municipalities), 517 communes and 2018 villages. Most of the cities (32) have less than 20,000 inhabitants, most of them with a poor urban infrastructure, similar to the rural areas. There are only 2 cities over 100,000 inhabitants (Ploiesti and Pitesti). The territorial distribution shows a large concentration of the cities in Prahova county (14) and more reduced in Giurgiu (3).

Employment and migration

In 2005, the rate of the employed population was 35.7% of the region population, under the national average (38.8%), the highest values being registered in Arges (39%) and Teleorman (37.7%), in the other counties being comprised between 31% and 37%.

The employment rate by economic sectors at regional level indicates a high level of the employed population in agriculture (39.7%) but with a decreasing trend, and a low level of the employed population in industry (23.7%) and services (36.6%). The southern counties have mainly agricultural activities, with a high level of employed population in agriculture: Teleorman, Giurgiu (59.4% and 57.5%) and Calarasi (51.5.%). Prahova and Arges have a high level of employed population in industry and services.

In 2005, the unemployment rate was 7.4% at regional level, with similar differences between the southern and the northern part, the highest unemployment rate being registered in Ialomita (12.1%) and Calarasi (9.0%) and the most reduced in Arges (5.2%) and Giurgiu (5.6%). The lack of jobs in rural areas causes both a massive migration towards Bucharest and the migration of young people towards Western Europe, therefore the villages and the small cities are depopulating.

Regional economy

In 2004, the regional GDP registered 2,447 euro/inhabitants (2,932.8 euro/inhab the national value). At county level, the highest values are registered in Arges (3,071 euro/inhab) and Prahova (2,696.9 euro/inhab), while the most reduced is registered in Calarasi (1,748.2 euro/inhab). The essential characteristic of the region is represented by the partition in two sub-areas with different socio-economic and geographic individualities.

The high level of industrialization characterizes the northern part of the region (Arges, Dimbovita and Prahova counties), Prahova ranking first in the country, as it regards the industrial production. The main problems that characterize this area are linked to the industrial units decline, which generates a high unemployment rate. The closing of certain economic units in mono-industrial areas determined the development of serious social problems, especially in some mono-industrial urban localities: Mizil, Moreni, Plopeni, Urlați, Costeşti and Câmpulung Muscel.

The southern part of the region (Călăraşi, Giurgiu, Ialomița and Teleorman) is traditionally underdeveloped, representing the second poverty area in Romania (the first being in North East Region). This area is characterized by the predominance of the population occupied in agriculture. Also, the component counties are characterized, as relief, by the predominance of plain. In the ’70, the whole area supported an artificial industrial development. Currently, the area is affected by the severe impact of the transition process towards the market economy, through the closure of the majority of the representative industrial units. This situation

characterizes all the county capitals and the neighbouring areas of the next cities: Turnu Măgurele, Zimnicea, Alexandria, Videle, Giurgiu, Oltenița, Călăraşi, Slobozia and Feteşti.

Infrastructure

Transport
The region has a well-developed public, European, national and county roads network, comprising 12,000 km (15% from the total length) and a railway network with 1,255 km (11.4% of the national network). Danube, European fluvial corridor, facilitates the links of this region with other cities, which belongs to this hydrograph basin.

As it regards road transport, the region has a well-developed network, ensured by 5 European roads (E574, E81, E70, E85 and E60) and by the motorways A1 (Bucureşti - Piteşti) and A2 (Bucureşti – Constanța, partially exploited), but only 29.2% of the total public roads are modernized. At county level, the highest rates of modernized public roads are registered in southern counties Calarasi (40.0%) and Teleorman (39.1%). These values are generated by higher rates of the national roads in the southern part of the region (over 23%), compared with the northern part (under 20%). In the northern counties (Argeş, Dâmbovița and Prahova), beside the national roads, which cross the counties, there is a dense counties and communal roads network (less modernized, compared with the national ones), compared with the southern part of the region. This explication is supported by the higher density of the public roads registered in Argeş – over 44 km/100sqkm, compared with the southern counties density (under 27 km/100sqkm).

The region has a well-developed railway network, its territory being crossed by railway route I (Bucureşti-Timişoara), II, III, IV, V and VI (it has a common route up to Ploieşti), VII (Bucureşti-Galați), VIII (Bucureşti-Constanța) and IX (Bucureşti-Giurgiu).

The region benefits from the advantage offered by the main European navigation river corridor, the Danube, but is less used both because of reducing the industrial capacity of the city-ports and the lack of the passenger navy transport.

Public utilities
The municipal streets have 3,605 km length (14.0% of the national length), out of which 58.1% are modernized. At county level, the highest rate of the modernized municipal streets is registered in Arges (81.7%) and the lowest in Ialomita (37.7%).

The drinkable water for localities supply is ensured by surface and underground water, 56.1% from the localities benefiting from water system supply (out of which 47 cities). At county level, there are big discrepancies: for example, if Prahova and Arges have over 70% localities connected to the water supply system, and Teleorman have under 20%.

The main characteristic of the water supply system, especially in urban areas, is the high level of the pipelines degradation and, sometimes, its under dimension, compared with the required water volume.

The wastewater sewerage networks are presented in 15.9% of the total number of localities, including the 45 cities of the regions, but most of them are underdeveloped, under dimensioned and degraded. Intra regional, only Prahova County (34.6) exceeds the national average

(21.8%), the others counties registering no more than 19%. The wastewater treatment is another major problem, generated especially by the obsolete equipments and technologies.

The existing natural gas network ensures the delivery to 22.3% of the total number of regional localities and 77% of the cities. The territorial distribution of the localities connected to the natural gas network shows the obvious difference between North and South, the third northern counties concentrating 88.8% from the localities connected to the natural gas network in the Region.

The thermal energy distributed in centralized system exists mainly in urban centers. During the last years it declined because of the expensive cost of production and transport. Thus, the majority of the population prefers the individual heating systems, more feasible and efficient. In 2005, there were public heating distribution systems in 26 localities (out of which 20 urban localities), mainly concentrated in Arges, Prahova and Teleorman.

Green areas of the regional cities comprise 1,857 ha (9.2% from the national average), meaning 5.5 sqm/inhab, higher in Ialomita (10.4 sqm/inhab) and lower in Giurgiu (only 1.2% sqm/inhab).

Regarding urban transport of passengers, the region disposes of 24 km of tramways (in Ploiesti) and 19 km of trolleybus (Targoviste and Ploiesti), the entire rolling stock having 610 vehicles, out of which 97.5% are buses.

Education
The education structure in South Muntenia Region can provide for all levels of education, in 2005 being registered: 604 kindergarten, 1092 primary and secondary schools, 178 high schools, 10 vocational and apprenticeship education schools, 13 post high schools and 4 universities. 57% of the education units are located in Arges, Dambovita and Prahova counties.

The main problem of these education units is represented by the obsolete buildings and their low level of endowment, that do not allow the existence of optimal conditions for an adequate and efficient education process. Moreover, the hostels are insufficient for undertaking the pupils from rural areas and have a low level of endowment.

Health
The health public sector had in 2005 the following types of units: 46 hospital and specialized ambulatories, 24 polyclinics and 62 hospitals. The number of health units is higher in Arges, Dâmbovița and Prahova counties, where there are concentrated more than 65% of the total number, due to the high percentage of population, 60.3% of the total region population being located in these counties.

Social services
As an effect of the industrial restructuring, the region is characterized by a significant number of social problems: SE ranks the second after NE as it regards the number of single parent families (41,642); the region has the oldest population in the country. Starting with 2005, 7947 children are protected in family type institutions (64.11%) or residential services (35.89%). At the end of 2004, there were 10,443 children with disabilities, out of which only 2403 were benefiting from reintegration services. Arges and Ialomita counties do not have any provision facilities for social canteens or home care services.

Areas in difficulty

The industrial restructuring of the last 15 years generated the closing of some industrial units in mono-industrial areas, leading to severe social problems in the adjacent areas of the localities: Mizil, Plopeni, Urlați, Valea Călugărească, Şotânga, Costeşti, Stoieneşti şi Câmpulung Muscel - in northern counties, but also in some localities in southern counties: Turnu Măgurele, Zimnicea, Alexandria, Videle, Giurgiu, Oltenița, Călăraşi, Slobozia şi Feteşti.

The economic-social problems appeared also within rural localities focused on mining industry, located in Subcarpathians area, some (Filipeşti and Ceptura) being declared in the past as problem areas in order to encourage the investments by offering fiscals advantages. Unfortunately these measures had a reduced socio-economic impact on the localities, still needing ample actions for socio-economic growth.

The fifth industrial restructuring area was identified within South Region. Located in North – West region, the areas include also the towns of Arges (Costeşti, Colibaşi, Câmpulung Muscel, Curtea de Argeş, Piteşti and Topoloveni) and Dambovita (Fieni, Găeşti, Moreni, Pucioasa, Târgovişte and Titu) counties.

Development potential

South Region has an important economic development potential, differentiated between the northern and the southern parts of the region. Thus, in the northern part there are underground resources represented by oil and natural gas, coal, salt, which, through processing and trading could increase the added value in the region. On the other hand, in the southern part of the region there are large agricultural areas that can contribute to the specialized agricultural development, according to the local pedological conditions.

The industry contribution to the regional GDP is over 30%, especially if is taken into consideration the share of the chemical and petrochemical industry (Prahova and Arges), machines, transport equipments, construction materials (Prahova, Arges and Dimbovita), textiles, confections and food industry. Ploiesti, Pitesti and Targoviste cities act both as growth development poles and as polarizing centers for new industrial activities, besides the existing traditional activities, including the foreign investments.

The industry represents the most important economic sector of the region, if it is considered that the industrial enterprises realized 45.9% from the total regional turnover (2003). At county level, the highest industrial turnover is realized in Prahova (38%) and Arges (33.3%), the last county being Calarasi (4%).

There are 11 industrial, scientific and technologic, tourist and leisure parks (which represent 30% of the total number of parks), 5 of them being located in Prahova County.

The agricultural potential of the region in general and of the southern part especially is very important (71.1% from total area is represented by agrarian land, out of which 80.2% arable land).

There are also important foreign investments in the Region: Renault – Pitesti, Holcim – Campulung Muscel, Samsung COS – Targoviste.

Regional tourism potential if capitalized in an adequate manner and respecting the principles of sustainable development, can essentially contribute to the social and economic development of the region. The most important areas with significant tourist potential are:

- Mountain resorts located in Prahova Valley – Bucegi massive, the tourist localities and the natural protected areas from the mountain neighborhood.
- Regional spa resorts (Slănic Prahova, Vălenii de Munte, Pucioasa, Câmpulung - Muscel etc), Danube, with a potential that can be valorized as an alternative to the mountain tourism, practiced in the northern part of the region.

South –West Development Region

Demo-geographic characteristics

The South-West Region, with a surface of 29,212 sqkm comprises 5 counties: Dolj, Olt, Valcea, Mehedinți and Gorj and correspond, mainly to the old historic region of Oltenia. It is neighbouring with Bulgaria, Serbia and with South Muntenia, Centre and West regions.

In 2004 South West Oltenia Region had a population of 2,306,450 (which represented 10.67% of the total population of Romania) with a density under the national average (79.3 inhab/sqkm, compared to 90.9 inhab/sqkm). The rural-urban structure of the population is 52.5% versus 47.5% (for Romania 45.1% versus 54.9%), the most rural counties being Olt (59.4%), Valcea (54.8%) and Gorj (53.1%).

The region relief has a relatively balanced distribution, including mountains, plains, hills and plateaus. In the north side of Oltenia, the relief has mountains and hills (the Carpathians and sub – Carpathians area), with predominating forests and grasslands. The plain area is specialised mainly in cultivation of cereals. The hydrologic network, formed mainly by the Danube River, Olt and Jiu rivers, provides the region with the main energetic role of Romania (71.57% of the total hydroelectric production).

The localities network comprise 40 towns, 11 of them being municipalities and 408 communes that comprise 2066 villages. The most important towns are Craiova (300,182 inhab), Rm. Valcea (111,701 inhab), Drobeta Turnu Severin (109,444 inhab), Targu- Jiu (96,318 inhab) and Slatina (80,282 inhab). As it concerns the small towns (under 20,000 inhab), many of them do not have an adequate structure and development: Vânju Mare, Dăbuleni, Scorniceşti etc.

Employment and migration

The employment rate registers a low value compared with the country average – 37.2 %. At county level, the highest employment rate is in Valcea County (40.2%) and the lowest in Olt County (35.8%).

The labour market reflects the national trends. The employed population is distributed on the economic sectors as follows: agriculture and forestry (42.1%), industry (21.1%) and services (36,8%). The counties' analysis revealed higher rates of the employed population in agriculture in Olt (49.0%) and Mehedinti counties (48.1%), the service sector being more developed in Valcea (40.4%) and Dolj counties (39.9%).

The closure of some inefficient enterprises and mining exploitation increased the number of unemployed people, generating socio-economic problems in the respective areas. Also, the lack of jobs in the urban area and the increasing costs for the house maintenance determined that a high share of the unemployed population to be directed towards the rural area, where a low quality agriculture is being practiced.

The regional unemployment rate is of 7.4%, higher than the national average (5.9%). The northern counties Mehedinti (9.5%), Gorj (9.3%), Olt (7.1%) and Valcea (6.6%) have an employment rate higher than the national average, while Dolj county (6.3%) records an employment rate inferior to the regional average and even to the national one.

The lack of adequate jobs also determined the massive migration of the population for unqualified work abroad. Thus, if during the '90 people used to leave, especially, to Serbia, after the crisis from Iugoslavia, the privileged destinations became Italy and Spain. Comparing with other regions, South-West Oltenia has a low level of the external migration, but this phenomenon will intensify if the economic growth delays and the pauperisation phenomenon increase.

Regional economy

In 2004, South–West Region had a GDP of 2,443.9 euro/inhab (83.33% of the national average), to which the service sector contributed with 48.23%, the industry with 33.75% and the agriculture with 11.62%.

The low level of direct foreign investments causes the low development level of the region as the region attracted only 745 mil. Euros (a 3.40% out of total investments by the end of 2005). That places it on the 7th position among the country regions and regional investments are mostly concentrated on some important businesses (ALRO and ALPROM Slatina, LAFARGE Tg. Jiu etc). This is where the uncertainty regarding the big privatisations (Electroputere, Daewoo, Rm. Valcea Plant) emerges.

The economic restructuring process caused the migration from urban to rural environment of a big number of aged unemployed populations, where they practice subsistence agriculture. The high share of rural population and the wide area of rural lands, mainly in the south side of the region, make the agriculture the predominant sector in the regional economy. Thus, the increasing number of the employed persons in agriculture and the division of the agrarian fields as a result of the property reform, as well as the use of less advanced technologies, led to an important decrease of work productivity in this sector as the value of results in real terms remained in general the same, while the labour force hired.

The structure and distribution of economic activities at the regional level is determined by the natural resources, the accumulated tradition in manufacturing area, the technological facilities, investments, as well as the price system and the proper functioning of the market mechanism.

The mining sector (coal, energetic and oil) represents another important component of the region' economy. In Gorj county can be found the most numerous enterprises with extractive profile. The spectacular increase of the energy price causes an activity improvement within the area.

After 1990, in the framework of a relative slow and late economic restructuring process, the state primary stock joint enterprises became uncompetitive. Their staff over dimensioning made the restructuring process difficult, having no capacity to absorb the dismissed labour force, especially in the areas almost entirely dependent of an industrial sector.

From an economic and social point of view, the most affected mining area is Gorj, where the dependency of mining is still significant. The coal extracting activities are in decline, the mining restructuring beginning only since 1997.

Olt County was also one of the counties where the process of industrial restructuring led, consequently to lay-offs. But, as opposite to Gorj County, the Olt County has high agricultural profile, a high share of industrial employees focusing on agricultural activities.

The negative evolution of the mono-industrial centres (Balş, Tg. Cărbuneşti, Rovinari Motru, etc.) could not be compensated by the productive activity in several recently privatized sectors. It should be mentioned the low mobility of work force because of the lack of affordable houses.

The wood industry in the mountain and sub-Carpathians areas recorded during the last years strong recoil caused by the reduction of export capacity, as a consequence of the dollar depreciation. Mainly, this is still characterized by a limited value added production, promoted on some less demanding markets (the north African countries).

The small and medium enterprises network is poorly structured (there were no clusters formed) and has a large volatility because of the lack of coherent business plans, of the capital support and of the appropriate management.

The business structure in the South West Region is made up of two operational industrial parks, located in Dolj (Craiova) and in Gorj (Sadu) counties, a Greenfield industrial park at Corabia, and also of 5 business incubators. The research infrastructure in the region is represented by 26 institutes and research centers, out of which 13 in the agricultural and forestry field. Craiova is the only medical university center from Romania does not have research institutions/ centers.

Infrastructure

Transport
South – West region has a relatively well developed transport infrastructure, the region being crossed by 3 European roads: E70, E79 and E81 and by 2 of 3 Pan – European corridors, namely: *the IVth corridor* Berlin/ Nurenberg- Praga- Budapesta –Constanța–Istanbul -Salonic *and the Danube River corridor VII).*

South – West region has a road network of 10,460 km (13.19% from the national total), out of which 2043 km are national roads (13% from the national total roads) and 8,437 km county and communal roads (12.82% from the national total). Olt and Gorj counties have a relatively well-developed road infrastructure, Olt County ranking 1st in Romania concerning the number and rate of the modernized km on county and communal roads (873 km representing 12.88% from the modernized public county roads total). Regarding the public roads density per 100 square km, the region is placed above the national average (35.8 km/100 sqkm), the highest densities being registered within Gorj county (39.3 km/100sqkm), Mehedinți and Vâlcea counties, the last two with 37.6 km/100sqkm.

The density of railways per 1000 sqkm has the lowest value in the country (34.4 km/1000sqkm); the most important railway cross point is Craiova, linking with the main localities of the region and country.

Particularly, the plain area – alongside the Danube, from Drobeta Turnu Severin to Calafat and from Calafat to Corabia, and the hill area between Târgu Cărbuneşti and Ocnele Mari do not benefit from railway networks. Moreover, there is no direct railway connection from Râmnicu Vâlcea to Piteşti and Bucureşti, the route started at the beginning of the 80's not being finished.

A major disadvantage is represented by the fact that there are no railway cross border points from Drobeta Turnu Severin towards Iugoslavia and from Calafat and Corabia towards Bulgaria, the commercial and people flows between the region and the neighbour countries being cumbered.

Craiova airport, which could represent a real push for the economic development and could contribute to the activity development, is used only periodically.

The traffic on the navigable routes is almost exclusively realized on the Danube. The European roads ensure efficient links with the 5 ports within the region: Drobeta Turnu - Severin, Orşova, Calafat, Bechet and Corabia, this ones being poorly equipped with expensive transhipment and insufficiently managed.

Apart from the areas with economic development due to certain special conditions (Danube Pass, Oltenia's Sub-Carpathians and the middle Olt Valley), the infrastructure in urban and rural localities is totally insufficient.

A high number of localities, which recently became cities, do not have the specific infrastructure that could justify the statute of urban locality while in others the advanced depreciation affects the quality of the services provided to the citizens.

Regarding the utilities infrastructure, the region has a weak endowment with drinkable water installations (41.29% of the total localities connected to a delivery drinkable water system, compared to the national level of 61.04%) and sewerage (13.16% from total localities compared to the national level 21.86%). The analysis by counties reveals a low utility endowment in Dolj County (only 12.6% of the localities were connected to the drinkable water network and 7.2% to the sewerage network).

The lack of investments for the modernization of public sewerage and drinkable water networks affects the quality of the water provided with consequences on the population health. Also, the precarious conditions of the network for the waste water collection causes a high degree of water flows pollution, and the insufficient number of burdens has negative influences on the environment. At present, there are only two wastewater purification plants in construction at Craiova and Calafat.

In 2005, only 51 localities were connected to the natural gas network in the entire region. Also, Mehedinti is the only county in Romania with no locality connected to the natural gas network.

Out of the total length of 2.551 km of city streets registered in 2005 in South West Oltenia a percentage of 61.27% were modernised. In Dolj, Gorj and Mehedinti counties, the

modernisation of city streets was achieved in proportion of over 60% of the total, percentage over the national average – 58.15% of modernised streets.

Education
The transition effects, visible mostly at economic level, marked also the educational system. The quality of education and of the educational reform is affected by the insufficient infrastructure and the weak endowment of the existing one, by the staff motivation (low wages) and by the scarce financial situation of the population.

The pre-university education infrastructure from the regional level (741 schools, 151 high schools in 2005) is in an advanced degradation stage, having a scarce endowment.

One can witness a continuous decrease in the number of the school population, from 519,128 in the school year 1990/1991 to 444,295 in school year 2005/2006. In Mehedinți County there are the less school population registered (55,597, registered in the school year 2005/2006).

The higher education represents the only level that registered a continuous increase, from 10,525 in the year 1990/1991 to 18,682 in 1995/1996, and to 45,138 in 2005/2006, also a result of the foundation of private superior education institutions. The increase of the students' number was not followed by the extension of education facilities, having as result the overpopulated superior education institutions. At present the educational system comprises 5 Universities (state and private) and 58 faculties.

In the Oltenia region there are 3 state universities (2 in Craiova – University of Craiova and University of Medicine and Pharmacies and also one in Targu Jiu – State University Constantin Brancusi) and 3 private universities (2 in Craiova and 1 in Ramnicu Valcea).

Health
In the South-West region there are 41 hospitals and an average of 4.3 consultations/capita in 2004. The inhabitants of the region have an average life expectancy of 71.48 years, respectively 68.19 for males and 74.96 for females.

According to the regional standardised mortality index detailed on the first five causes, in 2003, the most frequent causes of mortality stem from: circulatory system diseases, tumours, respiratory system diseases, accidents and digestive system diseases.

The low quality of the hospital infrastructure, the weak endowment with high-tech equipments and technologies, the lack of skilled staff (especially in rural areas), as well as the low level of the sanitary personnel salaries are problems which have to be tackled by the regional sanitary system.

Social services
The social problems are important and diverse but the social infrastructure in the region is poorly developed. There only exist 44 children alternative services (25 family type institutions and 26 placement centres). At the end of 2004, there were 8677 children with disabilities, out of which, only 780 were benefiting from reintegration services. Three counties – Mehedinti, Olt and Valcea – do not have any residential care institutions.

Areas in difficulty

The massive industrial decline of the region transformed it into a disadvataged area reason for why the whole region could be considered an "area in difficulty".

The most affected area concerning economic dimension is the mining area of Gorj-Motru coal basin, where the mining dependency ratio remains significantly high. The most relevant mono-industrial centres with a negative evolution are Balş, Caracal, Tg. Cărbuneşti, Motru, Strehaia.

There are other areas in difficulty located within Mehedinti plateau, because of their high deficiency in accessibility.

There are also large areas where plenty of small villages have been declared urban centres, even they lack basic urban infrastructure and consequently a stable economic structure (e.g: most of them are located in the Eastern part of the Region: Scornicesti, Babeni, Balcesti, Berbesti etc).

Important touristic areas both treatment resorts such as Baile Govora, Calimanesti, Olanesti and spa resort declined during the last years although they have an outstanding potential of development, an important experience accumulated in the filed and traditions that worth to be further used.

Danubians harbours are in economic decline reason for why they do not foster economic trade between neighbouring countries.

Development potential

The existence of the 2 pan-european corridors (the road corridor IV and the Danube River corridor VII), which will cross the region, are expected to raise the regional accessibility and to stimulate investment attraction, contributing to a better mobility of the labour market. Least, but not the last, the project implementation will imply the use of the region' human resources.

Furthermore, in order to attract foreign investments, Romania set-up alongside the Danube – free areas with fiscal facilities, but none of these is located in Oltenia. After building the Calafat - Vidin bridge over the Danube, it is expected that Calafat to fullfil the necessary conditions to become a free area: a key point of the road, railway and also river international traffic.

The development of research facilities and capacity within the Universities Centres and the use of the research results within the SMEs sector could create conditions for the development of business environment.

The region has a total agricultural area (good quality lands) of over 1,8. Million ha, representing 12.3% of the country total, and it also benefits from important hydro (Danube, Olt, Jiu) and thermoelectric resources (coalfields Jiu-Motru), Oltenia being the largest energy producer approximate ¾ of the total amount.

The agriculture represents an important resource of Oltenia, with **over 1 million hectares** for the cultivation of **cereals** (especially corns and grains), **oleaginous plants** (especially

sunflower), **vegetables** (soy, peas, beans, tomatoes, cabbages, leeks, onions) **and fruits** (apples, melons, watermelons, grapes), **potatoes, sugar beet**, wine production of good quality. In 2004, the agricultural area of Oltenia was 1,807,794 ha representing 61.88% of total area (2,921,169 ha). This may lead to a good perspective for the biological agriculture due o the low utilization in the last decade of the chemical fertilizers.

The region benefits from a diverse tourist potential, including: mountain and speological tourism, spa tourism, eco-tourism, natural parks, (more than 200,000 hectares of protected areas), religious (more than 60 monasteries and orthodox churches).

Due to its position, a various relief, picturesque places, old monuments and cultural traditions Oltenia's tourist potential is is highly varied: Clisura Dunării - Porțile de Fier, Sub- Carpathians of Gorj and Valcea, with significant natural monuments (caves, gorges, canyons, reservations) and architectonics (Vodița, Cozia, Turnu, Arnota, Lainici, Dintr-un Lemn, Cornetu, Govora, Tismana, Horezu, Polovragi monasteries), thermal and healing founts (Olăneşti, Călimăneşti, Căciulata), healing salt mines (Băile Govora, Ocnele Mari), and Olt Valley in the north side of Rm. Valcea. The Lotru Valley, where Voineasa resort could provide very good conditions for winter sports, hunting, fishing, climbing and camping, and Ranca resort for ski, offers a special opportunity for mountain tourism development. Also, the rural areas offer a genuine hospitality based on the non-polluted environment, high quality of wines and gastronomy and on the well-known folkloric traditions of Oltenia.

West Development Region

Demo-geographic characteristics

West Region has a surface of 32,034 sqkm (13.4% of the country surface) and comprises 42 towns (out of which 12 municipalities) and 276 communes (318 administrative-territorial units), grouped in four counties: Arad, Caraş-Severin, Hunedoara and Timiş.

Historically, most of the region belongs to the former Banat province, traditionally characterized by a high standard of development.

The region has a diverse and harmonious relief, which is to be found in plains, hills and mountains. The plains, part of the Great Western Plain, are prevalent in Timiş county. The climate is moderate-continental, with sub-Mediterranean influences, along the Danube's passage and in Valea Cernei, with average annual temperatures ranging from 10 to 12^0 C. The average annual rainfall amounts to 560-580 l/m^2, slightly higher in mountain areas.

The region is linked to Hungary and Serbia & Montenegro through European road and railway corridors. Arad and Timişoara have airports with modern capacities for air traffic flows.

The region is part of the Euroregion Danube - Cris - Mureş - Tisa (DKMT), which comprises the four counties of the West region, three Hungarian counties and the autonomous region of Voivodina in Serbia. The Euroregion was settled in 1997 on the basis of a collaboration protocol signed by the local authorities' officials from the constituent regions.
The population of West Region is characterized by *cultural diversity,* communities of Romanian, Hungarian, German, Roma and Serbian communities cohabiting together. The national minority represented 11.7 % of the population within the region in the year 2002.

Starting with 1990, the population has constantly decreased, from 2,201,717 to 1,930,458 inhabitants in 2005, following a negative trend in the birth rate and the external emigration of the population in the region. The population density on 1st July 2005 was of 60.3 inhab/sqkm, much lower than the population density at national level (90.7 inhab/sqkm).

The region is confronted with a demographic aging process, but its effects in the economic and social life will be visible after 2005, when the 1990 generations will join the active population.

The regional urbanisation degree (63.6% urban population) overcomes the national average of 54.9%. Hunedoara County has the highest urbanisation rate in the country, after the capital, respectively 76.9% urban population.

The rural area is characterised by a low population density, as a consequence of migration and of population aging, a low birth rate, as well as a low capacity of demographic renewal.

Employment and migration

The region's labour force is the factor that contributes the most to the socio-economic development, as it is motivated, flexible, innovative, but also specialized, contributing thus to a dynamic and entrepreneurial environment.

In 2005, the employed population represented 40.8% of the total population, with the highest percentage in the service sector (43.8%), followed by industry (29.5%) and agriculture (26.6%). The occupied population has the highest degree in Timiş (48.3%) and Arad (44.1%) counties.

However, the population occupied in the industrial sector has decreased significantly during 1993 - 2005, especially in the strong industrialised counties - Hunedoara and Caraş-Severin, especially as a consequence of massive lay-offs in the mining and siderurgy sectors. On this ground – of restructuring and lay-offs of the population in the industrial sector, the population oriented mainly towards the service sector.

The unemployment rate ranged between 2.5% in 1991 and 5.1% in 2005. The highest unemployment rate is registered in Hunedoara County (9.4%), following the lay-offs in the mining sector and the lowest in Timiş (2.3%).

After 1990, when working abroad has been allowed, an important number of specialised labour force left the country, on the basis of the traditional connections with German countries and Hungary. This is still missing, when more and more important investors set up enterprises within the region.

Regional economy

The economic parameters of the region consist in: important subsoil resources (mineral coal, anthracite, colored metals, silver, gold, hard rocks, radio-active deposits, thermal and mineral springs), soil resources (forests with valuable essences, fertile soils), favorable climate, and easy transport links with the centre of Europe and hard-working population.

As in the case of other development regions, West Region can be split in two sub-regions, facing distinctive structural problems and have different development levels.

The first of the sub-regions includes Caras-Severin and Hunedoara counties, to which it is added the city of Nădrag and its adjacent area from Timiş County. Here were developed, since the 19th century, branches of extractive industry, siderurgy, and metallurgy and of related industry, as machinery industry. This important sub-area of the region experienced a strong decline after 1990, and the restructuring process, whose progress was slow and difficult, generated high unemployment. A special feature of this area is the economic situation of the coal basin Jiu Valley (Aninoasa, Petroşani, Uricani, Petrila, Lupeni, Vulcan), where the job decrease has caused repeated social instability, in spite of the numerous programmes to balance the situation.

The second sub-region includes the territory of Timiş and Arad counties. This sub-region with early, complex and diversified industrial development (light industry, machinery industry, electro-technical industry) is currently the favorite area for foreign productive investments in Romania. Against the background of numerous jobs created that require a highly qualified workforce and of massive population migration during the past years (German population migration has accentuated this phenomenon), the sub-region is facing a more and more pronounced lack of needed labour force. The new investments in the area are confronted with the lack of appropriate infrastructure for development (water supply and communication means).

Hunedoara –Deva area, Jiu Valley, Haţeg - Călan corridor, Deva, the mining area South of Caraş-Severin county and the mining area North of Hunedoara county (Brad, Apuseni Mountains), former mining areas, all need urgent infrastructure works to re-enter the economic circuit and to ensure the environmental protection of settlements affected by the pollution generated by mining activity (uranium, rare and colored metals).

Jiu Valley (Lupeni, Petrila, Uricani, Vulcan), Moldova Nouă, Sasca, Oravița, Anina, Ocna de Fier, Dognecea, Rusca Montană, Brad area, Teliuc are areas where massive lay-offs were registered in the mining industry and the labour force has to be absorbed by other sectors. The investments in these areas must include the environmental rehabilitation of waste dumps and of abandoned industrial sites, the environmental rehabilitation of the entire area, and the modernization of sewerage and drinking water network.

The GDP/capita in West Region has constantly increased starting with 1998 (1697 Euro), up to 3,363.7 Euro in 2004, being situated on the second place in Romania, after Bucharest – Ilfov. The contribution to this value has been brought mainly by the service sector (43.8%) and industry (29.5%). In the same time, the labour productivity was 6,979.4 Euro in 2004, over the national average.

In 2005, the service sector concentrated 78.00% of the total number of firms in the region. Most of the units in the sector are active mainly in tourism, general services, transport and professional services.

The region-based industrial enterprises achieved in 2002 over a third of the gross investments and incorporated half of the labour force occupied in the region. In the region there are pit-coal and superior coal deposits and exploitations (Petroşani field, Anina), petroleum and natural gas,

marble. By industry branches, the region is characterised by a wide variety of industries: siderurgy (Hunedoara and Reşiţa), heavy vehicles construction (Reşiţa), mechanical equipments, electric and electrotechnic equipments, motor vehicles equipments, fine furniture (Arad, Lugoj, Caransebeş, Timişoara), chemical, construction materials (cement -Deva, marble – Simeria, varnish - Timişoara), textiles and ready-made clothes (Lugoj, Caransebeş, Timişoar, Arad), leather, food, drinks (beer, alcohol, mineral waters).

In 2005, 41,594 SMEs (21.55/1000 inhabitants) were active in the region; they are concentrated mostly in Timis County. Microenterprises have a high percentage - of 87.09%. Timis County has the most important contribution to the regional turnover and the highest labour productivity (measured in terms of turn-over). In 2005, the foreign direct investments in West Region were 1491 millions Euro.

In order to stimulate the business environment, the industrial parks development has been stirred and supported (Industrial Park Timisoara and Industrial Area Arad through Phare ESC 2001, Industrial Park Hunedoara through MDP Order no. 20/2003, Valea Ţerovei Industrial Area – Reşiţa, on Phare ESC 2004-2006), as they provide for activities' development and services for investors.

Infrastructure

Transport
West Region is crossed by two of the three pan-European corridors – corridor IV Berlin / Nurnberg – Praga – Budapest, which on Romanian territory has two branches, respectively Nădlac-Arad-Calafat-Vidin and Nădlac-Arad-Bucureşti-Constanţa, and corridor VII – the Danube, by five European roads and three international railways.

In 2005, West Region had a railway network of 1904 km, representing 17.39% of the national total. The roads network is well developed and with a relatively balanced territorial coverage of public roads of 10,292 km (12.88% of the national total) out of which 1,883 km are national roads and 8,409 km county and communal roads. Out of the total public roads, 26% are modernised, whilst at national level 26.5% is covered. The public roads density, of 32.1km/100 sqkm, is very close to the national average (33.5 km/100 sqkm). By counties, the differences are significant between Hunedoara (45.4 km/100 sqkm) and Caraş-Severin (22.8 km/100 sqkm). The road infrastructure at the frontiers is partly modernised and needs new investments.

The high percentage of unmodernised county roads hinders the connections between the county centres Deva - Reşiţa, Timişoara - Reşiţa and Timişoara – Deva. The lack of motorways, the traffic increase on interregional and international inadequate roads, the low carrying capacity of the existing roads structure which is continuously degrading, the low-quality boards and illumination and a high percentage of unmodernised county roads lead to constraints of the traffic capacity and means.

Public utilities
The length of the water network of West Region is 5,559 km, representing 11.6% of a national total of 47,778 km. The water alimentation networks, in general, and especially the ones in urban centres, are confronted with problems linked not only to the extension of depositing capacities, but also to treatment and distribution ones, in order to ensure the sources' sanitary protection.

90 of West Region localities have sewerage networks. The total simple length of the sewerage pipes in West Region is of 2,441 km, representing 13.3% of the national sewage length at national level (18,381 km). They cover mainly towns, with a concentration in the blocks' neighborhoods. Many of the sewage networks are highly damaged.

The length of the natural gas provision system (3,004 km), represents 10,92% of the length of natural gas network in the country (27,496 km).

All urban localities have a system of collecting, transport and definitive depositing of housing waste but this is achieved in the old locations, not fulfilling the environment protection conditions. Waste management in rural areas is deficient, taking into account that the collecting activity is not organized in a centralized system and waste depositing is realized on dispersed locations, at the outskirts of the localities. Currently, the waste collection in West region is not realized in a selective manner. The selective collection of the waste collected from the population is partially implemented experimentally only in Timisoara.

Education
In 2005/2006 school year, the education institutions in West region have been represented by 522 kindergartens, 542 schools, 14 universities - public and private, out of which an important part at national level play the Technical and the Medicine Universities. Also, in the West Region exist private universities, such as: Tibiscus (Timişoara), Aurel Vlaicu (Arad), Dragan (Lugoj).

Health
The life expectancy in West region is on average of 71.00 years, as compared to a national average of 71.76 years and to a European average of 78.31 years. In 2005, the public owned health institutions comprised 46 hospitals, 13 polyclinics, 36 dispensaries and 2 TBC sanatoria. If, from the point of view of the number of institutions the situation is relatively balanced in the region, the state of the infrastructure is low and needs rehabilitation and the equipments need to be replaced or modernised.

Social services
The social problems are relatively reduced as compared with the rest of the country, following the development of NGOs, which provide for best practices examples. Starting with March 2005, children are protected in family type institutions (66.51%) or residential services (33.49%). At the end of September 2005, there were 753 children whose parents were working abroad. In 2005, the number of the children left by their parents in health units was 298 (157 in Arad and 98 in Timis). At the end of 2004, there were 5903 children with disabilities, out of which only 1013 were benefiting from reintegration services.

Areas in difficulty

The main development problems are concentrated in Caraş-Severin and Hunedoara counties, with mono-industrial centres. Within these counties, two areas have been identified and promoted for financing in the framework of Phare ESC 2001 Programme:

- *The industrial area of Mehedinți Plateau,* respectively Topleț town in Caraş-Severin county;

- *The industrial area of South Banat and of Petrosani Coalfield* (Reşiţa, Borşa, Oţelu Roşu, Călan, Hundeoara), characterized by an extremely high technical concentration of enterprises and of mining centers, by the lost of outlets as well as by the lack of work offers for female population, which led to major problems in the economic restructuring process, to a labile socio-cultural balance as well as to an unstable ecologic environment. Two counties benefited from financing through governmental programmes for assisted areas and disadvantaged areas: Hunedoara, Rusca Montană, Bocşa, Moldova Nouă, Jiu Valley (Petroşani, Vulcan, Lupeni, Petrila, Uricani), and Brad, which, through the valorification of local potential and through investment programmes could improve the socio-economic and the environmental aspects.

Development potential

West Region presents a high development potential in the fields of research-development-innovation, following a university tradition of more than 80 years, tourism and services, which have a growing importance at regional level during the past years.

The research (in centres and universities) in the medical, construction, mining, chemistry, and agricultural fields is mainly concentrated in Timiş County (18 centres). Research centres are also in Hunedoara (6), Caraş-Severin (4) and Arad (2).

West region has a varied tourist potential, with special endowments for agritourism (in Caraş-Severin, in Apuseni Mountains – near Brad), as well as in the West and South of Hunedoara county (Sarmisegetuza - here being located the vestiges of the capital of the kingdom of Dacia in the pre-Roman period. Other forms of tourism are thermal and spa (Băile Herculane, Moneasa, Lipova, Baziaş, Geoagiu), business (Timişoara) and transit (international transport corridors Nădlac–Deva and Timişoara–Herculane).

Urban tourism presents an important development potential, the 42 towns in the region preserving a valuable architectural patrimony and museums which cover a wide range of fields: history, archaeology, art, natural science, mineralogy, ethnography, technical, some of them being displayed outdoors. In order to valorise the tourist potential of the region, in 2005 were functioning 365 accommodation units. The distribution within the region is relatively balanced, with percentages varying between 23.3% in Arad and 27.9% in Caras – Severin County.

North-West Development Region

Demo-geographic characteristics

North-West Region has a surface of 34,159 sqkm, accounting for 14.3% of the total surface of the country. It comprises six counties (NUTS 3): Bihor, Bistrita-Nasaud, Cluj, Maramures, Satu Mare and Salaj. The North-West Region's population was in 2005 of 2,737,400 inhabitants (12.6% of country's total population) and an average density of 80.1 inhab/sqkm. The dynamics of the region's population is characterized by a natural increase of –1,7 ‰ (2005), with the lowest value registered in Salaj (-3.0‰) and the highest in Bistrita-Nasaud (0.0 ‰), the only county in the region that has not registered a negative natural increase.

The urbanization rate was, in 2005, 53.1 %, but at sub-regional level there were large differences, the rate varying from 36.2% (Bistrita-Nasaud County), to 67.0 % (Cluj County).

From a physical-geographical point of view, 28% of the regions' surface represents mountains, 30% hills and 42% plains and large valleys.

North-West Region's network of localities comprises of 42 towns and cities and 1,802 villages, grouped in 402 communes. Out of the towns and cities, four of them have a population over 100,000 inhabitants (Cluj-Napoca – 310,194 inhabitants, Oradea – 206,223, Baia Mare – 140,937 and Satu Mare – 115,197), nine between 20-100,000 inhabitants and 29 less then 20,000 inhabitants. Territorialy, towns and cities are concentrated mostly in Maramures (13), Bihor (10), and Cluj (6) counties, the other three counties having only 5 (Satu Mare), respectively 4 towns for each of them.

Employment and migration

The share of employed population in the total population of the region was, in 2004, of 41.8%. Intra-regional disparities are close related to the industrialization level, the most and earlier industrialized counties – Cluj and Bihor – have a higher share of employed population (44.5% respectively 45.7%), while the less and later industrialized counties – Satu Mare and Bistrita-Nasaud – have a lower share (39.6% and 38.0%). The analysis of employed population, by economic sectors, shows the high rate of population employed in services sector, in Cluj and Bihor counties, but also the high occupancy in agriculture, in the rest of the counties.

In all the counties of North-West Region, an important share of the active population is still employed in state-owned enterprises. For this reason it is foreseen an increase of unemployment rate in Salaj, Satu-Mare counties, as well as in Maramures County, caused by the restructuring of state-owned enterprises that are registering losses. This situation requires active measures in order to employ persons that will lose their jobs, among which the measures for professional reorientation of the population, in compliance with the local needs of labor market, have to be a priority.

The industrialization level influenced the unemployment rate too. Because of the last years industrial restructuring, Salaj and Maramures Counties registered the highest unemployment rate – 6.1%, respectively 4.5%. The low unemployment in the western counties (Bihor and Satu Mare – less then 4%) is due to the higher foreign investments that partially diminish the industrial restructuring effects.

A direct consequence of the industrial restructuring and the increasing unemployment is the appearance of a unique phenomenon in Europe, namely the migration of the population from urban to rural areas, and therefore the rural population increases constantly in all the regions' counties. In present (2005) there are three counties with more than 50% rural population (Bistrița-Năsăud – 63.8%, Sălaj – 59.2%, and Satu Mare – 54.0%).

Another consequence of the industrial restructuring and increasing unemployment is the emigration of the population, mostly of the young ones, the Region facing a real "brain exodus". Numerous rural settlements (especially from Maramures and Satu Mare) have a low share of young population, but they flourish through building activities financed by the young people working abroad.

Regional economy

North-West Region participated, in 2004, with a share of 12.3 % at the national GDP, from this point of view being placed third among the eight Romanian development regions (after Bucharest-Ilfov – 19.5% and South – 12.8% regions).

The contribution of the three economic sectors at the formation of the regional GDP, indicate a share of 16.3% of the primary sector, 35% of the secondary and 46.7% of the tertiary one, registering an increase in the share of services at the same time with a decrease in the share of agriculture. The relative maintenance in the share of secondary sector is due to fact that the disposals from industry have been partially compensated by the evolutions in the constructions –where an extraordinary dynamic in the last period has been registered.

Inside the region, there are obvious development disparities, measured by the contribution of the counties to the regional GDP: Cluj – 32.3%, Bihor – 24.3%, Maramures – 14.9%, Satu Mare – 12.1%, Bistrita-Nasaud – 9.1% and Salaj – 7.2%.

In North-West Region there are several differences regarding the economic development of the six counties: the southern and northern counties, namely Cluj, Bihor and Satu Mare are industrialized (food, light, wood, machine building industries) and economically more stable then the counties in the Centre and East (Bistrita-Nasaud, Maramures şi Salaj, wood-furniture and light industry, non-ferrous, gold and silver bearing ores), and where the last trends contributed to the loss of the competing capacity in several sectors. In accordance with the economic and social analyses, the poverty poles are located in Maramures and Bistrita-Nasaud County.

The areas in industrial decline cover large parts of Maramures, Satu Mare and Bistrita-Nasaud County, in other words the Apuseni and the Northern mountain area. Still, this area has important resources: complex ores, gold and silver bearing ores (Satu Mare, Maramures), bauxite (Bihor), salt (Maramures, Bihor), building materials (Bihor, Cluj), wood (Maramures). The mining sector restructuring affected the extractive sector and led to massive dismissals and therefore Baia Mare-Borsa-Viseu areas were designated as disadvantaged regions. In Baia Mare, according to a survey, the non-ferrous industry is threatened to be closing down because it greatly pollutes the atmosphere. In order to revitalize those areas, investment in both infrastructure and equipments for resources' exploitation are needed.

Although forestry represents an important sector of the region, the insufficient controlled clearings (Bistrita-Nasaud, Maramures) and the inexistence of a coherent programme for forestations and building forest-roads towards the middle of the basins, led to the continuous diminishing of the forest area. The insufficient capitalization, loss of the external markets, non-adaptation to the qualitative requirements have caused either the closing down of many furniture enterprises or their functioning at low parameters.

Infrastructure

Transport

At Regional level, the transport, environment and energy infrastructures are better developed than in other regions, but currently in a precarious situation caused by the lack of investments for decades.

Located at the cross of North-South and East-West communication axes, the region has a dense road network (34.7 km/100 sqkm). Related to the overall economic development level, Maramureş (25.0 km/100 sqkm), Bistriţa-Năsăud (28.1 km/100 sqkm), counties have the smallest public-road networks.

Public Utilities
In North-West Region there are discrepancies between the counties regarding the electric supply network. There still exist isolated non-electrified villages, hamlets or households, concentrated especially in the Apuseni Mountains area and in the northern mountain area. In Maramures county there are big dysfunctions, both in the rural and in the urban area (Sighetu Marmatiei, Borsa, Seini, Targu Lapus, and Viseul de Sus), as well as in Bistrita Nasaud county and, in a certain degree, even in Satu Mare and Cluj counties (Satu Mare, Negresti-Oas, Tasnad, etc.).

The majority of counties in the district are confronted with drinkable water supply problems. The municipal drinkable water network isn't developed enough in order to satisfy the population needs, both in the rural and in the urban area. The pollution of phreatic layers due to non-ferrous residuum infiltrations in Maramures County highly jeopardizes the population's health, even in the conventional networks areas, but where the treatment installations are insufficient or out of date.

The water resources in the rural localities in Transylvania Plateau are reduced and undrinkable because of the gas domes and the salt deposits. These areas need urgent works for centralized water supplying networks.

The environment quality in the region is highly affected by the negative impact of economic activities. The main polluters are: the sedimentation powders in Cluj and Salaj counties; ammonia in Bistrita-Nasaud, Maramures, Salaj; sulfur and cadmium dioxide in Cluj and Salaj counties; fluorine and its compounds in Satu Mare, copper metal powders and lead.

At the end of 2005, the number of localities with drinking water supply installations in the region was 330, and the total simple length of the water distribution network was of 7,245 km. A major problem in the rural area is the lack of drinkable water protection – from a total of 1802 localities, only 40% are connected to the drinkable water protection.

The public centralized sewerage system represents a problem for the whole region. The number of the localities with public sewerage installation was of 99 at the end of 2005 (4 less compared to 1995), and the total simple length of the sewerage network had 2,571 km (extended with 621 km compared with 1995).

The most of the urban treatment plant were built 25 years ago. They are in an advanced usage level, having also an insufficient treatment capacity for the wastewater. The existing sewerage network in the rural areas represents only 4% out of the total, percent that places the region, from the point of view of the population access to the basic infrastructures, among the lasts positions in the country.

Education
Educational infrastructure comprises 819 schools, 209 high schools and 12 vocational and apprenticeship schools, characterized by the need to accelerate the process of their conversion and adaptation to the present needs of the labour market, since the existence of a qualified labour force is a basic condition for attracting investments and especially the foreign ones.

Health
There are 61 hospitals in the North-West region, and the average medical consultations per capita in 2004 was 4.8. The best-placed health infrastructures are in Cluj, Bihor and Maramureş counties, with 23, 15, respectively 9 hospitals. The life expectancy at birth is 71 years, the most frequent cause of mortality being circulatory system diseases – 773.4 deceased /100,000 inhabitants (2004).

In order to supply medical care services at proper standards, it is important to ensure an efficient medical assistance through the provision of specialized staff and of a proper maintenance and adequate technical endowment.

Social services
Three out of six counties of the region (Bihor, Salaj and Cluj) do not have any home care institutions. There have been identified several buildings which need rehabilitation and modernisation for different types of beneficiaries. Children are protected in family type institutions (63.51%) or residential services (36.49%). At the end of 2004, there were 8298 children with disabilities, out of which only 355 were benefiting from reintegration services.

Areas in difficulty

In the North-West Regional Spatial Plan several problem areas have been identified. These are characterized by precarious socio-economic conditions, differentiated according to the each area's local specificity:

- Codru's area, situated at the crossing of Maramures, Satu Mare and Salaj counties, is characterized by: a high number of households without electricity, precarious social endowments, generalized subsistence economy, road ends, etc.
- Barcau coal basin, including localities Ip, Sarmasag, Chiesd and Popesti, where the economic profile of the localities has destructurated because of some mines closure or reduction of activity
- Cluj County's mountain area (Maguri-Marisel, Belis, Valea Ierii), confronted with the continuous degradation of the technical infrastructure, ageing population, growing illiteracy or chaotic exploitation of local resources.
- Beius „county" (Nucet-Vascau-Stei-Beius area) affected by industrial restructuring and environment degradation because of the uranium exploitation at Baita Bihor
- Turda-Campia Turzii area with massive dismissals and environment problems caused by the binder industry.

Besides these areas, other ones with similar problems exist, but they can improve their socio-economic and environmental conditions, trough the valorization of the local potential.
Development potential

North-West Region has a varied and territorially differentiated development potential. Thus, from the large cities (Cluj-Napoca, Oradea, etc) to the outermost areas of the region, can be identified local resources based on what to realize their sustainable development.

If the large urban centres have many resources and development opportunities, in the isolated areas, besides the negative effects of their status, and a positive aspect also exist, represented by the preservation of the folk customs and traditions, that can be valorised by tourism.

Moreover, the region has a considerable tourism potential: archeological sites, natural protected areas, glacial and barrier lakes, caves, spa resorts and appropriates conditions for mountain, leisure tourism. There are also many ethno - folklore areas that provide for the development of allow agro tourism in Maramures, Cluj and Bihor. Being closed to Central Europe and having an original relief (caves, gorges), a favorable clime, reduced altitudes (about 1800 m), Apuseni mountains have the chance to become an important attraction for the sightseeing tourists who love the nature and wish for simple accommodation conditions.

In 2005, the valorisation of the above tourist potential was realized mainly through the 480 accommodation units in the region, meaning 11.3% of the national accommodation units. Related to the regional distribution of accommodations units, these concentrate in Bihor, Maramures and Cluj counties, with 78.73% from the total. Due to their high tourist potential, the above three counties concentrate 80.2% of total tourist arrivals in the region and also 80.8% of total number of overnights stays in the region.

Centre Development Region

Demo-geographic characteristics

Centre Development Region has total surface of 34,100 sqkm (14.31% of the country's surface), and is formed by Alba, Braşov, Covasna, Harghita, Mureş and Sibiu counties. The region has the relief characteristics of a plateau, East-West oriented valleys, significant methane reserves, gold bearing, silver bearing and coloured ores, non-metal ores, salt, mineral and thermal waters, and more than one third of the surface covered by woods. The area, compared to other regions has important hydrographical resources and a well-developed transport network, (except for the North-South direction), but the most important resource is the human capital. The birth rate is low and there is a process of demographic aging, but the immigrants from other parts of the country were harmoniously integrated. Crafts have a long tradition and economic activities are diversified.

With a population 2,530,486 inhabitants the Region concentrate 11.7% of the country's population. The average regional density is of 74.2 inhab/sqkm, below to the national value. The highest population density is registered in Brasov country (111.4 inhab/sqkm), while the lowest values, below the regional average, are in Alba (60.7 inhab/sqkm), Covasna (60.3 inhab/sqkm), Harghita (49.2 inhab/sqkm) counties.

While initially mining for gold, silver, coal and salt was the main economic activity, currently, the metal processing, chemistry and light and food industry represent the most significant branches. Agriculture is well developed, specialised in industrial crops and quality viticulture is widespread.

Production activities were supported by the region's location, favourable to trade, also with a long tradition.

59.9% of the population lives in urban areas – in the 57 towns of the region. Braşov (74.7%) and Sibiu (67.6%) counties have a high degree of urbanisation while in Harghita county the rural population is dominant (55.9%).

The urban network is well structured, many of the small and medium towns having mature and well developed urban structures. The largest towns, with population over 100 therefore have a mosaical development and correspond to the commercial and productive interest points on traditional economic change routes.

Regional economy

At the level of year 2004, a 3,056.9 Euro GDP/capita was registered in this region (4% above the national average). The highest value is in Sibiu and Braşov with 3,198.7 and 3,515.9. The other three counties have a GDP/capita below the national and regional average. The contributions of the industry and service sectors to GDP are of 33.8% and 47.4%. The agriculture sector contributes with 13.3% and the construction sector with 5.4%.

The level of FDI sum up to 1610 mil euro in 2005 (7.35% of the total FDI in Romania). As for the intra-regional development Brasov and Sibiu counties attracted more investments compared to the other counties. Covasna County lack of attractivity is due to the underdeveloped transport and utilities infrastructure (low density of communication network, poor state of public roads).

The number of small enterprises increased with 33% between 1999-2005 as the micro enterprises developed and the access to financing through different programmes was easier. The number of large enterprises, with more then 250 employees decreased especially due to the restructuring of state owned enterprises. Most of the enterprises develop activities in the service and industry sector as reflected in the contribution of these sectors to the GDP formation.

From an economic point of view, the low populated areas of the Apuseni Mountains from Alba County are the least developed. The most developed industrial areas are located in the South (led by the cities of Brasov and Sibiu and their satellites) and are specialised in the machinery construction, chemical, textile and food industry. In the centre of the region, along the Târnave Valley, there are many settlements with diversified industry, well-defined urban structures and attractive architecture. The North of the region has more specialised economic structures, dominated by machinery building, chemical, furniture, textile and food industry.

The Centre Region has a complex industrial structure with traditional branches and recognized qualified personnel. Basic chemical industry is very well represented (Targu Mures, Ocna Mures, Tarnaveni), as well as the pharmaceutical industry (Europharm – Brasov, Aromedica – Targu Mures) alongside with motor oil – Brasov, auto subcomponents – Compa Sibiu, mecanical industry – Independenta Sibiu, aeronautical industry – IAR Brasov. The wood processing industry is well represented through superior processing (Schweighofer enterprise Sebes), furniture – Targu Mures, but also the clothing (Sfantu Gheorghe, Odorhei) and food (sugar – Ludus, beer – Blaj, sweets - Brasov).

The territorial distribution of the 54,539 SMEs acting in the region (2005) shows a concentration in Braşov, Mureş and Sibiu and la weak presence in Covasna.

In this region 11 industrial parks are functioning: seven of them are in public ownership, three in private ownership and one in PPP. The total surface of the parks is 436.75 ha, out of which 355.67 Greenfield. There are also 4 functioning business incubators (from the total 21 at the level of the country) that created over 250 jobs in the region. 10% of the consultancy centres activate in Centre Region (data at the 2004 level).

Employment and migration

The active population represents 42.5% of the total (above the national average – 45.5%). The employment rate is of 39.8%, out of these 39.3% being employed in the service sector and 29.3% in industry. In Braşov and Sibiu counties, the percentage of employed population in industry and services is high, these counties having a dominant industrial activity, unlike Harghita and Mureş Counties where employment rate is relatively balanced, about one thirs in every sector. But still the employment rate in agriculture is higer than the national average (over 30%).

At present, Brasov county and especially the municipality is confronted with employment problems due to the restructuring of the Roman and Tractorul machinery construction plants and armament factories and the massive lay offs of the personnel. In Covasna, Harghita şi Alba counties the restructuring of the mining area Baraolt, Bălan and Apuseni mountains approach finalisation. The process is undergoing in the monoindustrial towns where metallurgy, chemistry and construction industry is performed: Aiud, Zlatna, Făgăraş, Victoria, Copşa Mica, Dumbrăveni, Ocna Mureş, Târnăveni, Luduş, Râşnov, Gheorgheni, Toplița, Întorsura Buzăului.

The population migrated towards other activity areas; after 1990 the German ethnic people left for Germany, but also to other Coutries of Western Europe.

Except for Sibiu and Mures county that register an unemployment rate below the regional average (7.3%) and the national average (4.6%), in all the other counties the value is around 8.5%, the higest being in Covasna county.

Through its complex economic structure the region had a significant professional capital, highly recognised, especially in the technical field. The reduction of the industrial activity determined the migration of specialists to other fields of activity or abroad, affecting thus future increases of the traditional economic activities.

Infrastructure

In Centre Region, the national roads are mostly modernised (94.06%), but only 4.22% of the county and communal roads are modernised. The public roads average density of 29.9% is below the national average (33.5%), only Alba County has 42.1% modernised roads.

With 41.6 km of railway per 1000 sqkm, the Centre Region is below the national average (45.9 km/1000 sqkm). Below the national average is Alba, Covasna, Harghita and Sibiu Counties (36.80; 31.3; 31.50; 36.3 km/1000 sqkm) and above it is Braşov (67.7 km/1000 sqkm) and Mureş (45.4 km/1000 sqkm) counties.

The drinking water distribution system, of 5,799 km of length (12.13% of the total) was mostly located in the urban area over 50%. From the point of view of the connection to the drinking water system, 63.2% of the regions localities are connected to this network. The only counties that register values below the regional and national average are Covasna and Sibiu.

In 2005, 117 settlements were connected to the sewerage network, out of which 56 towns of the region. The length of the sewerage pipeline was 2428 km. In Mures are the most settlements connected to the sewerage infrastructure.

From a total of 742 settlements connected to the gas distribution network, 227 are located in Centre Region (30.6% of the national total) with a pipe length of 7596 km (27.6% of total).

Education
In Centre Region function 2040 school units (17.2% of the total). The school population is decreasing the main causes being the diminishing of the school age population and the higher abandon rate. The multiethnic character of the region's population provides the possibility for teaching specific mother tongue. The tertiary education is well represented by 13 tertiary education centers and 102 faculties.

Health
In the region function 2,248 sanitary units, mostly state owned (13.38% of the total – in 2004). Their quality does not correspond to the minimum standards, both the buildings and the equipments being obsolete and technically overused. Out of 51 hospitals, most are concentrated in Braşov (14), Alba (10) and in Sibiu (10). In the region also function 58 policlinics, 23 dispensaries, 10 health centers, 1345 medical cabinets, 1035 dental cabinets, 686 pharmacies and pharmaceutical points. The private sanitary units are well represented, at levels compared with 2004: 61.26% of the dental cabinets are in private property, 90.47 % of the polyclinics, 89.38% of the pharmacies and all the dental labs and pharmaceutical deposits.

Social services
This region has the highest number of residential care institutions for elderly (5). A number of 10,371 children are protected in family type institutions (62.52%) or residential services (37.48%) starting with March 2005. At the end of September 2005, there were 1,231 children whose parents were working abroad. At the end of 2004, there were 10,290 children with disabilities, but only 1,649 were benefiting from reintegration services.

Areas in difficulty

Through governmental programmes in Centre Region there have been financed areas affected by the restructuring of the mining industry which led to the increase of unemployment and the worsen of the socio-economic situation. These programmes concentrated in Harghita, Covasna, Alba şi Sibiu. To respect the concentration principle of the European funds, the investments through Phare 2003 were oriented to the industrial restructuring areas identified in NDP 2002-2005. In Centre Region two such area are located, namely: the industrial extracting area of Apuseni Mountains, covering only Alba county, and other two counties but from North West Region, and the complex industry area of central Transylvania, covering the other counties. The region was facing problems linked to industrial restructuring in the field of mining, metallurgy, car construction, arms, etc.

Development potential

The Centre Region potential is diversified as it has natural, human, social and economic resources. The university network is very well developed, it the region acting famous universities in the field of medicine, pharmacy as well as in the theatre – all located in Targu Mures, silvic and technical field in Brasov, human profile in Sibiu. The engineer profile is also represented.

Three institutes acting in the field of wood processing develop research activities in the Region, as it has tradition in the industry in the field. There are also two institutes studying the historical aspects of the region.

The touristic potential of Centre Region is diversified due to the relief and the historical and cultural variety. There is a number of 17 resorts where winter sports can be practiced, many of them recognized internationally (Predeal, Poiana Brasov, Paltinis). Important treatment bases are located in this region, four of them of national interest (Covasna county, Predeal- Braşov county, Băile Tuşnad- Harghita county, Sovata- Mureş county) and 11 are considered of local interest[29]. These resorts have natural curative resources, but an old infrastructure, improper services, insufficient promotion and undiversified offer. The agro tourism is developing, the rural areas having a great potential in this field (237 pensions are accredited by the Ministry for Small and Medium-Sized Companies, Trade, Tourism and LiberalProfessions).

The cultural and historical tourism is of special importance as the villages preserve very well the traditions, architecture and techniques (house building, gates, religious monuments), used materials, installations (mills) and wood processing techniques[30]. This is due to the isolation and a weak infrastructure. As for the historical part, the medieval cities and fortified churches are very well preserved[31] and some of them internationally recognized as they being in the UNESCO patrimony

In 2005 the material basis of the Centre Region comprised 933 accommodation units (23.9% of the total), and 35,479 accommodation places (12.55% of the total). The accommodation facilities are unevenly distributed, the highest concentration being registered in Braşov (403 units, 43.25% of the regional total and 10.3% of the national total), followed by Harghita (301 – 19.7%) and Sibiu (111 – 11.9%); at the opposite side are Alba with only 27 units (2.9% of the regional total and 0.7% of the national total).

The development potential of the business infrastructure in this region in significant and is due to the presence of unvalorised industrial locations, resulted from industrial restructuring. Many of these sites were arranged and transformed in industrial parks that currently receive investments.

[29] Balvanyos- county Covasna, Bazna- Sibiu county, Băile Homorod, Borsec, Harghita- Băi, Izvorul Mureşului, Lacu Roşu şi Praid – Harghita county, Păltinis- Sibiu county, Pârâul Rece şi Timişu de Sus - Braşov county

[30] the most important etnographic areas are located in Apuseni Mountains, Suprior Olt area, Sebes Valley, Odorhei, Casin, Covasna, Marginimea Sibiului, Seckle area, Tarnava plateau etc

[31] Transilvanias' Saxon fortresses, the most important medieval cities - Sighişoara, Sibiu, Braşov, Mediaş, Făgăraş and Târgu Secuiesc, fortified churches in UNESCO patrimony): Calnic, Biertan, Valea Viilor, Saschiz, Bunesti, Viscri, Prejmer, Darjiu

The area of animal rising is one of the main agricultural areas that is of high potential and consist in a workplace and income source in the rural areas (that represents around 47% of the regions surface), Grape yards, textile plants, potatoes, sugar beet.

As a result of the multiculturalism in the region, due to the presence of three nationalities: Romanians, germans, Hungarians, a regional profile emerged, population with traditions, educated in the spirit of work, discipline. These characteristics are also present in their determination to keep traditions and crafts conservated along history.

In the Centre Region there is a high level of employed population that graduated from apprenticeship and vocational education. Also, the region ranks third for the ratio of employed population that graduated higher education.

Bucharest-Ilfov Development Region

Demo-geographic characteristics

The Bucharest-Ilfov Region, formed by Bucharest, the capital of Romania, and Ilfov County, is located within the south of the country, in the central part of the Romanian Plane. Bucharest Ilfov has a surface of 1,821 sqkm, out of which 13.1% represents the administrative territory of Bucharest and 86.1% of Ilfov County. The both entities that compose the region are in the same time the smallest territorial administrative units of Romania form the point of view of the surface.

The region population of 2,208,368 inhabitants in year 2005 is distributed inverse proportionally with the dimension of the two administrative entities. Bucharest is the biggest urban agglomeration of Romania, its population being of 1,924,959 inhabitants, representing almost 87% from the total region population, over 16% from the total urban population of the country, respectively 9% from the total Romanian population and having a density of 8,100 inhab/sqkm. The Ilfov County population of 283,409 inhabitants represents only 13% from the total of the region, this being located in the category of small counties with a density of 180 inhab/sqkm.

The region has a relatively unrelieved relief due to the fact that is overlapping with the Romanian Plane, having valleys formed by the rivers that cross the region, numerous natural an antropic lakes.

In 2005 the localities network of Bucharest – Ilfov Region had 9 towns, 32 communes and 91 villages. From the 9 towns only one is municipality (Bucharest). As number of inhabitants, Bucharest, the country capital, detaches with 1,924,959 inhabitants, followed by Buftea (around 20,000) and Otopeni (around 10,000). The offered opportunities make that the real number of population that lives within region to be higher than the official one.

Employment and migration

Within Bucharest-Ilfov region, in 2005, the employment rate was 59.4% (the national average was 57.7%). By gender, the female employment rate was 53.4% (the national average – 51.5%). For the period 1999-2005 the evolution of the employment rate in Bucharest-Ilfov

region, recorded a diminishing from 62.0% in 1999 at 56.5% in 2003, registering then a slightly increase till 59.4% in 2005.

The demand of qualified labour force was bigger for the Bucharest Ilfov Region, so that, correlated with the opportunities offered by the capital – urban life level, as well as the prestige- the employed population has a higher level of education and specialization.

In 2005 the unemployment rate was low (2.4%, national average was 5.9%[32]) and the possibility to find a job was real. The long-term unemployment is very intense; the young one (under 25 years) has a high level – 21.2%, close to the national average of 21.0% and the illegal jobs (especially the tertiary sector) are extended (2004 data).

The majority of the registered unemployed have low levels of education attainment. This confirms that the Bucharest labour market is characterized by a demand of qualified labour force. In the two component administrative units the unemployment rate is 2.0% in Ilfov county and 2.4% in Bucharest.

As regards internal migration, beginning with 2001 the balance became positive in the capital city, with an annual average of new residents of approximately 5,000 units.

Regional economy

The regional economy is dominated by the capital due to the active population working within the economic units that function here. Bucharest – Ilfov Region is also the biggest industrial agglomeration of the country, and all the industrial sectors are represented in the area. The gradual industrial decline begun after the '90s led to high unemployment, and the fast shutting down of inefficient enterprises will accelerate the decrease of the labour force in the industrial sector and its migration to the tertiary sector – services. The percentage of the population employed in services sector rose from 53.1% in 1995 at 75.4% in 2005. The trade, the storage activities, the distribution, the municipal services, the constructions had an intensive development, contributing to the evolution of the region that has an outstanding economic development level compared to other regions in spite of the unfavourable geographic position.

In the last year one of the most important characteristic of the Romanian economic growth was the Region increasing importance, especially Bucharest Municipality. This phenomenon is characteristic to all transition economies, but in Romania is more obvious due to the big dimension of the country.

The region has an economic force and dynamics superior to other regions, a big level of GDP and a social and professional structure with a higher standard.

Having an sustainable economic growth in the last seven year (1998-2004) the GDP of Bucharest Ilfov Region (5,616.7 euro/inhab. in 2004) was almost two times bigger that the national average (2,932.9 euro/inhab). Consequently the labour productivity, estimated as a report between the regional gross values added and employed population, shows that the

[32] National Agency for Employment

Bucharest-Ilfov Region has the highest level among the other regions (11,451 euro/employed person unlike national average of 6,194.8 euro/employed person)[*].

The region economic environment is highly attractive due to the existing institutional structure, the specialized labour force and the more developed communication system than in the other country' regions. Having 13,264 million euro foreign direct investments in 2005, representing 60.6% from the foreign direct investments total, the Bucharest Ilfov region detaches from the other regions, the South East Region being situated on the second place with 8.4% from the foreign direct investments. Moreover, SME's density records in Bucharest-Ilfov the highest value of the country, having, in 2005, 23.3% from the total SME's, with 31.9% more than in 1998.

The potential and the economic structures are differentiated between county and municipality: agriculture dominates the Ilfov county economy (29.1% of employment in 2005) and the capital economy is characterized by the development of the services (79.3%) and industry (19.6%) sectors.

The service sector is a national best performer in respect of telecommunications, financial intermediation, education & research, transport and storage, tourism and cultural services, services to enterprises (including software), and trade. As the region performs the functions associated to the capital city, the public administration is also an important employer.

In 2005 within the Bucharest Ilfov Region were active 2 industrial parks from the total of 34 recorded at the national level. Both industrial parks are private and have a surface of 33.07 ha.

Enterprises access to the information society is still low. Only 12.2% of Bucharest-Ilfov enterprises are connected to the Internet, with 13.6 PCs for 100 employed. 60.1% of enterprises PCs are connected to the Internet.

The difficult access at financing, the lacks of infrastructure endowments (utilities, constructions, ICT) are major problems which most of all business infrastructure support are confronted with.

Infrastructure

Transport

The Bucharest Ilfov region, through Bucharest municipality, the capital of the country, which is the most important cross point for the road – railway – air, national and international transport is characterized by a high level of accessibility, being located on the 2 multi-modal–road, air and railway transport European corridors: TEN-T priority axis No 7 and No 22 (Nadlac-Constanta) and TEN-T priority axis Giurgiu-Albita, planned to be constructed in the forthcoming period, and also close to the Danube (TEN-T priority axis No 18).

The public roads density per 100 sqkm within Bucharest Ilfov region recorded in 2005 the value of 47.9km/100sqkm. The public roads density is higher in Ilfov County (49.4km/100sqkm) compared with Bucharest (37.8km/100sqkm), existing also a high number of un-modernized public roads in the Ilfov County (52.8%). For Bucharest, the percent of the

[*] The data for productivity are for the year 2004

un-modernized municipal streets (53.2% in 2005) is very high for a European capital and affects the necessary conditions for optimal road traffic.

The Bucharest-Ilfov region presents the highest railway density at 1.000 sqkm of land (165.3 km/1000sqkm), meaning almost 4 times the national average (45.9 km/1000sqkm). This figure reaches the value of 504.2 km/1000sqkm for Bucharest, meaning 10 times the national average, Bucharest being the starting point for the 8 main routes railway which ensure the connection with the other region of the country.

Two international airports ensure air and multi-modal accessibility: ”Henri Coandă” (Otopeni), the biggest international airport in Romania (70% of the total air passenger transport in Romania in 2005) and ”Aurel Vlaicu” (Baneasa).

In 2005 the drinkable water supply network in Bucharest–Ilfov Region represented 2408 km (221 km in Ilfov county to which were connected the 8 towns and another 11 localities). These localities are also connected to the sewerage network (in 2005, the sewerage network in the region had a length of 2,127 km, out of which 277 km were in the Ilfov county).

Education

Bucharest-Ilfov region is the most important educational centre of Romania. In 2005 it accounted 252 kindergartens, 370 school units in pre-universitary education and 34 institution of tertiary education). However, a significant number of schools and pre-schools units from the around Bucharest and Ilfov county do not have proper conditions to function, because of the lack of water supply and sewerage.

Through the 34 universitary education institutes the Bucharest Ilfov region has the most developed university environment from Romania and concentrates the bigger number of students registered within the high education system among Romania regions: 253,247 from a total of 716,464, representing 35.3% of the total number of students.

The low access of the rural population and of the disadvantaged groups to education, in general, and to superior studies in particular, the scarce endowment of the universities and TVET schools represent yet weak points for the education system in the Bucharest Ilfov region.

Health

In the last years, the decrease of the supply of sanitary activities has been obvious, registering declines in allocated expenses and in the quality of the supplied services. The sanitary infrastructure of Bucharest Ilfov region is in an advanced depreciation stage and lacks modern equipment generated by the insufficient financial resources, allocated to the health system. The life expectancy at birth is the highest in the country – 73.84 years, a frequent cause of mortality being the tumours – 217.5 deceased /100 000 inhabitants (2003).

In this context, the health infrastructure is unequally distributed in Bucharest and in Ilfov county. In 2005 there were 52 hospitals in Bucharest (2.7 units per 100,000 inhabitants on an area of 238 ha), while Ilfov county had 6 hospitals (2.1 hospitals per 100,000 inhabitants, on an area of 158,300 ha).

The satisfaction level of the population with sanitary personnel decreased during the last years, also as a consequence of a decrease in their number. In 2005, the medical assistance was

ensured by 11,522 doctors (1 doctor for 192 persons), 2,267 dentists (1 dentist for 974 persons) and by 19,030 medium sanitary personnel. In the same time, in 2004, the average medical consultation was 4.4 consultations per capita.

Social services
One of the most important issues concerns the facilities for childcare when parents are at work. The number of newborn children is significant, but day centres or crèches are limited while the private ones are very costly. 5,583 children are protected in family type institutions (49.61%) and residential services (50.39%). At the end of 2004, there were 5,650 children with disabilities, out of which only 846 were benefiting from reintegration services.

Urban
The concentration of the population in the peripheral neighbourhoods and the growth of the residential areas through one family villas tend to lead to an intensification of insufficiencies in the transport, water supply, sewerage, heat network, and, in general, in all types of municipal services.

In 2005 the length of urban roads, at the level of the 9 cities of Bucharest-Ilfov Region was 2,514 km, only 1,095 km being modernized and representing 43.6% from the total, percentage that situate the region on the last place in the country.

Concerning the town endowments with public utilities, in 2005 only two towns were connected at the thermal energy, all the 9 towns at the natural gas and drinkable water networks, but many of the installations are obsolete and precarious stage.

The problems of urban roads rehabilitation, of public utilities replacement and modernization are extremely serious and the lack of a unitary conception makes that the perspective of the metropolitan area transformation in a functional and efficient entity to be jeopardized.

The big number of un-modernized urban streets (in Bucharest 53.2%) and the unfinished ring road as well as the increasing number of cars recorded (387 cars/1,000 inhabitants in 2003) in Bucharest determines the traffic congestion in urban areas having unpleasant consequences on the urban life quality. The considerable decrease of the green space in Bucharest (reported to be halved in the last five years, as a consequence of intense uncontrolled construction) has also worsened the quality of life in the city. Green space presently accounts for a mere 2.5 square meters per inhabitant, against an EU recommended figure of 12 sqm/inhab.

The public passenger transport that has a wide and complex network includes buses (46.2% from the total number of transport means), trams (20.3%), trolleys (10.5%) and metro (22.9%). This type of transport ensures a high mobility of the labor force partially within the metropolitan area, the buses and trams transporting the biggest passenger number. The passenger transport problem is represented by the low quality of the transport means and the difficulty in ensuring the peri-urban transport in the whole necessary area.

The population migration to Bucharest for searching a job generates an over dimensioned growth of unpaid services and community facilities.

The increase of municipal solid waste quantity of 3.4 times in the last four years represents another severe problem of the region, above all in Bucharest Municipality. The un-solving or

the solving without a long-term perspective of these problems can create huge dysfunctions to the metropolitan area in the future.

Development potential

The capital presence in the center of the Region is important due to population number, economic force and human activities, physical and institutional endowments concentration. The capital polarizing power is bigger than its administrative borders.

The high density of population and the high concentration of services and economic activities make Bucharest Municipality the largest market of Romania and one of South-Eastern Europe largest markets.

The economic structure of the region also reflects the functions connected to the service-based economy of the capital city, whilst construction, transport, education, research and ITC sectors lead the regional economy and boost its competitiveness and development potential. Education and research should have a central role in the future development of the regional economy. Key opportunities are offered by the possibility of integrating education, research, innovation and business activities in order to improve the innovation and information contents of economic activities, using the large pool of human resources specialized through the higher education and professional training system. The economic and social development of the last years increased the spaces necessity for new residential districts, commercial activities so that the city geographic and administrative borders became inadequate.

The setting up of the metropolitan area by low – metropolitan area that already existed – responds to needs and opportunities determinate by historic, economic, social and territorial evolutions that lead at the development of economic and demographic relations between Bucharest and surrounding areas. The identification of commune development and cooperation projects within area, as well as the setting-up of new institutional and administrative bodies will strengthen their capacity of facing the competition.

The development of metropolitan area will facilitate an integrate spatial planning of the regional territory in order to diminish the disparities between Bucharest and the periphery area (most of it rural area) from the point of view of the demographic, social and economic structure, regarding public transport, infrastructure endowments. The elimination or the diminution of these disparities will contribute at the improvement of the population life quality. The most important actions might concern public transport, water supply, waste management and investment projects.

Bucharest Ilfov Region has a specific tourism potential, represented by the attraction capacity of the Bucharest urban centre and also by cultural and environment values of the surrounding areas. In 2005 the accommodation capacity of Bucharest Ilfov Region was 11,225 accommodation places, representing 4% of the total. Regarding the overnight staying and arrivals, in 2005 the region registered an increase with 48.7%, respectively 59.8% compared with 2000.

1.3 LESSONS LEARNED FROM PRE-ACCESSION PLANNING AND PROGRAMMING AND IMPLEMENTATION OF PHARE ESC AND NATIONAL FUNDED PROGRAMMES 2000-2006

1.3.1. AREAS OF INTERVENTION UNDER PHARE VS STRUCTURAL FUNDS

The Regional Development Department within the Ministry of Development, Public Works and Housing (which has functioned since end of 1998 until 2003 under the National Agency for Regional Development, Ministry of Development and Prognosis) has played the role of Implementing Agency for Phare Economic and Social Cohesion, with a total budget of 1286 Meuro during 2000-2006 (Phare and national co-financing).

The main development priorities, covering the whole period of time during pre-accession, targeted the development of all types of infrastructure, and the improvement of the business environment (including business support structures – industrial parks, business centres, as well as support for the creation and development of SMEs). More specifically, Phare ESC programmes have covered:

- Improving regional infrastructure to support economic development;
- Human Resources Development;
- Developing the productive sector through support to SMEs;
- Environmental protection at regional level;
- Institutional building to support candidate countries to develop necessary structures, resources to soundly approximate the national legislation with the aquis communaitare and in the same time, to prepare for a sound and efficient management of EU Structural Funds.

The first four development priorities focus mainly on investments, whereas the fifth focuses on the capacity development of the Managing Authorities and Intermediate Bodies (as designated in the GD no. 497/2004 on the establishment of the institutional framework for coordination, implementation and management of Structural Instruments, and the GD's subsequent modifications).

The link between Phare ESC priorities and ROP' priority axes:

➢ **Improving regional infrastructure to support economic development** Phare ESC priority focused on the public investment to improve transport, business and tourism infrastructure, industrial sites rehabilitation, in order to achieve the European quality standards and for the overall improvement of the business environment in the regions. The beneficiaries of the investments under this priority are the local authorities and entrepreneurs.

Similarly with the above-mentioned priority, ROP targets local and regional transport and tourism infrastructure development, rehabilitation of industrial sites, creation and development of business support structures, by different priorities. The beneficiaries of these interventions are the same with those under Phare ESC, namely the local authorities and the entrepreneurs.

Phare ESC has also financed projects in the field of **waste management, water and nature protection infrastructure** supporting public and private investments for the improvement of

waste management and environment protection. The beneficiaries have been local authorities and companies operating in the environment protection sector.

In the next programming period, these types of activities will mainly be supported through the Environment OP. In ROP the environmental issue will be approached as a horisontal priority, all ROP interventions aiming at supporting sustainable development. Following the first stage of the Strategic Environmental Assessment several priorities have been identified as having impact on the environment, mainly positive.

- **Developing the productive sector through support to SMEs** Phare ESC priority, aimed at: supporting investments for financing new enterprises & development of existing micro enterprises, raising managerial capacity; providing access to information and specific markets with a view to diversify and improve the quality and quantity of goods and services and creating new jobs. The SMEs have been financed both through grant schemes and credit lines.

The **ROP** targets an entrepreneurship friendly climate in the local communities, **facilitating the creation of new businesses and the development of existing ones**.

- **Institutional building to support Candidate Countries to develop necessary structures, resources to soundly approximate the national legislation with the acquis communautaire and to prepare, at the same time, for a sound and efficient management of EU Structural Funds.**

This horisontal priority has focused on supporting the institutions responsible for Phare ESC funds to carry out their tasks properly, including training for the management, beneficiaries, and support for strengthening the administrative capacities. During the 2004-2006 programming period the Phare ESC Institutional Building priority concentrated on supporting Structural Funds Operational Programmes preparation [33], both at national and regional level, through training activities, exchange of experience or through training on-the-job, in order to gain the knowledge and the skills required for an effective management. The Ministry of Development, Public Works and Housing, as MA for the ROP and the Regional Development Agencies as Intermediate Bodies for ROP have been supported to carry out properly their monitoring and reporting responsibilities and to improve their capacities. The quality of the institutional building and the setting the right structures for Structural Funds implementation have been subject to Extended Decentralised Implementation System (EDIS) accreditation.

1.3.2. LESSONS LEARNED

The management and implementation of Phare and national funds contributed to acquiring positive experiences for the future management of the Structural Funds. Implementation capacities were strengthened at national, regional and local level and the monitoring skills were developed at all levels due to the fact that the actors involved had to carefully follow the implementation of projects / programmes.

[33] Except the sector-based operational programme on "Agriculture, Rural Development and Fisheries" whose Managing Authority is the Ministry of Agriculture, Forests and Rural Development, as it is prepared as part of the SAPARD programme.

Thus, the multi-annual programming Phare ESC 2004-2006 Programme facilitated an efficient planning and correlation of the activities regarding the launching, contracting and project implementation, as well as an efficient planning of resources, being a useful exercise for the management of the Structural Funds.

The experience of EDIS preparation brought an important input for establishing a proper financial control mechanism and a sound management of Structural Funds, with emphasis on setting up an adequate mechanism of supervision of delegated tasks from the Implementing Agency (MDPWH) towards Implementing Authorities (especially RDAs). The preparation for EDIS gave the institutions involved in Phare ESC programme management a basis for evaluating the gaps, by indicating the areas were improvements are needed, including the estimation of the necessary resources to adequately perform their future tasks. Thus, the RDAs have acquired the necessary experience for playing, in the near future, the role of Intermediate Bodies for ROP implementation. In this context it should be mentioned that the previous Phare ESC experience proved it valuable in terms of estimating the needed resources for financing activities delegated to the IBs by the MA. Moreover, the experience of MEI and RDAs in managing almost one third from the total budget allocated through Phare ESC during pre accession stage (total amount allocated for the 7 years of financial assistance granted through Phare ESC – from 2000 to 2006) led to the achievement of the basic requirements for an efficient implementation of regional policy: strengthening the administrative capacity of involved institutions, including the strengthened cooperation between national and local, governmental and academic, social partners levels.

The beneficiaries learned to identify non-reimbursable financing sources and to design projects, being aware of the availability of important amounts, contributing thus to the overall social and economic development. These positive aspects can be noticed in the implementation of both national and Phare funded programmes.

Investments grant schemes in small infrastructure highlighted the local authorities' capacity to elaborate terms of reference and adequate calls for proposals documents as well as to manage restricted timeframe. At the same time they offered the local authorities the opportunity to quantify the needs for training on public procurement and for preparing calls for proposals documents, through programs financed under the state budget, as a transition period.

However, the **main weak points** identified in the implementation of projects financed either under Phare financial assistance or national programmes relate mainly to timing, procurement rules, ensuring co-financing, correlation of investments foreseen by the projects, and matching differences between Phare rules and national legislation.

The problems appeared mainly in the implementation of the infrastructure projects financed under Phare ESC and were due to the low quality of the technical projects and to the discrepancies between the Romanian legislation on constructions – civil engineering, FIDIC and Phare regulations but also to the beneficiaries' capacity of co-financing the projects.

The above mentioned aspects have been analysed and taken into account for the 2007-2013 programming period, as follows:

- The introduction of the evaluation of the technical projects into the evaluation and selection stage, performed by independent specialized evaluators;

- The support to beneficiaries in the implementation on projects through pre-financing mechanism;
- The amendment of the national legislation in constructions – civil engineering;
- The organization of active training sessions for beneficiaries in order to develop mature and viable projects.

Considering the low involvement of academic stakeholders, business environment, social partners in the programming and implementation of Phare type of financial assistance and the need to strengthen this partnership as a strong basis for ensuring high absorption capacity, in the implementation process of ROP, a coordination mechanism of interventions at regional level is foreseen. This mechanism includes the evaluation of strategic compliance of proposed projects by a regional strategic evaluation committee, which is to be established based on the partnership principle.

COMPARATIVE TABLE BETWEEN FORESEEN INVESTMENTS UNDER ROP AND FINANCED INVESTMENTS UNDER PHARE ESC AND NATIONAL PROGRAMMES

REGIONAL OPERATIONAL PROGRAMME 4,536 Meuro (ERDF+cofin)	PHARE ESC 2000-2006 1286 Meuro (Phare+cofin)	NATIONAL FUNDED PROGRAMMES 2000-2005 79.962 Meuro
Priority axis 1: Support to sustainable development of urban growth poles	161.840 Meuro	
Integrated urban development plans		
SOP Environment	Infrastructure for waste and water management and nature protection - SAMTID (for associations of towns and communes or villages in the same area) 161.840 Meuro	
Priority axis 2: Improvement of regional and local transport infrastructure	Development of regional and local infrastructure 468.971 Meuro	
Rehabilitation and modernization of county roads and urban streets network – including construction /rehabilitation of ring roads	Regional and local infrastructure (roads infrastructure) 468.971 Meuro	-
Priority axis 3: Improvement of social infrastructure	Social Infrastructure (health, education, social services) 340.410 Meuro	
Rehabilitation, modernization, development and equipping of pre–university, university education and continuous vocational training infrastructure	Initial professional formation infrastructure (TVET) 195.563 Meuro – multi-annual programme 2001-2003 to modernise 100 schools and 11 resource centre in the 11 priority area. - multi-annual programme 2004-2006 to modernise 150 schools in small and medium towns and rural area. The two programmes consisted in refurbishment of schools; rehabilitate schools workshops, endowment with IT and specialised equipments.	-
Rehabilitation, modernization and equipping of the health services' infrastructure		-
Rehabilitation, modernization, development and equipping of social services infrastructure	Social Infrastructure 15.790 Meuro Support for investments in social centres, rehabilitation centres, equip and rehabilitate centres for elderly persons and emergency centres.	Investments in social services (under GD 93/2003) – 13.029 Meuro Development of the capacity of social assistance. The programme mainly addressed local and county counties in cooperation with local nongovernmental bodies and other public

REGIONAL OPERATIONAL PROGRAMME	PHARE ESC 2000-2006	NATIONAL FUNDED PROGRAMMES 2000-2005
		institutions on partnership basis.
Improving the equipments of the operational units for public safety interventions in emergency situations	-	-
	Active measures for employment and professional formation 89.510 Meuro This financing scheme aims at supporting investments in qualifying and requalifying labour force, strengthening active measures for labour force employment, as instrument for increasing employment rate.	-
	Fighting social exclusion and support for social services 39.547 Meuro Aims at promoting social inclusion for disadvantaged categories; capacity development of the social assistance system, strengthening the local administration capacities in order to build partnerships in the area of social services	-
Priority axis 4: Strengthening the regional and local business environment	Regional and local business infrastructure 104.411 Meuro	
Development of sustainable business support structures of regional and local importance	Regional and local business infrastructure (industrial parks, business centres) 71.579 Meuro	-
Rehabilitation of unused polluted industrial sites and preparation for new activities	Industrial sites rehabilitation	-
Support the development of micro-enterprises	Support for SMEs 32.832 Meuro - investments for financing new enterprises & development of existing micro enterprises - raise the managerial capacity - access to information and specific markets with a view to diversify and improve the quality and quantity of goods and services - creation of new jobs.	Business development programme (under GD 520/2000 – SMEs grant scheme) – 1.750 Meuro The objective was to stimulate job creation or alternatives for employment
		Support for SMEs and job creation grant scheme programme (under GD 521/2000) – 5.228 Meuro The main objective of this programmes was to stimulate job creation or alternatives for employment

REGIONAL OPERATIONAL PROGRAMME	PHARE ESC 2000-2006	NATIONAL FUNDED PROGRAMMES 2000-2005
		Developing the towns by stimulating SMEs (under GD 322/2003) - 7.738 Meuro SMEs supported to implement their business plans , including: purchase equipments and to rehabilitate buildings to develop production or service activities.
		Development of the North East Region, and of the Counties: Hunedoara, Alba, Tulcea, Giurgiu, Caras Severin – grant schemes (under GO 1116/2001) – 21.883 Meuro supporting business initiatives of firms with Romanian private capital, for launching and developing productive activities in the mentioned areas. The objectives aimed at creating new jobs, creating new added value and high quality goods and services, increase private investments
Priority axis 5: Sustainable development and promotion of tourism	Tourism infrastructure rehabilitation	
Restoration and sustainable valorization of cultural heritage, setting up and modernization of related infrastructure	Rehabilitation and development of tourism related infrastructure including - leisure facilities - historical/ cultural infrastructure - transport links to such facilities - increase the attractiveness of the areas with natural spa potential	Investments in tourism programme (under GD 1307/2004) – 7.556 Meuro SMEs in 76 resorts of national and local interest supported to implement their business plans, including: purchasing goods, modernizing / rehabilitating buildings of touristic / spa / treatment / leisure infrastructure.
Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services		
Promoting the tourism potential and setting-up the needed infrastructure in order to increase Romania's attractivity as tourism destination		
Priority axis 6: Technical assistance	168.819 Meuro	

REGIONAL OPERATIONAL PROGRAMME	PHARE ESC 2000-2006	NATIONAL FUNDED PROGRAMMES 2000-2005
Support for the implementation, overall management and evaluation of the ROP Support for the publicity and information activities of the ROP	Project pipeline preparation for ROP regional infrastructure19.000 Meuro	Project pipeline preparation for ROP under GO 811/2006 – 22.778 Meuro 89 projects from the Phare reserve list (which were not financed because of limited budget) will be technically prepared under TA for ROP
	Institutional Building 149.819 Meuro The 2000-2004 period includes support for project preparation for regional infrastructure funded by Phare and project pipeline for investments under Environment, Transport and Human Resources OP	
-	Information, project selection and site-supervision for infrastructure projects.	-

2. SWOT ANALYSIS

STRENGTHS	WEAKNESSES
• Well educated workforce, especially in those regions with traditional university centers (W, BI, C, NW) • Dense urban network, especially in Centre (51 towns) and South (43 towns) Regions • The proximity to western markets as a factor spurring growth in the West • FDI investments concentrated around Bucharest (SE, BI) spilling over growth in neighboring areas • Diversified tourism resources in all the regions including cultural towns, spa, itinerant tourism, winter and extreme sports in all Regions • Relatively balanced distribution of public roads network across the Regions	• Reduced activity rates in certain parts of the Country • High dependency on agriculture in most of the regions, especially in NE, S and SW • Signs of increasing socio economic disparities in traditionally underdeveloped parts of the Country • Deteriorated / unmodernised public social infrastructure (health, social services infrastructure, education) • Massive temporary migration abroad from areas experiencing industrial decline and over dependence on agriculture • Reduced accessibility to the national / European transport network of most regions because of the lack of maintenance of county roads. • Loss of urban functions in many small and medium towns • Business infrastructure underdeveloped and not balanced distributed across the Country • Underdeveloped microbusiness sectors in certain parts of the Country • Underdeveloped service and trade sectors due to lack of critical mass of demand in many urban areas • Large cities increasingly experiencing congestion • Lack of modern urban infrastructure (water, sewerage, modernized roads, public lighting) negatively affecting appeal to external investors
OPPORTUNITIES	**THREATS**
• Large FDI inflows • Low wages, as compared to EU countries • Transition towards a service-based economy • Important unexploited tourism resourses in all Regions • Membership of the EU creating a common market along the Danube • Romanians who developed entrepreneurial and technical skills abroad returning to	• Ageing and decreasing population • Risk of depopulation in some urban areas • Local authorities insufficient planning capacity • Failure of local authorities to attract funds for ensuring the co-financing of the large infrastructure projects • The inconsistency of the fiscal mechanism with the decentralization process regarding the responsibilities of

their home towns • Adequate valorisation of the geographical position as transit point in the European transport networks	local authorities • Wage convergence • An exceedingly speculative housing market diminishing resources for productive investment • The poorest Romanian regions are located at the EU external borders.

3. STRATEGY

The strategy builds on the analysis and reflects the Regional Development Policy of Romania, according to the Regional Development Law (Law 315/2004) and the process of decentralisation, as detailed in the Framework Law regarding Decentralisation 339/2004 and other relevant laws. The strategy also takes into consideration the provisions of the Community Strategic Guidelines for the 2007 – 2013 period, the Lisbon Agenda, particularly regarding preconditions for growth and also the EU Territorial Agenda, regarding support for a balanced territorial development. The strategy was prepared following a bottom up/top down approach, meaning that it was elaborated on the basis of the Development Strategies of the Regions, drawn-up at regional level, in wide partnership working groups, but it also has to take realistically into consideration the limited availability of strategic planning and financing capacity at the local level, particularly in the least developed areas and therefore mainly envisages local leadership at the project level and central supervision on overall programme coherence.

The ROP strategy is in line with the NSRF provisions, contributing to the achievement of its global objective, related to reducing the social and economic development disparities between Romania and the other EU Member States. The Regional Operational Programme addresses all the five priorities of the NSRF being connected with most of the development issues envisaged therein. In comparison with EU 27, the Romanian Regions are all among the least–developed, and for reaching theconvergence with the other Member States' Regions, large amounts of resources need to be efficiently invested, both timely and spatially. At the same time ROP 2007-2013 aims to take the Romanian regions forward towards a balanced territorial development, building upon the work already undertaken by pre - accession programmes.

Rationale

The ROP strategy derives from key regional/local development obstacles and weaknesses identified in the national regional socio-economic analysis and the eight specific regional analyses, namely:

- The increasing concentration of FDI-led growth in the areas around Bucharest, leading to the increase in the disparities between Bucharest-Ilfov Region and the other seven Regions and to the congestion problems of the capital city;
- Socio-economic decline of many regional urban centers and the diminishing of their role in the surrounding areas and Regions' development;
- The loss of urban functions of many small and medium towns, especially of the mono industrial ones, generated by industrial restructuring; this loss of function is commonly associated with social problems;
- The re-emergence of the historical unbalanced development between the Eastern and the Western part of the country due to reorientation of trade flows and access to Western Markets, but also the difficulties the Western part seems to have in connecting with globalised markets outside Europe;
- The increasing economic decoupling of chronically under-developed areas in the North of the Country and alongside the Danube River;
- The existence of entire parts of the Country whose development prospects are hindered by lack of labour force and a massive "temporary" migration phenomenon;

- The key importance of accessibility as a precondition for any local development
- A declining and ageing population and a high dependency ratio, resulting in a growing demand for health and social services;
- The possible emergence of economic stagnation in isolated mountainous areas;
- The weak competitiveness of many businesses, particularly in the tourism sector, with low labor productivity, lack of capital investment, lack of management skills, low use of modern technology and machinery;
- The poor quality of public infrastructure (including road, health, social and education infrastructure), obsolete urban public utilities and failure to maintain historical and cultural assets;
- The limited experience Romanian local authorities have in the management of the regional/local development programmes.

It is evident that the solution to many of these problems depends on factors largely outside the influence of ROP, such as productivity in the primary sector, overall industrial competitiveness, the existence of well functioning national transport corridors, properly trained human resources and adequate administrative capacity. What the ROP will aim to do is to create the right conditions so that the above-mentioned factors could exert the highest possible impact at the local level. This will require a very flexible approach, as development problems substantially differ also within the regions, and in a number of cases are very fluid and open to reversal, as they are not as chronic, as those existing in longer established market economies.

Moreover, accession to the European Union and the accession process and political stabilisation in the former Yugoslavia gives Romania the historical opportunity of no longer considering the Danube as a border hindering trade but as a waterway to create trade opportunities and favour the mobility of people, as the river can be used not only as a link to Western Europe and Serbia but as an instrument to "bring the Sea" into the Country, as well as further fostering the opportunities opened by both the internal market and the globalisation process thereby opening the economies of riverine counties suffering from historical locational decoupling. On the negative size some parts of the Country will find themselves at the EU borders and will therefore suffer from even increased marginality and require specific increased support and dedicated EU cross-border instruments and neighbourhood strategy to avoid further decoupling.

The increasing mobility of labour that will inevitably result from the accession and the resulting convergence of wages will emphasize the role played by the availability and quality of infrastructure (including most importantly social infrastructure) as key FDI-attraction enabling conditions. Here a number of areas in Romania will have to recover from the consequences of massive underinvestment in public services if they want to have a chance to compete in increasingly mobile international markets The need to avoid further temporary migration and on the contrary the opportunities opened by the possibility of re-attracting skilled labour force and small entrepreneurs who have developed their activities is one of the key strategic options the Country has to complement dependence of FDI with an indigenous virtuous circle of entrepreneurship creation, capital formation, and local private investment.

In order to solve the identified key local development obstacles and weaknesses the ROP will build on the strengths and opportunities identified in the analyses, namely:

- Urban growth areas with growing numbers of SMEs, and increasing private investment including foreign investment.
- The access to the trans-European networks and national corridors.
- University centres with growing potential for research and development activities.
- High potential for tourism development, national and international, in all regions.
- A developing, highly skilled, relatively cheap and flexible workforce.

The ROP strategic vision for balanced territorial development is therefore based on the following points:

- the key importance of urban development especially of polycentric urban systems to stimulate a balanced territorial development of the Regions;
- the promotion of higher urban functions as a way to create enough critical mass to spur sufficient self-sustaining demand for services to support the Country towards more post-industrial activities;
- a bottom up approach tailored to and respectful of local development needs not only at the regional but also, and even most importantly, at the sub-regional level where development trends take place;
- a focus on the preconditions for growth in terms of locally /regionally available infrastructure;
- the priority given to accessibility including mountainous areas and, whenever relevant, congested urban areas;
- the emphasis given to the need to attract Romanians back to the regions they left as a tool to induce growth, thereby reversing the human capital loss experienced in the last few years and avoid further economic decoupling of regions lagging behind;
- the valorization of the historical territorial development opportunities opened by membership of the European Union and remedial actions to cope with the negative side effects;
- the full valorization of local resources for growth, including local tourism potential.

The strategy of ROP is to mobilize resources and activate local potentials that could have the highest possible direct influence on regional and local development, by:

- Developing regional/local urban growth poles by adopting a polycentric regional development approach and improving the links between rural and urban areas;
- Increasing accessibility within Regions and particularly the accessibility of urban centers and their connection to surrounding areas;
- Supporting the development of social and economic infrastructure on the basis of regional needs, to facilitate the achievement of a balanced territorial development;
- Improving the business environment and Regions' competitiveness as business locations;
- Capitalizing the Regions' tourism potential.

The strategy represents a coherent and effective response to the identified weaknesses, based on regional & local potentials, in order to achieve both the EU' priorities and those of the NDP and the NSRF.

Concentration

The investments needs are likely to be far greater than the resources that will be available to the ROP in the 2007-2013 period. It follows that potential interventions under the ROP need to be carefully prioritised and concentrated in order to maximise their contribution to the long-term development of the Romanian Regions. This will be done according to the following principles:

- The fit of projects to the Regional Development Plans;
- The priority given to projects following consultation with the Regions on the relevant national sectoral development strategies;
- The priority given to projects set up for regional/local growth poles located especially in regions and counties with lower level of development
- Prioritization based on comparison of the sub-regional areas needs;
- Prioritization of the facilities or units requiring improvement, based on the comparison between them ;
- The potential for ensuring sustainability of the projects and where is the case, the maintenance;
- The potential for synergy between the intervention and other ROP interventions (there could for instance be synergy between a university development and a business park or hospital development in the same area);
- The potential for synergy between ROP intervention and Sectoral OP interventions (the benefits of an urban development scheme could be enhanced by a national road improvement which improves access to a town or city);
- The extent to which ROP intervention will capitalise on the specific economic development opportunities offered by the Region (these may be for tourism development of a particular kind, or the development of a particular economic sector, related to the natural advantages or the location of the area).

3.1. OBJECTIVES

Strategic Objective

The overall objective of the ROP in coherence with the socio-economic and SWOT analysis, and the strategy outlined before is defined as follows.

The ROP strategic objective consists in supporting the economic, social, territorially balanced and sustainable development of the Romanian Regions, according to their specific needs and resources, focusing on urban growth poles, improving the business environment and basic infrastructure, in order to make the Romanian Regions, especially the ones lagging behind, more attractive places to live, visit, invest in and work.

This objective will be achieved through a differentiated financial allocation by Regions, according to their level of development and in close coordination with the actions implemented by other Operational Programmes. The coordination will be achieved at

programme level through a clear definition of intervention areas under different programmes and projects, using comparable selection criteria and coordinated decision-making process.

The strategy will give priority to the Regions lagging behind and to the areas suffering the most serious infrastructural deficits and needing special public support to cope with the negative consequences of development trends. At the same time a special focus will be given to supporting urban growth poles, which can contribute to a polycentric development of the Romanian territory.

The Regional Operational Programme will be implemented based on an integrated, central coordinated management approach, in order to ensure the achievement of ROP strategic objectives concerning the development of the lagging behind regions and areas of the country, so that to diminish the increasing of the interregional disparities.

At a programme level, as stated in the ex-ante evaluation, it is not easy to define the impact of this strategic objective in quantitative terms for the programme as a whole and for the regions in particular. Whilst the ROP will directly address economic growth by improving the business environment, and thus lead to sustainable job creation, many of the activities are needed to remedy years of under investment and the decline of the economic infrastructure. The ex-ante evaluation states that on the basis of an analysis made on the EU accession effects using a Multi-regional I-O Model in 2005 it was concluded that, taking the financial package for 2007-2009 into account, the EU accession for Romania will lead to large positive effects which will vary strongly from region to region depending on the distribution of the available resources.

The strategic objective of the ROP is therefore targeted towards:

- The creation of 15,000 new jobs by the end of 2015.
- Maintaining of the interregional disparities in terms of GDP per inhabitant.

Specific Objectives

In order to accomplish the strategic objective of ROP, the following specific objectives have been established :

- To increase the economic and social role of urban centers, adopting a polycentric approach, in order to stimulate a more balanced development of regions
- To increase accessibility within regions and in particular the accessibility of urban centers and their connection to surrounding areas;
- To increase the quality of social infrastructure of regions;
- To increase the competitiveness of regions as business locations;
- To increase the contribution of tourism to the development of regions.

It is expected that the implementation of this programme will create better conditions for the economic and social balanced territorial development of all Romanian Regions and for urban growth poles able to spread the development.

The aim of ROP is to achieve the strategic objective and the specific objectives by complementing the national sectoral interventions with specific regional and subregional actions, in order to support and generate economic sustainable growth. Through a better coordination, the complementarity of regional and sectoral actions as well as a synergic effect will be achieved.

The ROP will support the promotion of actions, which will improve safety standards, reduce the adverse effects on the environment, mitigate climate change, safeguard transport infrastructures from natural disasters, as well as eliminate dangerous black spots. While individual actions (road improvements) may inevitably tend to increase output of greenhouse gases, other interventions (improvement of public transport, modernization of production facilities, elimination of transport bottlenecks) may tend to reduce them, and the overall impact of the ROP will be to reduce the energy consumption and gas emissions causing climate change, by using best available techniques.

3.2 PRIORITY AXES

The balanced development of all country's Regions will be achieved through an integrated approach, based on a combination of public investments in the local infrastructure, active policies to stimulate business activities and support for the valorization of the local resources, by the following priority axes:

- Support to sustainable development of urban growth poles
- Improvement of regional and local transport infrastructure
- Improvement of social infrastructure
- Strengthening the regional and local business environment
- Sustainable development and promotion of tourism
- Technical assistance

3.2.1. Priority Axis 1: Support to sustainable development of urban growth poles

Objectives

This priority axis aims to increase the quality of life and to create new jobs in cities, by rehabilitating the urban infrastructure, improving services, including social services, as well as by developing business support structures and entrepreneurship.

In order to contribute to a balanced territorial development of the country and to avoid the increasing internal disparities, investments will be concentrated in those cities which act as regional and / or local growth poles and spread the development into the surrounding areas, giving priority to growth poles located in regions and counties with lower level of development in terms of GDP and unemployment.

Rationale

The concentration of the population and economic and cultural activity in towns and cities, along with the role of cities as transport nodes justifies the concentration of investment in

physical regeneration, the improvement of entrepreneurship, the environment and social services in the urban centers.

Therefore, it is essential to support the **local urban growth poles** in order to perform their urban functions, especially those urban centres, which have intense connections with and influence the development of the surrounding rural areas. At the same time, the Regions' development level is directly influenced by the development of larger cities, due to the diversity of advanced/ complex functions fulfilled by them, acting as **regional urban growth poles**. The revitalization of some neighbourhoods (districts) with socio-economic and environmental problems within large urban centres must be tackled, in order to prevent a worsening situation or diminishing their functions.

Economic changes which occurred in Romania after 1990 were reflected, among others, in a process of industrial restructuring, which led to a decline of economic activities in the affected urban centers and, as a consequence, to a dismissal of a great number of employees. Consequently, there has been registered a decrease in the population's incomes, a reduction in public investment in basic infrastructure and a worsening of social environment within the urban centers. All these have been reflected in a deterioration of the quality of life of the population in urban areas.

The most affected areas are the small and medium sized urban centers, often mono-industrial, where the decline of the main enterprise generated a diminishing of the urban functions and even tendencies towards ruralization. In the case of the large urban centers or those with a more diversified economic structure, the closure of an enterprise led to an increase in socio-economic disparities between the area where this was located and the other areas of the city. Thus, this declining area added to the others characterized by physic, economic and social degradation increased the disparities within cities and affected their attractiveness and competitiveness.

Taking into consideration the present situation of the Romanian towns and cities, it is envisaged that funds allocated to urban development be spent as follows: 60% for urban public infrastructure, 25% for social infrastructure and 15% for business environment.

In this context, the integrated urban development and regeneration plans will contribute to the achievement of specific objective of ROP, namely increasing the economic and social role of urban centers, adopting a polycentric approach, in order to have a more balanced development of regions, in compliance with the objectives of the National Strategy for Regional Development and the National Strategic Reference Framework, and also with the Community Strategic Guidelines for the programming period 2007-2013.

Key Area of Intervention

- Integrated urban development plans

Integrated urban development plans

Previous EU experiences (URBAN I and URBAN II) have shown that an integrated approach to economic, social and environment problems within the deprived urban areas proved a successful mean of solving them and achieving a sustainable urban development. This

approach consisted in simultaneous support for the physical renovation of the urban environment, for the rehabilitation of basic infrastructure, and also for actions concerning economic development, increasing competitiveness and employment, integration of ethnic groups, taking into account environmental protection.

The advantage of this integrated approach consists in the possibility of solving simultaneously many inter-dependent problems, which affect both the urban center and its surrounding areas. For this reason, under this priority axis there will be financed medium and long-term integrated urban development plans aiming to the regeneration of urban areas ("urban action zones"), geographically delimited within urban centers. The implementation of these integrated plans will have an impact, not only on the development of towns and cities but also on the surrounding areas. These integrated planes will be implemented through projects for the rehabilitation of deprived urban infrastructure, development of entrepreneurships and employment and rehabilitation of social infrastructure and improvement of social services.

Local public administration along with all other participants involved in urban development should cooperate together and draw up coherent, participative, integrated and sustainable plans for tackling social, economic, and environmental problems which are becoming increasingly serious in towns and cities of the country; and also for the increasing of attractiveness and the improvement of the quality of life in towns and cities. The involvement of citizens and local players in the elaboration of integrated urban development planes is a precondition for ensuring the sustainability of these integrated plans.

The integrated urban development plans should be implemented by projects addressing the following issues:

- Rehabilitation of the urban infrastructure and improvement of urban services, including urban transport
- Development of sustainable business environment
- Rehabilitation of social infrastructure, including social housing and improvement of social services

Cross-financing (as defined in art. 34(2) of the Council Regulation No. 1083/2006) may be used within this priority axis, if needed.

The financing of integrated urban development plans may also involve different types of financial engineering instruments (JESSICA).

Rehabilitation of the urban infrastructure and improvement of urban services, including urban transport

Physical regeneration of city centers and public spaces is particularly important for improving the inhabitant's quality of life and stimulating the establishment of new economic activity.

Certain urban areas have obsolete infrastructures that barely satisfy the population's needs. This is reflected in the life quality of inhabitants and discourages the location of the economic activities in those areas. This is clearly reflected in the outskirts of towns and in old, central parts of cities, where buildings of great historical and cultural value are abandoned or / in an

advanced phase of degradation. These areas also register a high level of deteriorated public spaces: streets in poor condition, incomplete and /or inadequate street lighting, reduced surface of parks and leisure areas, etc.

For the physical regeneration of deprived urban areas will be supported activities for the completion and/or renovation of obsolete buildings (and their preparation for new economic and social activities), the rehabilitation of historical and cultural heritage, the demolition of badly deteriorated buildings and/or structures, which don't belong to the national cultural heritage.

Other type of activities necessary for the regeneration of deprived urban areas are the development and/or rehabilitation of urban public infrastructure and utilities, namely rehabilitation of urban streets, including related infrastructures and renovation of public spaces and different type of urban infrastructure (pedestrian zones, pavements, public lighting, etc.).

Through integrated urban development plans will also be rehabilitated unused polluted sites (abandoned industrial sites, unused lands) and prepared for new uses, which will determine the increase of the quality of life for people in the deprived urban areas.

Due to the increasing traffic in towns and cities of Romania it is important to finance investments in urban public transport friendly environmental as well as the use of alternative forms of transport like cycling, walking etc.

Development of sustainable business environment

In order to ensure the sustainability of integrated urban development plans, it will be supported the development of entrepreneurship for stimulating economic activities and the creation of new jobs that will have an impact on increasing the competitiveness of deprived urban areas, taking into consideration that the cities' authorities as project beneficiaries, know the best (based on the cooperation with the local stakeholders), which are the types of economic activities necessary and adequate for capitalizing local resources. Ensuring the sustainability of urban areas' regeneration implies the support of entrepreneurial activities by creation and / or rehabilitation of different business infrastructures.

Rehabilitation of social infrastructure, including social housing and the improvement of social services

In order to satisfy the growing demand for housing, multi-family housing was built during the 70's and 80's in most cities and towns. The lack of further investments caused a degradation of this multi-family housing so that currently they are characterized by severe degradation, including high energy loss, which adversely affects the population's health. The activities to be caried out under this area of intervention will encompass those included in the art. 47 of Council Regulation No.1828/2006.

It is the responsibility of the public sector to satisfy specific social needs. Meeting these needs has also proved to be a major source of employment and life quality enhancement, as well as a real help in achieving equal opportunities for both men and women, by providing services that help them combine their professional and family duties.

Activities supported for the rehabilitation of social infrastructure and improvement of social services will aim at the rehabilitation of social infrastructure (child-care centres, old people's homes, centres providing assistance to disabled persons, youth centres etc), and acquisition of equipments for increasing security and preventing crimes (surveillance systems, etc).

Quantified objectives - Indicators

Indicator	Unit	Baseline	Baseline Year	Source	Target (2015)
OUTPUT					
Integrated urban development plans implemented	No	-	-	ROP Monitoring System - SMIS	30
Projects ensuring sustainability and improving urban public infrastructure within the integrated urban plans, in total budget allocated	%	-	-	ROP Monitoring System - SMIS	60
Projects promoting businesses and entrepreneurship within the integrated urban plans, in total budget allocated	%	-	-	ROP Monitoring System - SMIS	15
Projects offering services to promote equal opportunities and social inclusion within the integrated urban plans, in total budget allocated	%	-	-	ROP Monitoring System - SMIS	25
Inhabitants benefiting from the implementation of integrated urban development plans	No	-	-	ROP Monitoring System - SMIS	400,000
RESULT					
Companies established in the "urban action zones"	No	-	-	Survey	400
Jobs created / saved in "urban action zones"	No	-	-	Survey	1,500

3.2.2. Priority Axis 2: Improvement of regional and local transport infrastructure

Objective

This priority axis aims to increase the accessibility of the Regions and the mobility of population, goods and services, in order to foster sustainable economic development.

Rationale

The changes, which have occurred within the structure of Romanian economy, the process of its European integration and implicitly, access to EU markets, has strongly modified the trend of commodities and passengers flows, generating a constant increase of their volume. European standards concerning the quality of the transport networks have increased, through introducing tough environmental protection regulations.

The fields covered by this priority axis play a very important role in the regions' economy, since they represent basic conditions for Regions' and counties' development. The existence

of transport infrastructure is essential for the achievement of Lisbon Strategy objective regarding economic growth and employment. Transport network is a vital factor for the location of companies, development of business environment and tourism as well as for the achievement of territorial cohesion in Europe.

Investments in transport infrastructure will facilitate population and goods mobility, the reducing of the commodities and passengers transport costs, the improvement of access to the regional markets, the increasing of economic efficiency, saving time and energy, setting-up conditions for the extension of commercial flows and implicitly, of productive investments.

The development of transport network will also facilitate inter-regional cooperation and will significantly contribute to the increase enterprises/companies competitiveness and labor force mobility, and, as a consequence, in a faster development of Romania as a whole, but also of each of its Region. In developing the urban transport network due account will be made of the existing public transport structure to ensure wherever possible improvements to road infrastructure which will also result in a more efficient use of public transport.

Taking into account their specific needs and development level, with an insufficient and less competitive transport infrastructure, inadequate for European Union market requirements, but also for the current globalization stage, it is expected that the profitability and the added value of investment in infrastructure will increase.

This priority axis contributes to the accomplishment of the objectives identified in the National Strategy for Regional Development and is in line with the Community Strategic Guidelines of the Cohesion policy, which foresee the necessity to improve the regions' accessibility and attractiveness.

Key Area of Intervention

- Rehabilitation and modernization of the county roads and urban streets network- including construction/rehabilitation of ring roads

Rehabilitation and modernization of county roads and urban streets network - including construction/rehabilitation of ring roads

The connection of the county roads to the national and TEN-T networks, envisaged by ROP, generates consequences for regional development, by attracting areas with deficient structural development to the economic activities circuit. In this sense, investments will be focused especially in those areas where the topographic characteristics of natural environment and historical and economic evolutions impeded an adequate development of the transport infrastructure. This road network will contribute, in the medium term, to the increase of capital flows, of labor force mobility, of accessibility towards and within the country, generating its sustainable development, and obviously, contributing to the creation of new opportunities for jobs, including rural areas.

Taking into account the increasing urban traffic congestions it is necessary to rehabilitate and modernize the urban street network in order to avoid excessive traffic concentration, shorten the distances between the urban functional areas, as well as elimination of the bothellnecks in

the main access points to the city by supporting urban streets projects which connect towns/cities thoroughfares to the national crossing roads network (category I streets), functional areas to residential ones (category II streets), as well as functional and residential areas to connecting streets and/or to towns/cities thoroughfares (category III streets).

The rehabilitation and the modernization of urban streets as well as the construction, rehabilitation and the modernization of ring/roads (with county road status) will ensure fluent urban traffic, reduce journey time, eliminate bottlenecks and ensure the safe crossing of localities.

The increase of deaths and injuries in car accidents (over 4,500 traffic accidents, with around 1,650 deceased and 3,800 injured persons in 2005) is caused both by the rapid increase in the use of cars, and by the poor quality of roads – due to the limited funds allocated for the road maintenance -, and also the insufficient number of safety areas on public roads as well as the traffic monitoring systems. Another cause is the lack or the poor quality of pedestrian areas and of cycle-paths, which forces both pedestrians and cyclists to use the main road, intended for vehicles.

Indicative operations will focus on:

- Rehabilitation and modernization of the county road network
- Rehabilitation and modernization of the urban streets network
- Construction/ rehabilitation/ modernization of ring roads (with county road status) in order to eliminate the road bottlenecks and to ensure the safe crossing of localities

Quantified objectives - indicators

Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
OUTPUT					
Length of rehabilitated/ modernized county road	Km	-	-	ROP Monitoring System - SMIS	877
Length of rehabilitated/ modernized urban streets	Km	-	-	ROP Monitoring System- SMIS	411
Length of rehabilitated /constructed by-passes	Km	-	-	ROP Monitoring System- SMIS	219
RESULT					
Increase passangers and freight traffic on the rehabilitated, constructed, modernized roads	%	-	-	Surveys	10

3.2.3. Priority Axis 3: Improvement of social infrastructure

Objective

This priority axis aims to create the premises for better access of the population to essential services, contributing to the achievement of the European objective of economic and social

cohesion, by improving infrastructure for health, education, social and public safety in emergency situations.

Rationale

Regional economic development is influenced and depends on the quality of the health, educational, social, and public safety for emergency situation services provided to the population. Therefore, infrastructure investment under ROP targets the improvement of the quality and the upgrading of these services to European standards. This will result in a positive effect on the health of population, qualification level, and participation in the labour market. Consequently, all these investments will contribute to increasing the Regions' attractiveness.

Romania's national strategies in the fields of health, social services, interventions in emergency situations and education, are in line with "The Community Strategic Guidelines on Cohesion for 2007-2013", which foresee the need to reduce disparities in the quality and access to health care and social services at regional level, as well as the need for action to improve the quality and efficiency of the educational and training system. At the same time, the existence of these types of infrastructure fulfilling the minimum quality standards in the field is a precondition for the achievement of Lisbon's economic growth and employment objective.

The health status of the population is determined by genetic, economic, social, cultural and environment factors which influence the economic context in which a country develops. In Romania, high poverty and under-employment rates, as well as social exclusion has led to an average life expectancy ranking six years below the European average.

The access to health care and social services has been and continues to be difficult, their quality being situated under the standards in the field. Poor hospital infrastructure and the unbalanced distribution of equipments at regional level determine the population to go to long distance localities for medical consultations/ care. The cost of health care services outside the social insurance system has increased continuously while the quality of medical service provided under this social assistance system has deteriorated. All these factors hinder access to quality health services. In this context, the Law for reform in the health sector aims to improve the efficiency of medical care assistance in order to ensure quality standards in the provision of services, so as to improve participation in the labour market. Therefore, it is necessary to improve the infrastructure of the buildings where health care services are provided, as well as to replace overused medical equipments, in line with quality standards.

Apart from public institutions, also social economy organisations are service suppliers in social fields.

Romania's social services system is insufficiently developed and poor infrastructure has led to deterioration in the performance of social services assistance at the level of each region. Social services at local level have to satisfy the needs of all disadvantaged groups, and it is the local level, which represents the main actor in solving, in an integrated manner, the problems of vulnerable social groups at community level. The national strategy for social services (elaborated in 2004) proposes a reorganization of the system, which was previously targeted on providing assistance after the effects of social exclusion were present, so as to aim at

proactive interventions, raising awareness and prevention at the level of the population and of potential disadvantaged groups. Social economy entities, including social services providers will need investments in buildings' infrastructure and equipments, so as to bring them up to standards. It should be mentioned that this field of intervention will take into account the de-institutionalization principle promoted by EU and national social policy.

The system for interventions in emergency situations, including pre-hospital interventions, does not have sufficient equipment and, therefore, cannot cope with the demands in due time. In the very difficult cases, response capacity is not guaranteed, the risk being very high in the case of mass accidents, where there is need for a lot of personnel and equipment for the technical rescue interventions. All this emphasizes the fact that the population is vulnerable in the case of disasters/accidents, as a consequence of insufficient endowment for efficient and rapid interventions, increasing thus the danger of human and material losses. The national strategy in this area provides for an increase in the efficiency of these services, so that the response time for emergency situations is aligned to standards, which requires the acquisition of necessary equipment.

The achievement of the Lisbon targets emphasizes the need for highly skilled and adaptable workforce able to make effective use of the knowledge and new technologies produced. Education is a basic element in the development of an individual and of society, the educated and qualified labour force contributing to economic development. Findings available indicate that education and training represents the main contributor to the economic development and progress. There are evidences showing that investments in education and training have very high return on investment rate and the rising of educational attainment of the labour force accounts for increased economic growth rates. At the same time, the quality of educational services is influenced by learning conditions, respectively by the state and the quality of infrastructure. The long period of under - financing as well as natural catastrophes have led to an increase in the need for rehabilitation, more than the existing funds. Following extension of compulsory education from eight to ten years, the demand for and the overuse of infrastructure in high schools and technical and vocational education schools increased. The national strategy in the field of education has identified the development of preuniversity campuses (campuses for initial VET) as a solution to this problem.

The constant increase in the number of students attending tertiary education puts high pressure on the university infrastructure. Modernization of teaching classes and equipment has been partially undertaken using state budget or the universities' own resources, but this did not cover all the identified needs. The accommodation facilities were neglected the most, many of them functioning in improperly. Many of the students' hostels are rather old, and no new ones have been built during the past years. Almost one third of the students' requests to register in these hostels are rejected due to the lack of space.

As a result of poor situation, many schools became less attractive to children, being labeled as „second hand", making the qualified teachers leave. Education contributes, therefore, surprisingly, to social exclusion instead of favoring its reduction. This is why the extension and / or the rehabilitation / modernisation and provision of equipment for school infrastructure so as the children benefit from adequate learning conditions.

A qualified labour force is a precondition to economic growth and development. The ROP supports the development of human capital by investing in the infrastructure of the Centres

for Continuous Adult Vocational Training in the ownership of public institutions. Moreover, continuous training activities could be developed within the rehabilitated school units or campuses.

The provision of IT equipment for schools and campuses is extremely important as part of the key competencies of the participants to education, and of the improvement of the insertion on the labour market. Taking into account the fact that the level of IT provision is low, there is need for important investments in the field.

The **key areas of intervention** identified within this priority axis are:

- Rehabilitation, modernisation and equipping of the health services' infrastructure;
- Rehabilitation, modernization, development and equipping of social services infrastructure;
- Improving the equipments of the operational units for public safety interventions in emergency situations;
- Rehabilitation, modernization, development and equipping of pre–university, university education and continuous vocational training infrastructure.

Cross financing (as defined in art. 34(2) of the Council Regulation No. 1083/2006) may be used within this priority axis, if needed.

Rehabilitation, modernization and equipping of health services' infrastructure

The specific objective of this field of intervention is the improvement of the quality of medical care assistance and a balanced regional-territorial distribution in order to ensure equal access of the population to health services.

The national public health strategy envisages the development of a modern system for treatment and prevention, accessible to all categories of people, as well as of an efficient system for emergency situations. The infrastructure within these services is well below European standards, and the lack of a proper management and of investment has resulted in on-going process of deterioration.

In order to regain the balance between primary and secondary care services, affected by the evolution of health care system during the past years, **the development of out patient departments** - small scale health infrastructure located within or outside hospitals - plays an important part, as these ensure the prevention activities of health services, especially for patients in disadvantaged areas at particular risk (e.g. remote from County hospitals).

It is expected that the rehabilitation of out door patient departments and the provision of modern equipment for investigation, treatment, recovery and physiotherapy will replace the burden of hospital treatment, where costs are high, and solve the majority of cases. Thus, hospitalisation will be undertaken only for difficult cases, surgeries, as much as possible before the intervention day, reducing thus the present duration of hospitalisation by half.

At the same time, the location of out patient departments in hospitals or in their near area will contribute to quality treatment at a low cost, due to the equipment and high quality personnel in hospitals, and, at the same time, will ensure the security of the medical service. On the other hand, the existence of out patient departments in less accessible areas with no hospitals

may contribute to the provision of qualified medical services at community level so that patients do not have to travel for consultation and treatment. As a result, patients in disadvantaged areas, which are at particular risk, being remote from hospitals benefit also from these facilities.

In order to make the health system more efficient, capable to treat difficult urgent cases at the highest standards, the national health strategy foresees **the improvement of the hospitals' infrastructure**, both buildings and equipments. Taking into account that most of the hospital infrastructure is old (the majority of hospitals being older than 50-100 years), an evaluation of the Ministry of Public Health on the Romanian hospitals current situation identified a number of county hospitals, whose resistance structure allows for a rehabilitation and equipping process. The hospitals identified for rehabilitation under ROP, cover seven out of the eight development regions (except for Bucharest-Ilfov) and provide a wide range of services (internal medicine, paediatric, surgery, gynaecology-obstetrics, orthopaedics, intensive care, ophthalmology, rhino-laryngologists, etc., and, very important, emergency units). However, there are much more hospitals that need rehabilitation and modernization, but the studies show that the costs would be much higher than replacing them with new hospitals.

The ROP therefore supports the implementation of the national strategy aiming at increasing the efficiency of health services, by modernisation and equipping of outdoor patient departments and by supporting hospital infrastructure.

The identification, at regional level, of the hospitals and of the outdoor patient departments which need rehabilitation, modernisation and equipping, will be achieved taking into account priorities established in the National Strategy for Public Health, in the Regional Development Plans and Strategies, and in conformity with the Law for the reform in the health sector

Indicative operations will focus on:

- Rehabilitation, modernization and equipping of the county hospitals;
- Rehabilitation, modernisation, development and equipping of out patient departments (hospitals and specialized out patient).

Rehabilitation, modernization, development and equipping of social services' infrastructure

The specific objective of this area of intervention is the improvement, throughout the country, of the quality and capacity of social services infrastructure, in order to ensure equal access for all citizens.

ROP analyses have outlined the poor situation of social infrastructure and the need to invest in the rehabilitation, modernization and equipping of the buildings where social services are delivered. At the same time, the need for investment follows the setting up of minimum quality standards for social services, which need to be fulfilled by the residential social centers.

In many cases, the poor quality of infrastructure and the lack of endowments force the persons belonging to disadvantaged groups to address the social services providers in other areas, far from their homes. At the same time, this situation hinders the normal development of

activities on the labour market for two reasons: on one hand, there is not enough assistance provided to the vulnerable groups who could be reinserted in the labour market; on the other hand, active persons who, in their families, have dependants, occupy a lot of their time taking care of them, but in an insufficient and unqualified manner, with consequences both on the disabled who do not benefit from continuous care and on the quality of work and life of the persons having disabled in their families, or of single persons who take care of minors. The improvement and diversification of social services provided by multifunctional and residential social centers could contribute to the relieving of active members in the families from the care of dependants during working hours and to the improvement of the quality of work and the life of active and dependent people.

Social centers with multifunctional purpose can cover a wide span of services, with the aim of helping persons in difficulty, starting with their acceptance in the centre, up to the solving of the specific problems they are confronted with, temporary or permanently (material, financial, cultural, juridical and administrative, relational, occupational, medical). At the same time, the organisation of workshops for the development of independent life and professional skills and abilities, and the setting up self-help activities for people in disadvantaged groups will bring a direct contribution to the development of social economy activities and thus to the decreasing of social exclusion, and in parallel the increasing of labour market accessibility.

The development of social centers will be complemented by investment in already existing residential centres, which provide for long term housing, ensuring thus a proper framework for the hosting and taking care of persons in difficulty. A special attention will be given to the Roma population.

The implementation of these types of projects will have positive results, both from a humanitarian point of view, and from the point of view of the reinsertion into the labour market of numerous persons in difficulty. All the rehabiliteted institutions will take into account the "open doors principle", so that all services provided are accessible to the vulnerable groups within the communities.

The identification at regional level of the projects for the rehabilitation, modernisation and endowment of social and residential centres will be achieved according to the priorities set in the National Strategy on Social Services, as well as to the needs identified through the county social inclusion strategies, the regional strategies and development plans.

Indicative operations will focus on:

- Rehabilitation, modernization, development and equipping of the multifunctional social centres buildings;
- Rehabilitation, modernization and equipping of the residential social centers buildings.

Improving the equipment of operational units for public safety interventions in emergency situations

The specific objective of this field of intervention is the improvement of the response capacity for emergency situations at the level of each development region through the reduction of intervention time for the qualified first aid and for emergency intervention.

The National Strategic Concept regarding the organisation of interventions for emergency situations, for the medical emergency intervention and for the qualified first aid, foresees the improvement of the capacity and the quality of public safety through the creation of eight regional bases. They will be located at regional level, in the most experienced counties in the field; where from integrated interventions will be coordinated in case of major disasters.

The Regional Operational Programme will support this strategic objective through investments in the procurement of specific equipment, for the development of the 8 regional operational bases, which will facilitate integrated interventions in case of disasters or accidents (traffic, etc.), as well as for the existing county units, according to the specific of different areas (exposed to earthquakes, floods, erosion).

It is envisaged that the development of this organisation system, along with the improvement of equipment provision will lead to an improvement in population safety and to the provision of qualified first aid in the shortest timeframe.

Indicative operations will focus on:

- Specific vehicles and other related equipments for the regional & county operational units for interventions in emergency situations.

Rehabilitation, modernisation, development and equipping of pre-university, university education and continuous vocational training infrastructure

The specific objective of this key area of intervention is to improve education infrastructure, school equipments, accommodation structures for students and the continuous vocational training centres in order to ensure initial and continuous educational process at European standards and the increased participation of the school population and of the adults in the educational process. Increased participation, resulting in improved skill levels related to the local job market, will also help to address the problem of youth unemployment.

The general state of equipment and buildings, as well as of the facilities is poor, indicating an obvious under financing of the sector. Although important amount of funds for school investments were attracted from external financing programmes, the rehabilitation needs of the educational infrastructure in Romania were not covered. As previously mentioned, natural disasters over the last ten years have increased the rehabilitation needs within educational infrastructure. A lot of schools need rehabilitation works and improvement of the endowments with educational equipment such as IT, books, furniture, etc.

The ICT equipment provision for schools is rather low and the level of ICT equipment – school pupil is different by educational levels indicating better provision in the case of higher education. It is estimated that difference will decrease as a result of the concentration of investment in the pre-university education.

In Romania (2003), compulsory education was extended from 8 to 10 years. This being the case, demand increased and the infrastructure capacity was overwhelmed. The access to education for children coming from localities with a declining economy, especially in rural areas, and vulnerable social areas (especially Roma) is very difficult, not only because of bad education infrastructure, but also due to the long distances to the nearest schools, lack of

transport means and boarding spaces near schools. The education national strategy includes also as a priority, in terms of education infrastructure, the setting up and development of the pre-university educational campuses.

These campuses are conceived as a means to integrate in the same area all activities related to the educational process (teaching, practice bases, social activities, leisure activities, etc.) by concentrating the educational buildings and services (grouping educational and support activities in certain areas). Thus, a campus includes: the school, accommodation facilities, canteen, library, and special workshops for developing practical capacities, sport rooms. These facilities could be used for both initial and continuous formation and can be adapted to meet local needs.

The analyses have outlined a need for 480 campuses to be developed. It is envisaged that ROP support the campuses focusing on initial VET, as it continues the pre-accession experience. Their nucleus will be the art and craft schools that provide qualification for the school aged population in qualifications requested by the local / regional labour market. The campuses school can also provide adult training facilities for life long learning activities, especially in rural and disadvantaged areas. They can also provide centres, which can be used by NGOs working with young unemployed people.

Some components of the campus such as the schools and apprenticeship facilities can be used not just for initial training but also for continuous training or for adult training. For better ensuring the continuous development of adult population, training centres will be also financed. The financing of these centres and campuses complements the specific ESF actions implemented through the Human Resources Development Operational Programme.

As shown in the regional analysis, Romania has a number of good universities which have the potential to contribute to the country's development and the achievement of Lisbon agenda objectives. Through their teaching and research facilities they can assist in the achievement of Romania's regional development objectives such as the modernisation of health provision, improved management practices and business innovation. However, the recent increase in student numbers has not been matched by an equivalent increase in funding for the expansion of university infrastructure. Investment is required to provide modern faculty buildings and student facilities that will enable universities to play their full part in national and regional development. Maximising capacity and making the universities attractive to students in this way will also help to reduce the loss of qualified graduates to other countries.

Indicative operations will focus on:

- Rehabilitation, modernization, equipping of schools and university infrastructure;
- Setting up and development of pre-university campuses;
- Rehabilitation, modernization, equipping of the Centres for Adult Continuous Vocational Training.

Quantified objectives – Indicators

Indicators	Unit	Baseline	Baseline year	Source	Target (2015)
OUTPUT					
Rehabilitated/equipped health care units (total and by type)	No.	-	2006	ROP Monitoring System - SMIS	50
Rehabilitated/equipped social services infrastructure	No.		2006	ROP Monitoring System – SMIS	270
Mobile units equipped for emergency interventions	No.	-	2006	ROP Monitoring System - SMIS	510
Rehabilitated/equipped pre-university / university campuses by type	No.	-	2006	ROP Monitoring System- SMIS	400
Rehabilitated/equipped centers for continuous vocational training (CVT)	No.	-	2006	ROP Monitoring System - SMIS	26
RESULT					
Increased access to the rehabilitated /equipped health care units	%	-	2006	Surveys	10
Increased access to the rehabilitated /equipped social services centers	%	-	2006	Surveys	10
Average response time of mobile units	Min.	Up to 30'– 45' in rural area Up to 20'in urban area	2005	Surveys	Up to 12' in rural area Up to 8' in urban area
Increased access of the disadvantage group (rural pupils, Rroma pupils etc.) to compulsory education	%	-	2006	Ministry of Education, Research and Youyh/Surveys	10
Increase the schools with IT equipments	No of PC/100 pupils	-	2006	Ministry of Education, Research and Youth/Surveys	15
Increase of participants in continuous vocational training (CVT)	%	-	2006	Ministry of Education, Research and Youth/Surveys	15
Increase of students number in rehabilitated/equipped university campuses	%	-	2006	Ministry of Education, Research and Youth/Surveys	10

3.2.4. Priority Axis 4: Strengthening the regional and local business environment

Objective

This priority axis aims to set up and develop business support structures of regional and local importance, rehabilitate industrial sites and support regional and local entrepreneurial initiatives, in order to facilitate job creation and sustainable economic growth.

Rationale

The disparities between the country's regions, regarding the entrepreneurial/industrial development - measured by the number of enterprises at 1000 inhabitants - deepened within recent years. Bucharest-Ilfov Region has 3 times more enterprises compared with North-East Region, the least developed one. Furthermore, there are 2.5 times less enterprises by 1000 inhabitants in Romania, compared with EU-15 average, with an unequal distribution across the eight Development Regions.

Conditions for business location are insufficiently developed in most of the regions, while the SMEs, especially micro-enterprises, have difficulties in getting financing, particularly in the lagging behind regions and mono- industrial localities, in severe decline after 1990, when the country embarked upon a large and complex economic restructuring process. This situation makes necessary a specific approach at regional and local level under ROP; particularly, at local level can be found specific solutions and promoted suitable projects, due to the fact that it represents the most appropriate level according to the subsidiarity principle, contributing to strengthening local business environment. Besides, there are two strong practical arguments, namely the expertise gained by RDAs, as implementing bodies of SMEs projects funded under ESC - Phare, and their closeness to the beneficiaries, which can ensure a successful implementation of business projects.

The ROP will concentrate on the development of business support structures specific to each Region, especially in the less developed and economically declining areas (e.g. industrial, business parks, business incubators etc.), in order to attract investors for locating their businesses and create jobs.

The ROP will also support the rehabilitation of industrial sites, as the land recovered will be an important economic factor for regional/ local development.

Taking into consideration the revised Lisbon strategy, it is also necessary to invest in the modernization of local and regional productive sectors, by supporting entrepreneurship and facilitating the development of micro enterprises.

Micro-enterprises will play an important role in regional/local economic development and job creation. Due to this fact, it is extremely important for the ROP to support a friendly entrepreneurship climate in the local communities, by facilitating the creation of new businesses and the development of existing ones.

Furthermore, key activities for ensuring regional and local prosperity consist in supporting technological transfers to micro enterprises, in line with the Regional Innovation Strategies (RIS). Most of the Development Regions are drafting the RIS with the EU support.

Regarding the beneficiaries of projects, ROP will support local authorities and private entrepreneurs in order to create and/or to develop regional and local operational business structures, to attract enterprises, especially SMEs, which will contribute to job creation and the use of the labour force available in the area.

ROP targets areas affected by industrial restructuring, with development potential. The

Regional Development Plans - elaborated at regional level in large partnerships - will play an important role in identifying areas benefiting from ROP support.

Key Areas of Intervention

- Development of sustainable business support structures of regional and local importance
- Rehabilitation of unused polluted industrial sites and preparation for new activites
- Support the development of micro-enterprises

Cross-financing (as defined in art. 34(2) of the Council Regulation No. 1083/2006) may be used within this priority axis, if needed.

Development of sustainable business support structures of regional and local importance

Business support structures are clearly designated structures, which provide a series of facilities and/or spaces, in order to carry out economic activities of production and services.

The aim is to attract investment to valorizelocal resources. ROP activities will focus on providing support to local authorities and companies in order to set up and develop their own regional/local importance business support structures, to attract enterprises, mainly SMEs.

The presence of business support structures is a vital factor in the increase of the Regions' attractiveness as locations for investment in economic and social activities, and a key tool for stimulating the regional and local business environment. Furthermore, business support structures will also contribute to the enhancement of Romania's competitiveness within the framework of an enlarged European Union, and will create the basis for a better integration of the national economy within the European economy.

This conclusion was reached based on the industrial parks projects financed and implemented under PHARE ESC 2000 and 2004-2006 which had a positive impact on local economic development and job creation. Consequently, the local business environment was strengthened and SMEs were encouraged to carry out economic activities for the benefit of local communities.

Business support structures, designed to develop economic activities, provide appropriate conditions for the establishment of enterprises, especially for the productive SMEs and SMEs support services. They contribute to job creation, diversification of economic activities in the area, and consequently to the increase of the regional GDP in the area. Business support structures, particularly with regard to development and setting up of micro-enterprises, are also essential in order to ensure the sustainability of new businesses.

Modern business support structures enable the Regions to benefit from competitive advantages by using their specific resources, unused or underused so far, and by mobilizing the whole existing productive potential, especially in the lagging behind regions, which will contribute to convergence in the regions. Business support structures will be predominantly developed in areas where there is a clear demand for business locations, foreseen also by the Regional Development Plans.

The existing business support structures are in many cases insufficient, due to a lack of logistics, equipment, utilities, and space needed to carry out economic activities. At the same time, some of them are not fully operational, and need to be assisted in order to be able to improve the services rendered to enterprises. For this reason, the support will be given to the development and creation of new locations for business support structures, providing advanced equipment and utilities. The aim of this is to attract innovative enterprises, which will perform or benefit from research activities.

Indicative operations will focus on:

- ✓ The setting-up and development of the different types of regional business support structures (BSS):

  - Construction/rehabilitation /extension of buildings only for productive and services activities;
  - Rehabilitation/extension of the internal road system inside the location and also the access roads;
  - Set up/rehabilitation/ modernization/extension of the basic utilities (water, sewage, natural gas and electricity networks);
  - Cabling, internet broadband networks etc.;
  - Buildings demolition;
  - Promotion activities;
  - Extension of the BSS (waste removal, cleaning, etc);
  - Other related activities needed to set up/develop business structures

Rehabilitation of unused polluted industrial sites and preparation for new activities

A main concern of the ROP is the rehabilitation of industrial sites. The location of former industries affects the environment in the intercross areas, very many industrial areas being located within the most favourable geographic areas.

The rehabilitation of these industrial areas supports not only the improvement of the environment, but it also provides better conditions for new investment due to the infrastructure, which requires only improvements and not complete renewal.

Industrial sites where the economic activity has ceased are spread throughout the country, presenting a negative image for investors. Nevertheless, they are often located in the most favourable geographic areas close to the transport networks and districts (services and other facilities), and have unused public utilities networks (water, gas, sewerage, etc.) which could be rehabilitated, improved and developed.

The reason for rehabilitating industrial sites is to revitalize areas, in order to include them in the economic flow, more specifically making them available for companies interested in such locations, adequate for business development, including the creation of business support structures.

ROP encourages the reuse or the rehabilitation of industrial sites in order to maintain the quality of undamaged soils and to prevent contaminated sites from having a negative impact

on human health, wildlife, flora and the environment. Industrial sites rehabilitation will have a positive impact on **ecology,** by cleaning the polutted areas, on **economy**, by promoting the settling of investors, on **social**, by revitalizing the unused polluted areas, employment promotion and training measures.

Providing private investors with the economy's complementary infrastructure is an absolute necessary condition to develop the private sector. Practically, the existence of this kind of infrastructure is determinative for private investors to chose a certain region, county or locality.

It became a necessity for Romania to rehabilitate and prepare for new activities, the unused polluted industrial sites, which remained after the closure of one or more enterprises, in the case of industrial platforms, or polluted sites, as a result of former polluant activites, and the polluter is not known anymore. The rehabilitation of these sites would favor both the environment cleaning and the local economies, by creating conditions for new investments in new productive activities.

The problem of industrial sites preoccupied the Romanian central and local authorities since the first NDP 2000-2002, based on the eith Regional Developments Plans, was elaborated. The improvement of economic infrastructure priority allowed also the financing of the industrial sites rehabilitation projects from national budget and ESC Phare funds.

The financing of industrial sites rehabilitation projects was foreseen also in consideration that in NDP 2004-2006, and it is also foreseen in the national regional strategy of the NDP 2007-2013. The inclusion of this operation in the Regional Operational Programme for 2007-2013 to be financed from ERDF is underpinned by all economic and social analyses at regional level and foreseen in all regional strategies. In order to implement efficiently this measure an authorized support for creating the necessary expertise both at central and regional level is needed, in the process of implementing under ROP, industrial unused polluted sites rehabilitation.

Indicative operations will focus on:

- ✓ Rehabilitation of the unused polluted industrial sites and preparation for new activites
  - Cleaning of the unused polluted industrial sites and land improvement;
  - Buildings demolition and land planning;
  - Rehabilitation / extension of buildings only for productive and services activities;
  - Set up/ rehabilitation/ modernization/extension of the basic utilities (water, sewage, natural gas and electricity networks);
  - Cabling, internet broadband networks, etc;
  - Other related activities needed for rehabilitation of the unused polluted industrial sites and preparation for new economic activities.

Support the development of micro-enterprises

The support for local/regional micro-enterprises aims at restructuring lagging behind areas, with economical growth potential especially the small and medium towns and as a result new

jobs will be created due to the fact that they have the necessary flexibility to adapt to the demands of a dynamic market economy.

The Regional Operational Programme supports the establishment and development of productive and service micro-enterprises and use of the endogenous potential of the Regions (natural resources, raw materials, human resources, etc). Furthermore, micro-enterprises will be encouraged to use new technologies and innovations, IT equipments and services with an essential role in increasing competitiveness, productivity and quality of services.

The entrepreneurial initiatives were also supported from PHARE Economic and Social Cohesion Programme – 2000, through which 2 schemes were financed: a grant scheme for new enterprises, micro- enterprises and start-ups financing, a consultancy and training scheme for SMEs.

The financing of micro-enterprises may also involve different types of financial engineering instruments (JEREMIE).

Indicative operations will focus on:

- ✓ Support to micro-enterprises' development
  - Procurement of equipments and modern productive technologies, services, constructions;
  - Procurement of IT systems (software and equipments);
  - Use of new technologies in the current activities of micro-enterprises;
  - Relocation of the micro-enterprises in business structure;
  - Extension/ construction/ rehabilitation/ modernization of the micro-enterprises production spaces;
  - Specific development activities.

The regional competitive advantages and the regional disparities will be taken into consideration at the level of the gross investment.

Priority will be given to those economic activities with potential competitive advantages, identified in Regional Development Strategies.

Quantified objectives - Indicators

Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
OUTPUT					
Business support structures assisted	No	-	-	ROP Monitoring System – SMIS	15
Unused polluted industrial sites rehabilitated and prepared for new economic activities	Ha	-	-	ROP Monitoring System – SMIS	500
Micro-enterprises supported	No	-	-	ROP Monitoring System – SMIS	1,500
RESULT					

Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
Occupation rate in business support structures (after 2 years since the project was finalised)	%	-	-	Surveys	50
New jobs created in the supported business structures	No/FTE	-	-	Surveys	4,000
New jobs created in the supported micro-enterprises	No/FTE	-	-	Surveys	3,000

3.2.5. Priority Axis 5: Sustainable development and promotion of tourism

Objectives

This priority axis aims mainly to sustainable valorization and promotion of the cultural heritage and natural resources with tourism potential, as well as to improve the quality of accommodation and leisure tourist infrastructure, in order to increase the regions' attractiveness, develop the local economies and create new jobs.

Rationale

Within the National Strategy for Regional Development, prepared on the basis of the Regional Development Plans and within National Strategic Reference Framework 2007-2013 the development of tourism was clearly identified as a development priority, taking into account the existing tourist potential in the Regions. This potential justifies the financial support for rehabilitation of tourist infrastructure from different tourist areas and for the valorization of natural, cultural and historical heritage, with the aim of including these resources within tourist circuits and also of promoting them in order to attract tourists.

Development of tourism is fully in line with the Community Strategic Guidelines on Cohesion 2007-2013; the implementation of this priority axis will contribute to improving the Regions' attractiveness and also to the creation of more and better jobs.

Investment in tourism and culture will allow Regions to make use of advantages offered by tourist and cultural assets for the identification and strengthening of their own identity in order to improve the competitive advantages in sectors with high added value and high qualitative and cognitive content, both in traditional and emerging markets.

Tourism creates regional and local economic growth opportunities, and also contributes to job creation through the valorization of specific natural and cultural assets of each of the 8 development regions, including marginal areas, economically and socially disadvantaged. Moreover, an important aspect of the new jobs created will be a regional opportunity for female labour-force employment.

The valorization of tourist attractions existing in different areas of the country, mainly by encouraging the creation and development of local enterprises, will contribute to economic growth in deprived urban areas or peripheral rural areas and convert areas with low economic competitiveness into attractive areas for investors.

Tourist activities generate demand for a wide range of goods and services, further purchased both by tourists and tourism companies, including goods and services provided by other economic sectors (trade, buildings, transports, food & beverage, footwear & clothing, handicraft industry).

The development of tourism should take into account the principle of sustainable development, concerning the preservation of natural and cultural assets, and also the reduction of human pressure on the environment, that cannot be avoided in the practice of large-scale tourism.

The increase in the number of tourists will generate high pressure on the environment, affecting the ecosystem' balance. The pressure on the environment should be controlled in those regions with special natural assets, in order to ensure their capitalization in a sustainable manner and also to distribute balanced spatial tourism activities.

Within all the development regions, the capitalization of tourist attractions is in most of the cases limited by the quality of environment infrastructure and services in general, and of the services related to the accommodation and recreation facilities in particular, all of them representing an obstacle in tourism development.

It is expected that the implementation of this ROP priority axis, through the improvement both of tourist areas infrastructure and of services related to the accommodation and recreation facilities, will lead to a qualitative growth, according to European standards, of the entire tourism industry, with a direct impact on growth of tourist demand for Romania, as an European tourist destination.

Romania has to promote a tourism potential of great diversity, which offers all tourism products and for all seasons. Privatization in tourism has contributed to investments for tourism infrastructure modernization and, as result, to the improvement of quality and diversity of the tourism services offer. New tourism products/types, such as rural/agro, adventure tourism, spa/wellness tourism and other niche types of tourism are under development. The business tourism is also developing as a result of different activities like congresses, symposia, exhibitions, diplomatic meetings, cultural-scientific events, other business meetings (MICE products).

On the other hand, the awareness of Romanian products through tourism is an important factor for international promotion of Romanian economy and for the development of its national market. The development of the tourism brand is a priority considering its effect both on attracting foreign businesses and on the expansion of domestic tourism with its beneficial economic leverage impact.

Romania does not have yet a well-defined profile as tourism destination and the domestic promotion is insufficient and undersized compared to the demand.

Currently, neither foreign tourists nor Romanian ones may get information from specialized tourism promotion and information centres on news concerning the country, tourism attractions, cultural events or business activities, archaeological sites, accommodation, restaurants, recreation possibilities or any kind of facilities they can enjoy. In the same

context, foreign tour operators also need this information available on internet or websites for creating their Romanian tourism programmes.

Promotional activities – with the aim to develop tourism as a cross-cutting economic sector-contribute to the overall competitiveness objective through the recognised spill-over effect of tourism activities on production and service sectors.

Key Areas of Intervention

- Restoration and sustainable valorization of cultural heritage and setting up/ modernization of related infrastructure
- Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services
- Promoting the tourism potential and setting-up the needed infrastructure in order to increase Romania's attractivity as tourism destination

These areas of intervention are aimed at supporting the valorization of important tourism resources in Romania: the cultural and the natural resources.

Restoration and sustainable valorization of cultural heritage and setting up/ modernization of related infrastructure

Cultural tourism potential represents one of the highest values for tourism activities, being positioned before both the traditional markets and some tourism niches, such as arts. Research studies indicated that cultural tourists spend 38% more per day, and stay 34% longer than traditional tourists[34].

It is of critical importance to preserve what remains of the cultural heritage of the different regions of the country severely damaged in the recent decades. This includes historical buildings, monuments, museums, theatres, and historical works of art. These cultural preservation initiatives proposed by the local authorities will have to be accompanied by a consistent territorial planning for preserving (and where it is possible, restoring) historical centers in towns, maintaining traditional architectural styles and conserving medieval historical cities.

ROP will finance sites with tourism potential (both urban or rural location), which belong to UNESCO patrimony, national cultural patrimony, as well as the urban cultural patrimony, according to the Romanian Law.

Indicative operations will focus on:

- Restoring, protecting and conserving world cultural heritage and related infrastructure (Churches of Moldavia, Monastery of Horezu, the villages with fortified churches in Transylvania, the dacian fortresses of the Orastie mountains, historic centre of Sighisoara, the wooden churches of Maramures, Danube Delta, etc.);

[34] US tourist figures 2001

- Restoring, protecting and conserving national cultural patrimony[35] and related infrastructure, with an important tourist potential (restoring buildings with traditional architectural elements, street network, cultural centres, museums, parking, roads, etc.) in order to introduce them in tourist circuits;
- Restoring, protecting and conserving the urban cultural patrimony[36];

Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services

The tourism practiced in nature in a sustainable manner, generates various activities and allows for the increase of economic and environmental sustainability of tourist activities.

Taking into account that 30% of Romania's surface is occupied by mountains, it can be considered that mountain tourism represents an important opportunity to practice during the entire year different tourist activities, some of them with niche character.

Sustainable tourist use of the protected areas could be realized by practicing a controlled tourism regime, in order to have a balanced distribution of tourists in all periods of the year (thus reducing the seasonality effect). Moreover, this objective will be achieved by implementing an efficient booking-system, which will give knowledge of the real number of tourists that wish to visit a protected area and to have an adequate and continuous monitoring of the pressure on the environment. All these activities will be developed according to the management plans for the NATURA 2000 network.

At the moment, Romania has a sufficient accommodation capacity, but in many cases superseded/outdated, correlated with a low level of modernization, especially the two-three stars accommodation structures built between 1975-1980.

Taking into account global tourism market evolutions, it is of critical importance to improve the quality of accommodation, such as hotels, motels and campsites, chalets and youth hostels, and accommodation units on the ships/pontoons. The same problems occur in the area of entertainment facilities.

Indicative operations will focus on:

- Improvement of natural sites with tourism potential (e.g.: canyons, gorges, caves, glacial lakes, etc).
- Valorization of mountain tourist potential by construction of the necessary infrastructure: rehabilitation and arrangement of access ways to the main tourist natural objectives, alpine refuges, signposting hiking paths, informative board, camping platforms, mountain rescue posts (Salvamont) etc.

[35] Group A: Monuments of universal and national value according to the list done by the Ministry of Culture and Religious Affairs

[36] Group B: Monuments for local cultural patrimony according to the list done by the Ministry of Culture and Religious Affairs)

- Development of spa tourism - improvement, modernization and endowment of treatment facilities, including therapeutic salinas, development of captivation and/or transport networks for mineral and saline springs etc.
- Rehabilitation, modernization and extension of accommodation structures and related utilities (e.g. hotels, motels and camping, chalets and youth hostels, accommodation units on the ships/pontoons);
- Creation, rehabilitation, and extension leisure tourist infrastructure and related utilities (e.g. swimming-pools, mini-golf grounds, tennis, paint-ball, railway transport of tourist interest on narrow gauge railway, in hill and mountain areas etc).

ROP will finance projects related to the valorization of natural resources with tourism potential and the rehabilitation, modernization and extension of accommodation structures and related utilities, as well as leisure tourism infrastructure, implemented in urban areas; in the case of spa resorts, projects can be located both in urban and rural areas.

Promoting the tourism potential and setting-up the needed infrastructure in order to increase Romania's attractivity as tourism destination

This key area of intervention addresses activities meant to make Romania an attractive destination for tourism and business, together with the sustainable development of tourism products, the increase of internet use in promoting and booking tourism services (E-tourism).

Moreover, there will be supported the tourism information and promotion infrastructure in the country and the supply of tourism information to and from tourists and tour operators. The main aim of this key area of intervention is to build a national level network of tourism information and promotion centres (TIPC) in selected areas with high tourism potential (as identified in the tourism section of the National Spatial Plan), which do not overlap with development regions. The choice of the indicative locations for the centres is based on 2 criteria: high tourism potential areas and TEN (see Annexes 7 and 8).

Indicative operations will focus on:

- Creation of a positive image of Romania as a tourism destination by defining and promoting the national tourism brand, attracting business investors and other strategic partners in order to develop the tourism industry and to increase its attractiveness. Introducing new promotion methods and diversifying promotion materials for creating a real and complex tourism image..
- Development and consolidation of domestic tourism by supporting tourism promotion of specific products and specific marketing activities. The aim is to develop the concept of tourism recreation in Romania, to increase the number of holidays in Romania by promoting specific tourism products.
- Investments in TIPCs set up – activities such as building, purchase of equipment, IT and software in order to create a unitary tourism information and statistics system with public on-line access; the operation will be complemented by support for local tourism info centres in rural areas under the National Rural Development Programme.
- Setting up a national tourism information database.

- Setting up an integrated national system, with on-line access, for collecting and distributing tourism information.

Quantified objectives - Indicators

Indicator	Unit	Baseline	Baseline Year	Source	Target (2015)
OUTPUT					
Tourism infrastructure / accommodation projects implemented	No.	-	-	ROP Monitoring System -SMIS	400
Companies supported (direct and indirect) in tourism field	No.	-	-	ROP Monitoring System -SMIS	350
Promotional campaigns for advertising the tourism brand at national and international level	No.	-	-	ROP Monitoring System -SMIS	10
National Tourism Information and Promotion Centres supported	No.	-	-	ROP Monitoring System -SMIS	10
RESULT					
Increase of tourists number	%	-	-	Survey	15
Increase of overnights-staying	%	-	-	Survey	5
Jobs created / saved at the end of project implementation	No.	-	-	Survey	1,000
Tourists visiting the Information and Promotion Centres	No.	-	-	SMIS / National Authority of Tourism	1 mil.
Web site visitors	No.	-	-	SMIS / National Authority of Tourism	1.5 mil.

3.2.6. Priority Axis 6: Technical assistance

Objectives

The objective of this priority axis is to provide support for the transparent and efficient implementation of the programme.

Rationale

To implement the Regional Operational Programme efficiently and to ensure the quality and the coherence of actions as well as to ensure the most effective use of the allocated funds, it is

necessary to support the Managing Authority and the Intermediate Bodies through the use of technical assistance.

The rationale for the Technical Assistance priority is summarised by Article 46 of the Council Regulation No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, dedicated to Technical Assistance of the Member States, which states that *"At the initiative of the Member State, the Funds may finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes together with activities to reinforce the administrative capacity for implementing the Funds"*.

According to GD 497/2004, the Ministry of Development, Public Works and Housing is designated as Managing Authority for Regional Operational Programme, the Directorate General for Regional Development having this role. The Managing Authority for Regional Operational Programme was set up according to GD 243/2006.

The Intermediate Bodies for the implementation of operations under the Regional Operational Programme are the eight Regional Development Agencies, excepting Key Area of Intervention "Promoting the tourism potential and setting-up the needed infrastructure in order to increase Romania's attractivity as tourism destination" for which the intermediate body will be the National Authority for Tourism.

The ROP Managing Authority will conclude Service contracts with each RDA regarding the delegation of attributions for the duration of the programme. The contracts will include conditions relating to:

- the organizational structure of the IB and separation of functions
- maintenance of adequate levels of trained staff and monitoring of training
- maintenance of information systems
- attainment of a recognized management standard

Key Areas of Intervention

- Support for the implementation, overall management and evaluation of the ROP
- Support for the publicity and information activities of the ROP

Support for the implementation, overall management and evaluation of the ROP

Efficient implementation of the Structural Funds, especially in the first programming period needs the active involvement of the bodies designated to implement the Regional Operational Programme.

This key area of intervention will support the preparatory, selection, evaluation, control, audit and monitoring activities arising during the implementation of the ROP, including the preparation, selection, evaluation, control, audit and monitoring of projects.

Both the Managing Authority and the Intermediate Bodies will need to build their capacities for personnel management and training in order to meet the demands for ROP management. TA will finance the training program and if necessary exchange of experiences with other EU countries. This key area of intervention is targeted to make available the contractual staff and the expert support necessary for the smooth implementation and overall management of the ROP.

Moreover, the procurement and installation of office equipment required for ROP implementation will be of a great importance. Through the Technical Assistance Operational Programme, the Managing Authority and the intermediate bodies will be provided with the necessary IT equipment for SMIS.

This technical assistance priority axis will cover all the cost of the Monitoring Committee for the Regional Operational Programme and all other committees related to the implementation of the ROP.

Indicative operations will focus on:

- Support to MA and Intermediate Bodies (including staff costs) for tasks related to different phases of the ROP implementation including project identification and development, preparation, selection, appraisal, monitoring, evaluation, control and audit
- Procurement and installation of IT (other than SMIS) and office equipment required for the management and implementation of the programme
- Support to ROP Monitoring Committees and other committees especially involved in the implementation of the ROP, related to the organisation and logistics
- Evaluation of the ROP including on-going evaluations
- Elaboration of studies for ROP
- Expenditures on salaries of other staff and experts involved in tasks connected with preparation, selection, appraisal, monitoring control and audit of the programme.
- Organization of seminars and training sessions building skills capacity for MA/IB staff
- Support for preparation of ROP for the next programming period

Support for the publicity and information activities of the ROP

The Council Regulation No. 1083/2006 states that the Managing Authority is responsible for creating awareness on ROP actions, and in particular for informing potential beneficiaries, trade and professional bodies, the economic and social partners, bodies promoting equality between men and women and non-governmental organisations about the opportunities afforded by the assistance and for informing the general public about the role played by the Community in the assistance concerned and its results. It is aimed to improve the knowledge about the impact of ROP interventions on the Regional Development, and to analyse specific aspects of the ROP interventions at the regional and national level.

The operations will be implemented through the Communication Action Plan.

Indicative operations will focus on:

- Development of information system of ROP content for all interested actors

- Preparation and dissemination of information and publicity materials (current official ROP documents, guidelines, bulletins, brochures, posters, objects with EU logo, ROP logo)
- Organizing conferences, fora, road shows, workshops, training for potential beneficiaries.

Quantified objectives - Indicators

Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
OUTPUT					
Evaluation and other type of studies undertaken	No	-	-	ROP Monitoring System/ Evaluation reports	40
IB/MA' staff and projects beneficiaries participanting in training seminars	No	-	-	ROP Monitoring System/ Evaluation reports	2,000
Information and publicity activities undertaken according to the communication plan	%	-	-	ROP Monitoring System/ Evaluation reports	100%
RESULT					
Increase awareness of population/ potential beneficiaries on ROP financing opportunities	%	-	-	Evaluation reports	20%

3.3. COHERENCE AND COMPLIANCE WITH COMMUNITY AND NATIONAL POLICIES

In Article 9 of the Council Regulation No 1083/2006 laying down general provisions on the ERDF, ESF and CF is stipulated that the Funds shall provide assistance which complements national, regional and local measures, integrating them into the priority axis of the Community and the assistance from the Funds is consistent with the activities, policies, priority axes of the Community.

The Romanian Regional Operational Programme respects the provisions of Article 9 and is in line with the EU policies and actions provision. The complementarity is illustrated in the table below.

3.3.1 Community policies

EU Policy and Main Provisions	EU Policy Reflected in Proposed ROP priority axes
Community Strategic Guidelines for Cohesion 2007-2013 The main priority axes of the document are: - Improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring an adequate quality and level of services and preserving the environmental potential - Encouraging innovation, entrepreneurship and the growth of the knowledge economy - Creating more and better jobs, improving adaptability of workers in enterprises and increasing investments in human capital.	Through the actions envisaged under the Regional Operational Programme, all the priority axes of the EU Policy Document are targeted. The second ROP priority axis aims at ensuring a better connectivity, accessibility of regions through investments in regional and local transport infrastructure. Investments in health, education and continuous formation infrastructure, supported under the third ROP'priority axis, will ensure the premises for a qualified and healthy labour force. The modernisation of and equipment of the out patient departments aim to make more efficient the medical system, ensuring the preventive feature of the health services, on long term having positive effects on the work force health. The aim of the investments in the education infrastructure will increase the quality and attractiveness of the vocational and technical education. The fourth ROP priority axis, namely the strengthening of the regional and local business environment is in compliance with the second cohesion priority as it encourages SMEs and innovative activities.
White Paper – European Transport Policy underlines the importance of the road infrastructure rehabilitation and the importance of a safe and environmental friendly urban transport	The ROP complements the provisions on this White Paper and is in accordance with it as the investments made under this programme support the development /modernization of the county roads network and also envisage investments in modernization and improvement of urban transport as component of integrated urban development plans.
"*Cohesion policy and cities: the urban contribution to growth and jobs in the regions*" aims at completing and developing the "Community Strategic Guidelines 2007 –	ROP Priority axis 1 "Sustainable development of urban growth poles" finances integrated urban development plans, being in accordance with the

2013" by strengthening the urban dimension. The document contains several suggestions for the Member States to prepare programmes financed from the Structural Funds for the 2007 – 2013 period.	provisions of the European document by the rehabilitation of urban streets and modernisation of urban transport, through support for development of business structures and the entrepreneurial environment, the creation of infrastructure needed for business, rehabilitation of social infrastructure (child care facilities, centres for elder persons, assistance centres for persons with disabilities, youth centres, etc)and acquisition of equipments needed for increase of safety and prevention of criminality (surveillance systems, etc)
European Charter for SMEs calls upon the member states to take actions upon: education and training for entrepreneurship; cheaper and faster start-up; better legislation and regulation; availability of skills; improving access on line; getting more out of the single market; taxation and financial matters; strengthening technological capacities; making use of successful e-business models and developing top-class business support; developing stronger, more effective representation of small entrepreneurs interest	ROP' Priority axis 4 support the strengthening of the regional and local business environment, by financing micro-enterprises and business support structures' development
Joint Inclusion Memorandum underline a number of key challenges to be addressed by the Romanian authorities in the field of social inclusion, such as: developing a home care social services system and increase the quality of services provided in residential care institutions; to reduce the discrepancies between rural and urban area in this field; provide more and better services for elderly; measures for an integrate and coherent family policy; child protection; social inclusions of disabled people and rroma	The actions proposed under ROP Priority axes 1 and 3 are correlated with the commitments assumed by Romania in the JIM, by supporting health, social services, education.

In accordance with Chapter IV – Principles of the *Council Regulation 1083/2006,* the ROP Managing Authority is responsible for ensuring that operations financed by the Funds comply with applicable Community and national rules for their whole implementation period. The Community Rules include the rules on competition, on the award of public contracts, on environmental protection and improvement and on the elimination of inequalities and the promotion of equality between men and women.

All the area of activity that will be implemented in the field of regional development will respect the Community regulations and provisions regarding the contribution to the horizontal objectives (sustainable development and equal opportunities).

Sustainable development

Sustainable development is targeted by all actions foreseen in ROP because the environmental protection is a fundamental issue to take care of. The actions implemented under ROP have an important contribution to regions' development based on sustainable approach. A better transport infrastructure contributes to a rationalization / fluidisation of traffic, ring roads contributing to the diminishing of pollution level inside the cities. In the same way the use of environment friendly urban transport means help at reducing pollution. By supporting the retechnologisation of the microenterprises and start/up production lines is stimulated on large scale the use of non-polluting technologies that will lead in the long term to the reduction of noxes emission. Actions under urban development priority support the development of clean

and aesthetic spaces; the rehabilitation of abandoned areas reduces the risk of appearance of infected areas within cities. Several measures will be taken to reduce the effects on the environment of the investments supported under the ROP, in accordance with the recommendations from the Strategic Evaluation Assessment, comprised in the ex ante evaluation of the programme.

An important element of sustainable development is ensuring energy efficiency and the sustainable use of energy. All building refurbishment operations will be required to take energy efficiency into consideration and sustainable energy use will be used as a criterion for project selection wherever possible.

Equality between men and women and non-discrimination

Romanian legislation, in line with the European acquis in this field, guarantees equal rights for the citizens, in order to participate to the economical and social life, without any discrimination.

According to the Article 16 of the Council Regulation no. 1083/2006 laying down the provision on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, the principle of equal opportunities shall be applied during all stages of implementation of the structural and cohesion funds, in the programming phase as well as in the implementing phase of the Operational Programmes.

The Regional Operational Programme, through all the development priority axes, respects the principle of gender equality and non-discrimination. Therefore, the Managing Authority for Regional Operational Programme, through "The detailed key areas of interventions for ROP" and the ROP Implementation System takes the appropriate measures in order to insure the accessibility for the beneficiaries, without any discrimination based on sex, racial or ethnic origin, religion, age, disabilities and sexual orientation.

Regarding the gender equality, MAROP, based on gender indicators, and according to the National Strategy on equal opportunities between women and men, aims at:

- Insuring the balanced participation of men and women in the labour market
- Insuring equal opportunities in education and vocational training
- Encouraging women entrepreneurs
- Reconciliation between family and professional life
- Insuring the balanced participation of men and women in decision - making process.

MAROP also takes into account, at establishing the composition of Monitoring Committee and of Regional Committee for Strategic Assessment, a gender balanced participation, as well as the involvement of the governmental institutions and NGOs.

ROP gives special attention to the vulnerable social groups (for example, the Roma population) through the inclusion of measures for rehabilitation and modernizing of social and residential centers, within the priority axis "Improvement of social infrastructure"; access facilities to the created infrastructure as well as special endowments and equipments are created for disabled people. The ROP additionally recognises the problem of youth unemployment and addresses the specific need of this target group by improvements to pre-

university and vocational educational infrastructure to facilitate better educational attainments.

Furthermore, the principle of equal opportunities is a selection criterion for the projects and the potential beneficiaries requesting financial assistance through ROP shall demonstrate that the projects do not infringe this principle.

Competition Policy and State Aid

This Operational Programme has been developed having regard to the Community rules on State aid. The provisions of Articles 87 and 88 of the Treaty in relation to state aid rules will be fully respected. Any public support under this programme must comply with the procedural and material State aid rules applicable at the point in time when the public support is granted.

Acting according to its competence set out in the national legislation, as the national State aid authority[37], the Competition Council has provided support to the OP Managing Authority and its Intermediate Bodies in respect of State aid applicable rules and it is providing on-going operational advice and guidance, including the process of drafting normative or administrative acts by which state aid measures are instituted.

The Competition Council, acting as the Contact Point as regards State aid, between the European Commission on one side and Romanian authorities, State aid's grantors and beneficiaries on the other side, shall ensure the strict observance of the notification requirements. With regard to the block exemption regulations all information required by the relevant regulations will be provided.

Notifications of state aid measures, respectively information on state aid measures subject to block exemptions, are submitted for consultative opinion to the Competition Council. Subsequently, the Competition Council will submit these notifications/information to the European Commission, through Romania's Permanent Representation to the European Union. Authorities, grantors and state aid beneficiaries are obliged to provide to the Competition Council all the required information, in order to be sent to the European Commission. For those operations where the public financing constitutes aid but does not fall under the above-mentioned categories (e.g. "de minimis aid"), the relevant authorities will ensure compliance with the state aid regulations and procedures.

Within the programming period, the schemes designed by the granting authorities and/or ad hoc aid will be submitted to the Commission, whenever the EC rules request an *ex-ante* approval from the Commission. Specific obligations with regard to individual notification of aid granted under aid schemes will be respected. The Competition Council cooperates with the authorities, other state aid grantors and beneficiaries and supports them towards an adequate implementation of the acquis communautaire.

Managing Authorities will have the full responsibility to ensure compliance with State Aid rules in the context of Structural and Cohesion Funds. The actual implementation will be the responsibility of the Managing Authority. Questions demanded of applicants, the guidance

[37] Competition Law no. 21/1996, republished and the Government Emergency Ordinance no. 117/2006 on the national procedures in the field of State aid.

given, as well as the provisions of the financing agreement will ensure that the applicants understand the limitations on assistance given and provide sufficient information to highlight any potential problems and corresponding obligations. Procedures will ensure that compliance is checked during claim checks and on the spot checks during verification and certification.

The OP Annual Implementation Reports will detail the measures undertaken in order to ensure the compliance of all operations with State Aid rules with respect to the provisions of block exemptions (referring to: small and medium-sized enterprises, employment, training SGEI and transparent regional investment state aid), " de minimis aid" and other types of state aid under notification obligation (such as: research, development and innovation state aid, regional state aid, risk capital, environmental state aid etc.) In addition, any information required by the Commission and by the World Trade Organization, regarding state aid schemes, individual state aids or "de minimis aid", shall be provided according to the applicable rules.

Public Procurement

The procurement of all contracts financed through the Structural and Cohesion Funds and corresponding national co-financing shall be done in compliance with EU legislation and primary and secondary national legislation implementing the EU provisions on public procurement

In order to ensure coherence with EU procurement polices, the Romanian authorities transposed the Directives No 2004/17/EC and No 2004/18/EC, by adopting the Law No 337/2006 for approving the Emergency Government Ordinance No 34/2006 on awarding of the public procurement contracts, public works concession contracts and services concession contracts. The secondary legislation was also adopted. This legislation also takes into account the provisions of the Commission interpretative Communication on concessions under Community law of 29 April 2000 and the Commission interpretative Communication on the Community law applicable to contracts awards fully or not fully subject to the provisions of the public procurement directives of 1 August 2006.

To enforce the legal provisions, the National Authority for Regulating and Monitoring Public Procurement (NARMPP) was set up. This body has the role to develop public procurement strategies, ensure coherence with Community acquis, ensure conformity in the application of legislation, fulfill EU Directive obligations, monitor, analyse and evaluate the methods used for awarding public contracts, as well as advice and train personnel involved in procurement activities. The NARMPP has set up the framework for Romanian national procurement methodologies and is providing advice and support.

All public procurement contracts will be awarded in compliance with the new harmonised national legislation. The principles applied in contracting are: non-discrimination, equal treatment, mutual recognition, transparency, proportionality, efficiency of used funds and accountability.

The general procedures for concluding public procurement contracts are the open and the restricted tender. Only as exceptions, the competitive dialogue, the direct negotiation or offer request, the framework agreement, the electronic auction and the dynamic purchasing system

are foreseen by the law. The General Inspectorate for Communication and Information Technology is the operator of the electronic system for public procurement (ESPP).

The contracts are published in the ESPP, in the National media and, where the relevant thresholds under Community Directives are applicable, in the Official Journal of the European Communities.

The eligibility and selection criteria make reference to the personal situation, the ability to exercise the professional activity, the economic and financial situation, the technical and/or professional capacity, quality assurance and environmental standards. The awarding criteria are: the most economically profitable offer or, exclusively, the lowest price.

The NARMPP provides training, courses and seminars for the main purchasers from central and local level, including institutions involved in the management of the SCF and potential beneficiaries.

The ex-ante control system in the public procurement field has become functional through the Emergency Government Ordinance no 30/2006 and the Government Decision no 942/2006 for approving the methodological norms for EGO no 30/2006. In this respect, the Unit for Coordination and Verification of Public Procurement (UCVPP) within the Ministry of Economy and Finance has been appointed as the body responsible for ensuring ex-ante verification of public procurement procedures, including those carried out under the Structural and Cohesion Funds programmes.

UCVPP works together with the NARMPP, the Managing Authorities and with any other public institution in the field of public procurement.

In order to improve the quality of the public procurement system and to ensure the compliance with the national legislation in the field, the Ministry of Economy and Finance, through its specialized structures at central and territorial level, verifies the process of contract awarding based on risk analysis and on a selective basis. For performing the task of verification, UCVPP shall appoint observers during all stages of the public procurement procedure. The observers will issue activity reports and if they detect inconsistencies during the procedure they will give a consultative opinion. The opinion will be sent to the NARMPP as well as to the authority hierarchically higher to the contracting authority. In case of projects financed through Structural and Cohesion funds, the opinion and the activity reports are sent also to the competent Managing Authority.

The contracting authority has the responsibility for the decisions made during the process of awarding public procurement contracts. The decisions made by the contracting authority are sent to the NARMPP and UCVPP.

This established system on the ex-ante verification procedure, as part of the entire management system of the SCF, is ensuring the efficiency and effectiveness of the use of the Funds by guaranteeing the compliance of the public procurement procedure with the national legislation and with the EU directives.

3.3.2 National policies

National Policy and Main Provisions	Domestic Policy Reflected in proposed ROP priority axes
Law No. 203/2003 regarding the creation, development and modernization of European and national transport network stipulated that the development and modernisation of the transport network represents a national priority and the Romanian Government and the EU and highlights the necessity to ensure access to the national and European network in a non-discriminatory way.	The ROP priority axis 2 complements the provisions of this law and is in compliance as support the development/modernisation of the county roads and implicitly favours a better accessibility and connection between regional, national, European road networks.
Law No. 84/1995 regarding education republished in December 1999 Stipulates that educational process should be carried out with the help of modern techniques	In the ROP priority axis 3 the component related to education is supported through investments in the physical endowment of schools in order to allow the educational process to be performed in good conditions and ensuring access to education in proper conditions for all people
GD No 875 / 2005 regarding the approval of the Strategy on short and medium term for continuous professional training for 2005-2010. The strategy considers that long life learning should be approached as an objective necessity imposed by the transition to a knowledge based economy and society. The strategy aims at developing a continuous professional formation system flexible and transparent that will ensure increase of occupation, adaptability and labour force mobility and that will respond to the needs of a qualified labour force.	ROP will finance the public infrastructure for continuous formation that provide services especially for persons in search for a job.
GD No 1088/2004 regarding the approval of the National Strategy regarding health services and Action Plan to reform the health sector aims to increase access of population to quality medical services and to make more efficient the medical services Law No. 95/2006 regarding the reform in the health sector stated that the objectives and priorities that are at the basis of the public health assistance that aim at improving the quality of the medical services.	The actions envisaged under the ROP support investments in the health infrastructure and endowments with medical equipment
In the GD No. 1280/2004 regarding the Government strategy for supporting the development of SMEs 2004-2008 it is acknowledged the importance of SMEs as basis to develop a modern, dynamic and knowledge based economy. Investments to improve the productive capacity of SMEs, to improve the product quality, etc will be supported together with measures oriented to encourage SMEs access to innovative technologies, cooperation with research institutes; support for industrial parks; support for stimulating SMEs to appear in all regions In Law No. 175/2006 regarding stimulation of SMEs setting up and development there are several provisions	The ROP envisage supporting micro enterprises at regional level by encouraging access to innovation; supporting investments in business structures.

that encourage the support of SMEs in several fields: access to finance; access to innovation; access to consultancy, etc	
Law No. 350/2001 regarding territorial planning and urbanism The territorial planning activity has to be: global, ensuring the coordination of different sectoral policies; functional, by taking into account the natural and built environment based on common interests and cultural values; prospective, by analyzing long term development trends; democratic, by ensuring the population and its political representatives participation in the decision making process. The territorial planning aims at ensuring a balanced economic and social development of regions and areas, considering their specificity; at improving the life quality, a sound management of natural resources and environmental protection, rational use of land	The envisaged activities to be undertaken in the ROP are in accordance with the provisions of Law 350 as it analyzes the long term development of the economic, ecologic, social and cultural phenomena and interventions and take into consider the results for underpinning the regional objectives. The ROP was drafted in a large partnership by involving and consulting all relevant actors at local and regional level.
Law No. 526/2003 to approve the National Programme to develop mountain tourism "Superski in Carpathians"	ROP fifth Priority axis supports the capitalisation of the natural and tourism potential of regions.
Law No. 47/2006 for the approval of the National System for Social Assistance National Strategy for Developing Social Services (GD No. 1826/2005) envisage the setting up of an efficient and comprehensive system for social services at national level that could provide social inclusion of all vulnerable categories and increasing the life quality of the persons National Strategy for developing the social assistance system for elderly persons 2005 – 2008 (GD. no. 541/2005) National Strategy for protection, integration and social inclusion of the persons with handicap 2006 – 2013 (GD no.1175/2005) National Strategy concerning the prevention and against domestic violence phenomena (GD no.686/2005)	The actions envisaged under the ROP support investments in the social services infrastructure and endowments with modern and appropriate equipment and furniture (adapted to the special need of disable persons and elderly persons)
Sustainable Development Strategy of Romania, 1999	The actions envisaged under the ROP support investments that are in line with the provisions of the identified sustainable development objectives.

3.4. COMPLEMENTARITY WITH OTHER OPERATIONAL PROGRAMMES AND OPERATIONS FINANCED BY EAFRD AND EFF

The Regional Operational Programme covers several fields of interest for the regions' development. Therefore the ROP is complementary to all the other Sectoral Operational Programmes contributing thus to the overall development of the regions and of the country as a whole. The following table summarises the areas of complementarity between the ROP and other operational programmes.

Regional Operational Programme	Other Operational Programmes
Priority axis 1: Support to sustainable development of urban growth poles	The actions supported under this priority axis are complementary with activities included in other ROP' priority axes, as well as with some actions supported under **SOP Environment, SOP Human Resources, SOP Competitiveness**, taking into account that the activities envisaged under urban development are eligible only as integral parts of the integrated plans for regeneration of deprived urban areas and not as individual activities. Urban Development Plans will be designed also taking into account projects implemented under the other SOPs, in urban action zones.
Priority axis 2: Improvement of regional and local transport infrastructure	The Regional Operational Programme is complementary to the **Transport Operational Programme** that finance roads of national and European importance, as it contributes to a better development of the Romanian transport infrastructure by supporting regional and local transport infrastructure which creates the premises for a better mobility of the people and the labour force. The development of the transport (road) network is a key element of economic activity and cohesion and thus a key element of the Lisbon Strategy for growth and jobs. The roads projects financed under ROP facilitate the connection between cities and centres of local and regional interest and are important in ensuring the attraction of investors, tourist and the connectivity and access other types of infrastructures (business, social, etc.). It also facilitates the access to the national and TEN infrastructures increasing thus the regional mobility. Urban streets The ROP also complements the investments made under the **National Rural Development Programme (NRDP)** that deals with the rehabilitation of the communal roads network.
Priority axis 3: Improvement of social infrastructure	By financing health, education, social services infrastructure, emergency situation infrastructure, **ROP' interventions complement** the investments in: - the „e-health" sector, financed under the **Competitiveness Operational Programme**, which introduces performing information and communication systems in the health field; - e-education sector that envisages the increasing performances of the education sector by introducing information and communication systems. - **Human Resources Operational Programme:** training courses for doctors and other professional categories in the field of medical and social care services; training courses in the field of professional and vocational training and long life learning contributing in this way to the increase of the human capital skills and knowledge; the preuniversity campuses complement the actions envisaged for HRD in the SOP HRD by creating infrastructure for the education and training activities. The NAE and the CAE will also be financed through the SOP HRDfor the development of the public employment service, training. - **National Rural Development Programme (NRDP)** financed from EAFRD, as the inhabitants in the rural areas will also benefit from the services offered by the rehabilitated infrastructure in the field of health, social, emergency and public safety services. The schools located in rural area will receive financing through the ROP, so the rural population will benefit from these investments.

Regional Operational Programme	Other Operational Programmes
	The ROP investments in the field of social infrastructure target the rehabilitation and modernisation of multifunctional and residential centres, in line with the national strategy in the field of social services, whereas the NRDP will finance new investments in children and elderly facilities.
Priority axis 4: Strengthening of regional and local business environment	Through the financing of the business support structures with a local/regional dimension, the Regional Operational Programme is complementary with the **Competitiveness Operational Programme**, which supports business support structures with a national/international dimension. Another aspect of the complementarity issue concerns the financing of SMEs, including high-tech, spin-off microenterprises as well as activities for consultancy which will be supported by Competitiveness OP, while the ROP will finance microenterprises with productive investment While the ROP finances microenterprises exclusively in the urban areas, except those in the field of primary and secondary agriculture products processing, under the **National Rural Development Programme (NRDP)** will be supported microenterprises located in the rural areas (all fields of activity) as well as those located in the urban areas if they perform primary and secondary agriculture products processing activities. ROP is also complementary with the **Environment OP** as regards the rehabilitation of the industrial sites: while ROP finances the rehabilitation of the poluted and unused industrial sites belonging to local authorities and their preparation for economic activities, Environment OP deals with closure/environmental rehabilitation of historically contaminated/polluted sites
Priority axis 5: Sustainable development and promotion of tourism	ROP is also complementary with the **National Rural Development Programme (NRDP)** in the field of: **- cultural heritage;** While ROP finances activities regarding restoration / conservation of UNESCO heritage – located both in urban and rural areas, National cultural heritage group A[38] - located both in urban and rural areas – and Local cultural heritage group B[39]- located in urban areas, NRDP finances local cultural heritage group B[39] – located in rural areas. **- natural tourism resources, accommodation and leisure tourism infrastructure;** While the ROP finances projects located in urban areas and projects exceeding 1.500.000 euro located in rural resorts, as well as projects located in both rural and urban spa resorts, NRDP finances projects which don't exceed 1.500.000 euro and are located in rural resorts, excepting spa resorts. **- SMEs;** ROP finances all categories of SMEs in tourism field, with the exception of microenterprises implementing projects which don't exceed 1.500.000 euro, located in rural resorts, excepting spa resorts,

[38] According to the List of Historic Monuments, approved by Order of the Minister of Culture and Cults no. 2314/08.07.2004, published in the Official Journal of Romania, Part I, year 172 (XVI), no. 646 bis from 16 July 2004.

Regional Operational Programme	Other Operational Programmes
	that are financed under NRDP. ROP' tourism development actions are planned to be developed in accordance with the sustainable development principle provisions, in order to reduce and to minimize the impact on the environment, complementary with **Environment OP** actions.
Priority axis 6: Technical Assistance	The technical assistance priority axis is complementary to the **Technical Assistance Operational Programme**. Within the Technical assistance priority axis will be implemented the communication and training actions for the ROP beneficiaries, MA and IB personnel. The TA Operational Programme will draw up a more comprehensive communication plan that will include publicity actions for the Structural Investments as a global package. Furthermore, the training activities within the TA OP will cover a wider range of themes addressed for all the MA and IB. The ROP technical assistance priority axis is also complementary with the actions financed under the Administrative capacity OP that addresses measures for the public administration in order to enhance their capacity of implementing the reform in administration. The ROP technical assistance will provide for the local authorities specific training and information on the specific ROP fields of intervention.

4. FINANCIAL PLAN

In accordance with EU Regulations Romania's regions are eligible under the „Convergence" objective because their GDP is under 75% of the EU average.

During the 2007-2013 programming period, Romania will receive 19,667 million euro from EU Structural and Cohesion Funds, out of which 3,726 million euro will be allocated to the Regional Operational Programme.

The ROP financial resources include: ERDF (3,726.02 million euro), national public funds (657.56 million euro), and estimated private funds (184.76 million euro).

Financing Plan of the ROP giving the Annual Commitment of Each Fund in the Operational Progamme

Operational Programme reference (CCI number): 2007RO161PO001
Year by source for the programme, in EUR at current prices

	Structural Funding (ERDF) (1)	Cohesion Fund (2)	Total (3) = (1)+(2)
2007	330,168,339	-	330,168,339
2008	404,126,047	-	404,126,047
2009	441,135,485	-	441,135,485
2010	523,721,833	-	523,721,833
2011	556,767,943	-	556,767,943
2012	663,832,914	-	663,832,914
2013	806,269,201	-	806,269,201
Grand Total 2007-2013	**3,726,021,762**	-	**3,726,021,762**

Note: All fundings are for regions without transitional support

The maximum ERDF contribution to the ROP financing can be up to 85% in total eligible expenditure.

According to the estimations, in ROP's total public expenditure, ERDF will cover 85%, national public co-financing will be 15%.

It is to be mentioned that an expenditure co-financed under ROP cannot receive assistance under another Community financial instrument.

Where the assistance concerned entails the financing of revenue-generating projects[39], the eligible expenditure shall be calculated on the basis of the current value of the investment cost less the current value of the net revenue from the investment over a specific reference period. The calculation shall take account of the reference period appropriate to the category of investment concerned, the category of the project, the profitability normally expected of the category of investment concerned the application of "polluter-pays" principle, and, if appropriate considerations of equity linked to the relative prosperity Romania. Where the operation involves income or any revenue generation, the revenue will be deducted from the base for calculating the eligible amount, which the Managing Authority declares to the Commission.

Financial Plan of the ROP giving, for the whole programming period, the amount of the total financial allocation of each fund in the operational programme, the national counterpart and the rate of reimbursement by priority axis

Operational Programme reference (CCI number): 2007RO161PO001
Priority axis by source of funding (in EUR)

	Community Funding (a)	National counterpart (b) (= (c) + (d))	Indicative breakdown of the national counterpart		Total funding (e) = (a)+(b)	Co-financing rate* (f) = (a)/(e)	For information	
			National Public funding (c)	National private funding (d)			EIB contri-butions	Other funding (national private funding)
Priority Axis 1 ERDF	1,117,806,529	273,365,256	273,365,256	-	1,391,171,785	80.35%	-	-
Priority Axis 2 ERDF	758,355,021	118,355,985	118,355,985	-	876,711,006	86.50%	-	-
Priority Axis 3 ERDF	558,903,260	98,629,992	98,629,992	-	657,533,252	85.00%	-	-
Priority Axis 4 ERDF	633,423,700	76,471,117	76,471,117	-	709,894,817	89.23%	-	85,751,729
Priority Axis 5 ERDF	558,903,264	57,862,924	57,862,924	-	616,766,188	90.62%	-	99,005,720
Priority Axis 6 ERDF	98,629,988	32,876,662	32,876,662	-	131,506,650	75.00%	-	-
Total	**3,726,021,762**	**657,561,936**	**657,561,936**	**-**	**4,383,583,698**	**85.00%**	**-**	**184,757,449**

** The co-financing rate for all Priority Axes is calculated on public cost option.*

[39] A revenue-generating project is any project involving an infrastructure the use of which involves fees borne directly by users and any operation resulting from the sale or rent of land or buildings.

The distribution of the funds by the ROP's priority axes resulted first of all from the ROP strategy, as well as from the analysis of the project pipeline gathered from each of the eight development Regions and the agreements reached in the discussions with the representatives of the regions.

Priority Axis 1 concerning the sustainable development of urban growth poles was foreseen to be get an important share of funds (30.00%), but much less than the needs in the area of urban regeneration. It was taken into consideration the co-financing and expertise capacity in implementing this type of very complex projects of the local authorities.

Priority Axis 2 (20.35%) – concerning the improvement of regional and local transport infrastructure is envisaged to receive the highest share of ROP' funds since, on one hand, the needs identified by the regions with regard to public transport infrastructure are significant high in terms of funds and, on the other hand, the projects for the rehabilitation/modernization of regional and local transport infrastructure are very expensive.

Priority Axis 3 (15.00%) dealing with the social infrastructure of the regions will receive 1/5 of the total ROP's funds, the projects for the rehabilitation/ modernization/ development of health care, social services, public safety and education infrastructure requiring large investments for improving social infrastructure.

Priority Axis 4 (17.00%) concerning the strengthening the regional and local business environment is intended also to receive a significant share of ROP' funds, since it is characterized by a strong regional specificity owing to the fact that boost the regional economies and labor markets by supporting the development of regional business structures and the entrepreneurship.

Priority Axis 5 (15.00%), regarding the development of regional and local tourism will benefit of a financial allocation also fully justified by the tourism potential in all Regions, but cannot be valorized because of the poor quality of touristic infrastructure or insufficient valorization of natural resources and cultural patrimony, and poor quality of the accommodation capacity, as well as in the case of other specific services.

The remaining 2.65% of the total amount is allocated to the Priority Axis 6 -Technical Assistance, for supporting the implementation, overall management and evaluation of the ROP, but also the publicity and information activities of the ROP.

The indicative Regional allocation of the funds will be made based on GDP/inhab and adjusted with population density, specific to each region. The use of the GDP/inhab is justified by the fact that it represents the most efficient and used indicator in EU because it reflects the development level of a region. The Regional Operational Program aims at a balanced development of all the Romanian regions. Taking into consideration the ROP global objective, the regions with a low level of the GDP/inhab will benefit of a greater share from the total funds of the Programme. As regards the population density index, it was used to compensate the more prosperous regions, which attract large flows of population (both permanent and temporary).

The indicative allocations will be regularly reviewed by the ROP Monitoring Committee and revised where justified taking into account the identified needs of the regions and their capacity to effectively absorb the funds.

Categorisation

ROP contains the indicative breakdown of funds allocation by categories (Annex 5 of ROP), in line with the provisions of Articles 37, par.1 (d) and according to the Commission Regulation No 1828/2006. The categorization represents the ex-ante estimation on how the funds allocated under ROP are intended to be spent according to the codes for the dimensions 1 (Priority Theme), 2 (Form of finance) and 3 (Territory type) of the Annex II of the Commission Regulation No 1828/2206. This information will help the Managing Authority to monitor the programme implementation by investment categories and to provide to the Commission uniform information on the programmed use of the Funds in the annual and final implementation report (ex-post information), according to Art. 67, Council Regulation No 1083/2006.

According to the NSRF, Romania is committed to contributing to the achievement of Lisbon goals and regards the principle of Lisbon earmarking as an important tool for monitoring at national and Community level the actual performance in gearing Structural and Cohesion Funds towards Lisbon-related areas of intervention.

The indicative level of Lisbon expenditure under ROP is estimated at about 15.60% of the total allocation of EU funds, according to the categories listed in Annex IV of the Council Regulation No 1083/2006. Nevertheless, the Romanian authorities consider that ROP has a much more important contribution to the Lisbon objectives than it is reflected in the Lisbon earmarking codes, as explained in the previous chapters.

5. IMPLEMENTATION

5.1. ROP MANAGEMENT

5.1.1. General

The management and implementation of the Regional Operational Programme (ROP) is the responsibility of the ROP Managing Authority. The Managing Authority is responsible for managing and implementing the operational programme in accordance with EC Regulations, national relevant legislation and the principles of sound financial management as well.

The Managing Authority for the Regional Operational Programme was established within the structures of theMinistry of Development, Public Works and Housing, according to the *GD 361/2007, published in the Official Journal No. 285/2007*.

5.1.2 Management arrangements

The following institutions will form the implementation system of the Regional Operational Programme:

Organisation	Institution
Managing Authority (MA):	Ministry of Development, Public Works and Housing
Intermediate Bodies (IB):	8 RDAs (the ROP IBs are set up within the RDAs' structures) Ministry for Small and Medium-Sized Companies, Trade, Tourism and Liberal Professions
Certifying & Paying Authority	Ministry of Economy and Finance
ROP Paying Unit	Ministry of Development, Public Works and Housing
Audit Authority	Audit Authority within Romanian Court of Accounts

A schematic of the implementation system and the functions of the main entities involved are presented in the end of this section.

5.1.3. Managing Authority - Functions and responsibilities

The functions of the ROP Managing Authority with regard to the management and monitoring of the European Union's funded operations under the Operational Programme are defined under the relevant Articles of the EC Regulations, and are detailed under the *GD No. 128/2006 published in the Official Journal No. 90/31.01.2006, modifying the GD No. 497/2004* regarding the setting up of the institutional framework for coordination, implementation and management of structural instruments.

The ROP MA will delegate some tasks to the Intermediate Bodies (IBs) by means of written and signed Agreements. The MA will therefore *undertake monitoring* to ensure that the IBs carry out the tasks to the satisfaction of the ROP MA. This reflects the fact that the ROP MA remains responsible for ensuring that the programme is implemented in line with the Structural Funds Regulations.

The responsibilities and functions of the ROP Managing Authority:

The responsibilities and functions of the ROP MA are in line with the Structural Funds Regulations and in particular, Council Regulation (EC) No 1083/2006 and Commission Regulation (EC) No. 1828/2006.

The ROP MA will mainly:

- Set up a Monitoring Committee for the ROP (ROP MC) within three months of the notification of the decision approving the ROP; agree with the ROP MC the adoption of its rules of procedure within the Romanian institutional, legal and financial framework
- Elaborate procedures concerning the organization and functioning of the ROP MC
- Provide the secretariat of the ROP MC
- Elaborate the project selection criteria, and submit them for the ROP MC approval
- Prepare and sign agreements with Intermediate Bodies for the effective implementation of the ROP at regional level
- Establish the launching schedule of the calls for proposals
- Report to the ROP MC with regard to the ROP implementation on progress and the manner the agreements with the Intermediate Bodies are respected
- Coordinate the elaboration of ROP evaluation reports, Annual Implementation Report and Final Implementation Report
- Prepare and update the ROP Implementation Procedures / guidelines, as required by the needs of the programme
- Work in cooperation with Ministries and other members of the public sector as well as with economic and social partners in order to correlate the implementation of the ROP with the other operational programmes
- Elaborate and implement the Communication Action Plan
- Take the final decision with regard to the financing of the project applications and send this decision to the IBs
- Carry out the evaluations of the ROP
- Carry out sample checks of the projects financed through ROP
- Authorize the eligible expenditure based on the checks performed on the progress reports and other relevant documents received from the Intermediate Bodies.
- Take corrective measures in case of irregularities
- Perform the control of EU/national funds allocated through the ROP, in accordance with the national/EU legislation
- Ensure the existence of adequate audit trails of the operations

5.1.4. The Intermediate Bodies

The ROP Intermediate Bodies, act according to an agreement signed with the ROP MA and are set up within the Regional Development Agencies and the Ministry for Small and Medium-Sized Companies, Trade, Tourism and Liberal Professions . An RDA is a non-governmental, non-profit body, of public utility, with legal personality, that functions in the

field of regional development; the RDA is organised and functions according to the provisions of Law no. 246/2005 regarding the approval of the Government Ordinance no. 26/2000 with regard to associations and foundations and of Law 315/2004 regarding regional development in Romania, with the subsequent modifications and amendments.

The Ministry for Small and Medium-Sized Companies, Trade, Tourism and Liberal Professions is Intermediate Body for ROP Key area of intervention "Promoting the tourism potential and setting-up the needed infrastructure in order to increase Romania's attractivity as tourism destination".

The Intermediate Bodies will mainly:

- Ensure the development of project pipelines
- Provide guidance to potential applicants in project preparation, respecting the principle of segregation of functions
- Launch the calls for proposals, according to the schedule established by the ROP MA
- Receive and register applications for funding support under the ROP, according to the relevant procedure
- Check the administrative compliance and the eligibility of the applications submitted, in conformity with the criteria established by the ROP MA
- Organize the technical and financial evaluation sessions, with the support of the independent evaluators
- Organize the strategic evaluation and provide the secretariat support for the Regional Committees for Strategic Assessment (RCSA)
- Report to the ROP MA on a regular basis with regard to the result of the evaluation process
- Notify the applicants with regard to the stage of the evaluation process of their application
- Conclude financing contracts with beneficiaries, following ROP MA's decision to finance the proposed projects
- Carry out on-the-spot checks of projects
- Monitor the implementation of approved projects, present technical progress reports to the ROP MA
- Receive payment claims from beneficiaries, verify the accuracy and actuality of the expenditure, approve it and submit the report to the ROP MA together with payment endorsement
- Ensure that all the documents and procedures for the establishment of an audit trail are in place, in accordance with the relevant procedures
- Contribute to the ROP evaluation reports, Annual Implementation Report and Final Report
- Take action as agreed with the ROP MA in the case of fraud, irregularities, and financial corrections
- Take action for funds recovery and send to the ROP MA reports concerning the debits to be recovered

- Contribute to the delivery of the ROP Communication Plan at a regional level including local publicity, information and training events
- Maintain up-to-date financial and statistical data at project level using the *Single Management Information System (SMIS)*

5.1.5. Regional Committees for Strategic Assessment and Correlation

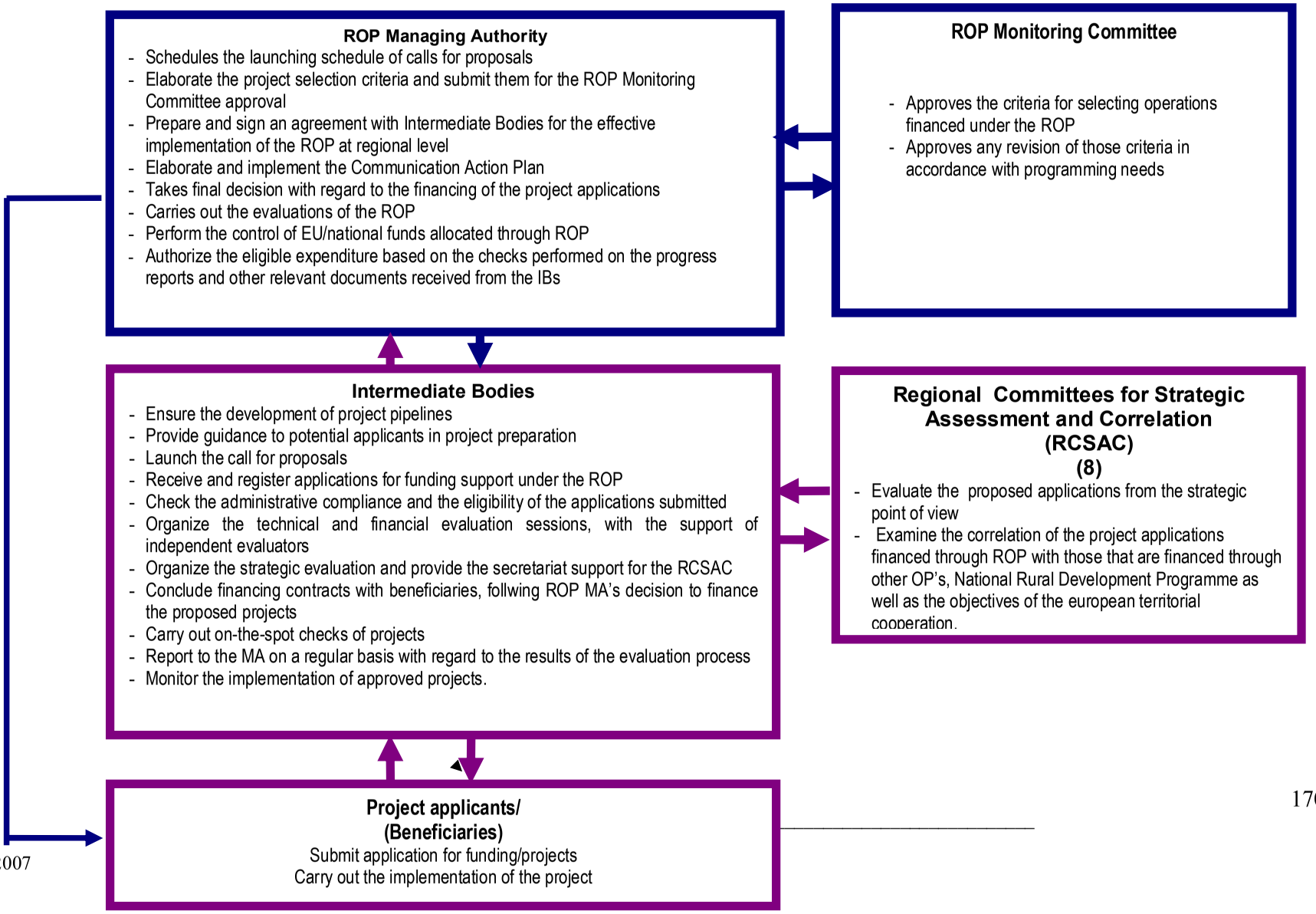
Eight Regional Committees for Strategic Assessment and Correlation (RCSAC) will be set up at the level of each Region. They have the role of evaluating project applications from the strategic point of view, namely assessing whether the proposed projects are in line with the ROP objectives and with the Region's development strategy. In addition, the Regional Committees for Strategic Assessment and Correlation will examine in general the correlation of the projects that are financed under ROP with those that are financed under sectoral operational programmes, National Rural Development Programme, with the objectives of the European territorial cooperation as well as other programmes financed with public funding.

The membership of RCSAC will be made up of representatives of local authorities in the region and of representatives of academic institutions, civil society and business environment, which are relevant at regional level.

The result of RCSAC evaluation of project applications will be a list including all the projects recommended for financing and also the projects that were not recommended, together with a proper justification. The RDAs will ensure the secretariat of the RCSACs.

The Regional Committees for Strategic Assessment and Correlation will ensure a transparent process and will respect the partnership principle promoted under the ROP priority axes.

Schematic of ROP implementation system and the main attributions of the entities involved



5.2. MONITORING AND EVALUATION

5.2.1. Roles and responsibilities of the ROP Monitoring Committee (ROP MC)

In line with the requirements of Article 63 of Council Regulation (EC) No. 1083/2006 a *Programme Monitoring Committee will be established for the Regional Operational Programme* within three months of the date of the notification of the decision approving the operational programme by the European Commission.

The role of the ROP MC will be to satisfy itself as to the effectiveness and quality of the implementation of the operational programme by carrying out the tasks set out in Article 65 of Council Regulation (EC) No. 1083/2006 and the arrangements for monitoring set out in Article 66. The ROP Managing Authority and the Monitoring Committee will ensure the quality of the implementation of the Regional Operational Programme.

The ROP MC will be chaired by the Ministry of Development, Public Works and Housing and the MA ROP will provide the secretariat. The membership of the Committee will be the following:

1. Reprezentatives of regional and local authorities:
   - ✓ **Presidents of the Regional Development Boards**

2. Representatives of relevant national authorities:
   - ✓ **Ministries in which managing authorities have been set up**

3. Representatives of relevant socio-economic partners established at regional level:
   - ✓ **Employers organizations and trade unions**
   - ✓ **Bodies and organizations that are representative for horizontal issues (equal opportunities, environment, etc.)**
   - ✓ **Relevant associations, including of the local public administration associations**
   - ✓ **Organizations that are representative for the academic environment and relevant for ROP**

The ROP MC members will be nominated by each of the above-mentioned institutions/structures/associations/bodies and organizations. An equitable participation between men and women will be promoted in appointing the membership of the ROP MC.

At the ROP MC meetings may also partipate as observers, representatives of organizations such as:

- ***Other relevant ministries with an interest in the ROP, Regional Development Agencies, Competition Council, civil society organized in nationally representative structures and carrying out activities that are relevant for the ROP etc.***

A representative of the European Commission will attend the ROP MC meetings, in an advisory capacity, at the invitation of the Chairperson, or at their own initiative.

Representatives of the European Investment Bank and European Investment Fund may also participate in the meetings in an advisory capacity.

5.2.2. Monitoring and reporting system

Monitoring is an on-going process and has an important role to play in the management of the operational programme, in confirming that it is making good progress, determining whether or not the programme continues to pursue the original targets and in identifying potential problems so that corrective action can be taken.

The OP monitoring system takes into account the needs of different user groups and different levels of the management structures. The potential users of information are the stakeholders who have their own areas of responsibilities and, therefore, their distinctive information needs, as follows:

- Beneficiaries
- Intermediate bodies
- Managing authorities
- Monitoring committees
- Government of Romania
- European Commission
- External evaluators
- Wider public and NGOs.

The monitoring system is based on a regular examination of the context, resources (inputs), outputs and results of the programme and its interventions. It is composed of a mechanism of coherent information including progress review meetings and progress reports providing periodic summaries which incorporate key information from the physical and financial indicators. The purpose of the reports is to provide updates on achievements against indicators and milestones and they will be written in a standard format allowing for comparison between reports over time.

The core piece of information to be provided in the reports is related to indicators capturing the progress of the interventions vis-à-vis the goals set in the programming phase. In this respect, a system of indicators for each OP has been developed under the coordination of ACIS. Although adapted to the specific feature to the OP, the indicator system pursues the uniformity of the core data allowing information to be bottom-up aggregated at different levels of interventions (projects, key area of interventions, priority axes, OP, NSRF), themes, sectors etc. The system will be detailed with guiding elements providing a common understanding among the stakeholders, such as a comprehensive lists of monitoring and evaluation indicators, definition of each indicator, responsibilities, periodicity and ways of data collection and processing, as well as indicators tables to be generated by SMIS providing a clear picture of the interventions' context and progress. Whenever appropriate, data will be broken down by different criteria (territorial, gender, target groups, size of the recipient etc.).

The use and improvement of the set of indicators as part of the monitoring system is a continuous task during the programming period. ACIS and the Managing Authority will check periodically the reliability of the information collected and will coordinate an on-going

process of improving the functioning of the monitoring system. Evaluations and quality check of the monitoring system concerning its coverage, balance, and manageability will be carried out. The individual indicators will be assessed in terms of their relevance, sensitivity, availability and costs.

The Monitoring Committee will be consulted on the indicators system at an early stage of programme implementation as well as during the entire programming period in order to verify that:

- the indicator system as a whole has been set up properly, and
- the information is sufficient for its own work.

Although the monitoring system will be largely responsible for generating output data, some output, and most result data may require additional efforts (e.g. surveys, field work, collecting information from other organisations). On the other hand, official statistics generating context indicators will need to be supplemented with surveys, studies or other techniques of data collection and interpretation. The specific needs for complementary information and related planned activities will be included in the OP and NSRF Evaluation Plans that are described in Evaluation section of this document.

5.2.3. Regions for Economic Change

The ROP MA will support, where possible, the European Commission plans to boost innovation by bringing European regions together into strong partnerships and to help them take advantage of experience and best practice.

The Managing Authority commits itself to:

a) Make the necessary arrangements to welcome into the mainstream programming process innovative operations related to the results of the networks in which the regions are involved;

b) Encourage the Monitoring Committee and the Regional Committees for Strategic Assessment and Correlation to receive regular updates from the network(s) where the regions are involved;

c) Foresee a point in the agenda of the Monitoring Committee at least once a year to take note of the network's activities and to discuss relevant suggestions for the mainstream programme concerned.

d) Inform in the Annual Report on the implementation of the regional actions included in the Regions For Economic Change initiative.

5.2.3. Annual implementation report and final report

In accordance with *Article 67 of* Council Regulation (EC) No. 1083/2006*,* the Managing Authority will submit an *Annual Implementation Report* to the European Commission, for the first time in 2008 and by 30th June in each year. The report will be examined and approved by the ROP ROP MC before it is sent to the Commission.

A Final Report will be submitted to the Commission by 31 March 2017. The final report will cover all information of the entire implementation period from 2007 to 2015.

The annual examination of programmes. In line with *Article 68 of* Council Regulation (EC) No. 1083/2006, every year, when the annual implementation report is submitted, the European Commission will review the main outcomes of the previous year with the ROP Managing Authority with a view to improving implementation. Any aspects of the operation of the management and control system raised in the annual control report may also be examined.

After this review, the European Commission may make comments to the ROP Managing Authority and to the Romanian Government. The ROP Managing Authority will inform the ROP Monitoring Committee of these comments. The ROP Managing Authority will inform the Commission of the action taken in response to these comments.

5.2.4 Evaluation

Regulatory framework

Evaluation of Operational Programmes is an activity inseparable from the overall ROP management and implementation arrangements, as a tool for assessing the relevance, efficiency, effectiveness of the financial assistance deployed, as well as the impact and sustainability of the results achieved.

The requirement to conduct systematic evaluation activities of the ROP and the general rules for those activities are provided for in the Council Regulation (EC) No 1083/2006, laying down general provisions on the ERDF, ESF and Cohesion Fund (articles 37, 47-49).

In accordance with articles 47-48 of Council Regulation 1083/2006, three main types of evaluations will be carried out for the ROP.

- *An ex-ante evaluation*
- *On-going evaluations* (during the period of implementation of the ROP)
- *Ex-post evaluation*

Ex-ante evaluation. For the programming period 2007-2013, the ex-ante evaluation was carried out for all OPs by an external evaluator (a single contractor). The ex-ante evaluation has also included the Strategic Environmental Assessment, done in compliance with the requirements of the Directive 2001/42 on the assessment of the effects of certain plans and programmes on the environment. The management of the ex-ante evaluation contract was ensured by the National Authority for Structural Instruments Coordination (ACIS) through the Evaluation Central Unit in close cooperation with the Managing Authorities and other main stakeholders.

Ongoing evaluations will be carried out during the period of implementation of the ROP and shall be of three types – ***a) interim, b) ad hoc*** *and* ***c) with cross cutting themes,*** as follows:

a) The Interim Evaluation - will aim at improving the quality, effectiveness and consistency of the assistance and the strategy and implementation of operational programmes. The interim evaluations will support the ROP management process by analyzing problems, which occur during the implementation and propose specific solutions to improve the operation of the

system.

There will be 2 interim evaluations of the ROP: one evaluation to be carried out at the end of 2009 and one in 2012. The first interim evaluation will examine progress to date in implementing the ROP, looking particularly at issues such as management of the programme, whereas the second interim evaluation will focus more on priorities, looking towards the next programming period.

b) Ad-hoc evaluations will be carried out where programme monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of operational programmes. Ad-hoc evaluations can also address either implementation or management issues of an individual priority axis or key area of intervention, or can be "thematic".

Interim and ad-hoc evaluations will be managed by the evaluation unit of the ROP Managing Authority and will be conducted externally, by independent evaluators.

c) Evaluations with a cross-cutting theme will be carried out where the evaluation is of a horizontal nature and completion of the evaluation demands involvement from more than one OP. These evaluations may examine the evolution of all or a group of OPs in relation to Community and national priorities. They may also examine particular management issues across all OPs. Evaluation with cross-cutting themes will be managed by Evaluation Central Unit of the ACIS and will be commissioned to external consultants.

Specific objectives, evaluation questions, tasks and expected results **of interim ad-hoc** and ***cross-cutting evaluations*** will be defined separately for each evaluation to be conducted.

Apart from these evaluations, a permanent external evaluator may be appointed by the ROP MA to assist the Monitoring Committee in its work, to ensure that the ongoing monitoring of the programmes is satisfactory and to provide an independent source of information, reflective analysis and advice. The primary role of the external evaluator is to provide an expert resource base to the Monitoring Committee, the Managing Authority and its intermediate bodies as concerns aspects of monitoring and implementation relating to economic, operational, legal and procedural considerations. Any potential conflict of interest will be avoided.

The ex-post evaluation shall be carried out by the Commission, in close cooperation with the Member State and the Managing Authorities, according to art. 49 par. 3 of the Council Regulation no 1083/2006.

The Commission may also carry out **strategic evaluations**, as well as evaluations linked to the monitoring of OPs, in accordance with art. 49 par. 2 of the Council Regulation No. 1083/2006.

Institutional framework for evaluation

The national institutional framework for evaluation comprises 2 levels:

- ***An overall coordination level***, ensured by the **Evaluation Central Unit** established within the National Authority for Structural Instruments Coordination (ACIS) structure, Ministry of Economy and Finance
- A functional level composed of the Evaluation Units established within each MA.

The coordination role of the Evaluation Central Unit can be summarized as follows:
- Carrying out cross-cutting evaluations;
- Providing capacity building activities to support and develop the operational capacity of the Evaluation Unit established in the ROP Managing Authority.
- Providing overall quality assurance activities to ensure the quality of all evaluations.

The evaluation unit established within the ROP Managing Authority will be responsible for ***interim and ad - hoc evaluations.***

The *Evaluation Unit* will act in co-operation with the Monitoring Committee and will interact on a constant basis with the *Evaluation Central Unit*.

The ROP MA Evaluation Unit will draft an ***Evaluation Plan***, which will comprise the indicative evaluation activities it intends to carry out in the different phases of the programme implementation, the indicative human and financial resources allocated for each evaluation activity, the actions aimed at capacity building, as well as the incumbent responsibilities. This planning shall be done in accordance with the Community Regulations on Structural Instruments; the methodological working papers on evaluation issued by the European Commission; the methodological working papers on evaluation issued by ACIS - Evaluation Central Unit.

A cross-cutting ad-hoc external evaluation will be commissioned in 2008 by the ACIS. This evaluation will especially focus on implementation and process issues across the OPs as well as on the external coherence of the programmes with national policies.

Operating arrangements

Each OP will have a Steering Committee, which will convene for each evaluation exercise. A Strategic Evaluation Steering Committee will be established also at the level of NSRF for evaluations with crosscutting themes. The steering committee will fulfil, as a minimum, the following tasks: set the terms of reference for individual evaluations, facilitate the evaluator's access to the information needed to perform his/her work; support the evaluation work, particularly from the methodological standpoint; ensure that the terms of reference are observed; exercise quality control in relation to the evaluation performed.

Under the coordination of the Evaluation Central Unit, a follow-up mechanism of the evaluation recommendations will be set-up in the Evaluation Procedures Manual to be applied by the ROP MA.

As concerns the availability for the public of the evaluation results, the executive summary of the evaluation reports will be made publicly available.

5.3 FINANCIAL MANAGEMENT AND CONTROL

The Ministry of Economy and Finance is designated to fulfil the role of **Certifying Authority** for all OPs, being responsible for drawing up and submitting to the Commission certified statements of expenditure and applications for payment in line with the provisions of Article 61 of the Council Regulation no 1083/2006. The responsible directorate within the MEF is the "Certifying and Paying Authority" (CPA) built up on the National Fund office, making use of the pre-accession experience. The above-mentioned responsibilities will be performed by the "Certification Unit" within the CPA.

Within the CPA, there are two separate units, "Certification Unit" and "Payment Unit", each of them being under the coordination of distinct Deputy General Director.

The **competent body for receiving the ERDF, ESF and Cohesion Fund payments from the European Commission** in respect of all OPs is the Certifying and Paying Authority, through the "Payment Unit".

The **body responsible for making the payments to the Beneficiaries** is the paying unit within the Ministry of Development, Public Works and Housing.

An associate body of the Romanian Court of Accounts has been designated as **Audit Authority** for all OPs, in line with the requirements of Article 59 of the Council Regulation 1083/2006. The Audit Authority is operationally independent of the Managing Authorities, Certifying and Paying Authority.

Certifying and Paying Authority– shall be responsible in particular for:

1) *Certification of expenditure,* which means drawing up and submitting to the Commission certified statements of expenditure and payment claims in computerized form. Those functions are performed by the "Certification Unit".

It will certify that:

- the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;
- the stated expenditure complies with applicable Community and national rules and was incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme.

Within this purpose, the task of the Certifying Authority is to ensure that the information received on the procedures and verifications carried out in relation to expenditure and included in expenditure statements provides an adequate basis for certification, which entails:

- to verify the compliance of the claimed amounts with the SMIS database;
- to verify the correct calculation of the total amount of eligible expenditures;
- to take account of the results all audits carried out by or under the responsibility of the Audit Authority/internal audit body or European Commission;
- to maintain accounting records in computerized form of expenditure declared to the Commission;
- to keep a debtor ledger.

2) Receiving payments from the Commission

- to receive from the European Commission the amounts from ERDF, ESF and CF, as pre-financing, intermediate and final payments;
- to draw up and submit annually to the EC the provisional forecast of likely applications for payments for the current financial year and for the subsequent one;
- to return to the EC non-eligible expenditures, recoveries as a result of an irregularity or the funds that were not used, including interest of late payment.

The ROP *paying unit within the* Ministry of Development, Public Works and Housing has the following main responsibilities:

- to receive transfers of the Community contribution to the ROP from the Certifying and Paying Authority;
- to make payments to the ROP beneficiaries from the ERDF, and the co-financing amounts.

The Managing Authority of ROP is responsible for managing and implementing its Programme efficiently, effectively and correctly in line with the provisions of Article 60 of the Council Regulation no 1083/2006. The ROP Managing Authority will work closely with the Certifying and Paying Authority in fulfilling the responsibilities of financial management and control to ensure that:

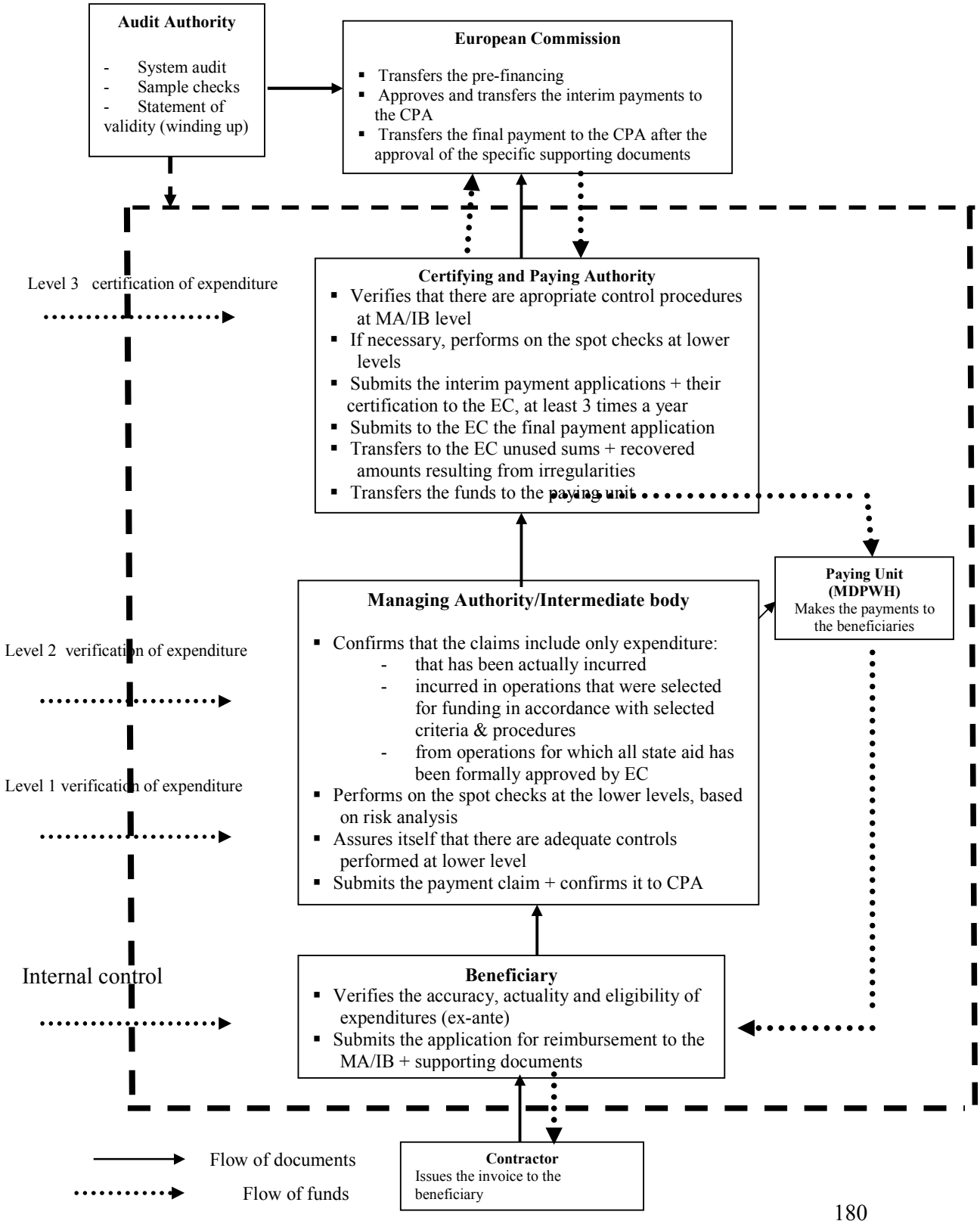
- Money is used most effectively to achieve the objectives of each OP;
- Use of resources is publicly accountable to the EU and the Member State;
- Budgetary control is effective so that commitment is sustainable within each OP and financial planning profiles are adhered to;
- Contracting is within budget;
- Procurement of goods and services under projects financed:
    - takes place;
    - conforms to EU and Member State rules;
    - represents value for money;
- Financial statements sent to the European Commission and other bodies are correct, accurate and complete:
    - correct - funds are applied correctly;
    - accurate – free from errors;
    - complete – all relevant items have been included;
- Payments to Beneficiaries are made regularly and without undue delay or deductions;
- Co-financing resources are provided as planned;
- Payments are properly accounted for;
- Irregularities are notified in line with EU regulations;
- Any sums wrongly paid out are recovered swiftly and in full;
- Unused or recovered resources are re-committed within the respective OP;
- De-commitment is avoided – particularly in relation to the n+3/n+2 rule;
- Closure of each OP takes place smoothly and on time.

Before submitting the application for reimbursement, the Beneficiary verifies the accuracy, actuality and eligibility of expenditure according to the national legislation on internal control.

Within the purpose of expenditure certification to the European Commission, checks are carried out on three levels:
1) verification of expenditures at IB level;
2) verification of expenditures at MA level;
3) certification of expenditure at Certifying Authority level.

Verifications carried out at the IB level are delegated tasks from the ROP MA, based on its assessment regarding administrative capacity. The ROP MA will remain responsible for the tasks delegated to the IB. The tasks performed in that sense will not duplicate checks carried out at IB level.

Financial flow of the ROP



5.4. IRREGULARITIES

The legal basis is represented by Commission Regulation no. 1828/2006 setting out rules for the implementation of Council Regulation no. 1083/2006 and of Council and European Parliament Regulation no. 1080/2006, the Council Regulation no. 2988/95 on the protection of the European Communities' financial interests and the Romanian Government Ordinance no. 79/2003 with subsequent modifications and completions which settles the ways of control and recovery of sums from non-reimbursable EU financial assistance.

The objective of this section is to describe the identification and reporting of any suspected fraud or other irregularity. This section will also deal with the importance of the immediate implementation of corrective action (including sanctions and launching of civil or criminal proceedings) deemed necessary as a consequence of the investigation of an irregularity.

Irregularities involving loss of EU funds of less than 10,000 Euro are not required to be reported to the Commission under Commission Regulation (EC) No 1828/2006 unless the Commission requests it.

Therefore, irregularities of over 10,000 Euro and all irregularities committed intentionally must be reported to the European Commission. These reports are aggregated and checked by the Certifying and Paying Authority and then are forwarded to the Fight Against Fraud Department (DLAF) for transmission to OLAF on a quarterly basis. The Certifying and Paying Authority receives the reports from the MAs and it must include any reports on irregularities within the Certifying and Paying Authority itself.

In order to allow a proper process of prevention, detection and reporting of irregularities, at the level of the MA and IB, an irregularities officer is identified. The irregularities officers identified at the level of the IBs prepare quarterly and ad-hoc reports and submit them to the MA. The irregularities officer identified at the level of the MA prepares quarterly and ad-hoc reports and submits them to the Certifying and Paying Authority.

Any person involved in the implementation of ROP can report the suspected case of fraud to the irregularities officers of the Certifying and Paying Authority, MA, IB, or to the Internal Audit Units of the Certifying and Paying Authority, MA or IB either formally or anonymously. The person reporting the suspected case will have no further involvement in the irregularity process for personal security reasons.

Suspected irregularities will be analysed and investigated by the competent services and the response will be sent according to the internal procedures of the competent authority and to the Romanian legal framework in force.

The irregularities officer takes action both from his/her own initiative and on the complaints received.

The irregularities officer carries out its activity based on the Irregularities Manual that will be prepared at the level of each structure involved (MA, IB).

5.5. INTERNAL AUDIT

Within all ministries involved in the implementation of the Operational Programmes Internal Audit Units have been established that are independent from the structures performing the tasks of Managing Authorities (or Intermediate Bodies) and are directly subordinated to the heads of the institutions concerned.

The methodological coordination of these Units is ensured by a special unit within the Ministry of Economy and Finance, namely the Central Harmonizing Unit for Public Internal Audit.

The attributions of Central Harmonizing Unit for Public Internal Audit (CHUPIA)

- Developing and implementing uniform procedures and methodologies based on international standards agreed by the European Union, including internal audit manuals and audit trails.
- Developing risk management methodologies.
- Developing the Ethical Code of the internal auditor.
- Endorsing the methodological norms on PIA, specific to the different domains of activity in the field of public internal audit.
- Developing a reporting system for the results of all public internal audit activities and elaborating an annual report.
- Verifying whether norms, instructions, as well as the Ethical Code are respected by internal audit services in public entities; it may initiate the necessary corrective measures in co-operation with the Head of the respective public entity.
- Coordinating the system of recruiting and training in the field of public internal audit.

The tasks of the Public Internal Audit Unit of the Ministry of Development, Public Works and Housing

The Public Internal Audit Unit within the MDPWH has specific audit manuals for the European Funds.
According to the law, the tasks of the Internal Audit Unit are the following.

- Performing internal audit activities in order to assess whether the financial management and control systems of the public entity are transparent and comply with the norms of lawfulness, regularity, cost-effectiveness, effectiveness and efficiency;
- Informing CHUPIA on the recommendations not followed by the head of the audited public entity and of their consequences;
- Reporting periodically on the findings, conclusions and recommendations resulting from its audit activities;
- Preparing an annual overview of its activities in the annual report;
- Reporting immediately to the Head of the public entity and to the inspection unit in case of detecting any serious irregularities or fraud cases.

Audit Authority

Romania has established an **Audit Authority** for all Operational Programmes through Law no 200/2005, which will perform the functions established in the Article 62 of the Council Regulation no 1083/2006.

The **Audit Authority** is an associated body to the Court of Accounts, without legal capacity, operationally independent from the Court of Accounts and at the same time independent from all the Managing Authorities and Certifying Authority.

In accordance with the provisions of the Law no. 200/2005, Article 14^2, the Audit Authority has the following responsibilities:

- system audit, sample checks and final audit;
- checks and external audit for the structural and cohesion funds;
- annual checks of the management and control systems;
- checks of the statements of expenditure, on the basis of an appropriate sample;
- carries out appropriate checks in order to issue winding-up declarations at the closure of the programmes;
- checks the existence and correct use of the national co-financing.

Assessment of the compliance of the management and control systems

As required by Article 71 of the Council Regulation no 1083/2006, an assessment of the compliance of the management and control systems for ROP will be submitted to the Commission before the submission of the first interim application for payment or at the latest within twelve months of the approval of the OP.

5.6 INFORMATION AND PUBLICITY

The Managing Authority for the ROP will ensure that the implementation of the programme complies with the information and publicity requirements for the programme, as set out in Article 69 of Council Regulation (EC) No 1083/2006 and in Section 1, "Information and Publicity", of Commission Regulation (EC) No 1828/2006.

The ROP MA will prepare a *Communication Plan for the Regional Operational Programme* within the context of the proposed overall *National Communication Strategy for Structural Instruments in Romania*. The ROP Intermediate Bodies will be responsible for implementing information and publicity specific to their region.

The kinds of actions to be undertaken include a special web page to be launched on the MDPWH website with full information about the ROP. The MA will also inform the general public about the role of the European Community in the provision of financial assistance through the ROP. The final results of projects will be made public. The EU logo will be placed on all promotional material, ROP stationery, and displayed on projects supported by the programme.

5.7 THE SINGLE MANAGEMENT INFORMATION SYSTEM

Concept of the Single Management Information System

The Single Management Information System is a nation-wide web-based information system, supporting all Romanian organisations implementing the National Strategic Reference Framework and Operational Programmes. The system is addressing the needs of all management levels (Managing Authorities, Intermediate Bodies, Certifying Authority etc.) and through all the stages of the programme cycle (programming, tendering, contracting, monitoring, evaluation, payments, audit and control). SMIS main characteristic is that it provides its users with a single mechanism for assisting them in accomplishing their everyday tasks.

As a monitoring tool, SMIS is the main provider of information on progress regarding the implementation, at both project and programme level, allowing monitoring reports to be automatically generated.

The SMIS has been developed under the coordination of ACIS and in close cooperation with the representatives of all structures involved in the management of Structural Instruments. During the implementation period, the SMIS will be managed and further developed by ACIS.

SMIS design and functionalities

The SMIS design follows three main principles: data ***availability*** (data are directly available following the request of an authorized user); data ***confidentiality*** (data are provided only to those users authorized for accessing that specific piece of information); data ***integrity*** (data processing should occur only by authorized users under authorized means). As means for implementing the three aforementioned principles the system supports multiple users categorized into a number of user groups/roles. In that way user permissions are easily organized and managed and the access to information can be thoroughly audited and logged in a flexible way.

In order to provide an effective management tool, the functional model of the SMIS is based on a set of subsystems, which together reflect the broad range of functionalities the System is designed to perform, as follows:

- *Programming, w*hich allows the registration and the modification of the main information on the NSRF broken down at lower levels by OP, priority axis, key area of intervention and operation;
- *Project management* (registration and the modification of the main information on projects, including the contracts[40]);
- *Monitoring,* which allows observing the progress in structural and cohesion funds implementation at all levels, where appropriate against targets previously set. It also

[40] A contract is a legal commitment concluded between the Beneficiary and the Grantee or Provider of the services, works or supplies necessary to implement a part of the project or the entire project.

allows automatically bottom-up aggregation of the *actual value* of the core data which are registered at lower levels of the System;
- *Audit and Control,* which registers the control and audit findings and generates the audit reports;
- *Funds flow management,* which deals with payment request forecasts, inflows, project revenues, suspensions and recoveries of funds.

Data will be introduced in SMIS at the appropriate level, based on clearly defined user rights profiles. The access to the system will be granted based on username/password, obtained from ACIS following a specific procedure which involves the heads of the institutions managing the Structural Instruments.

SMIS Coordinators' network

At the level of the Managing Authorities, Certifying and Paying Authority and Audit Authority, SMIS Coordinators have been designated, responsible for collecting and pipelining the needs of their institutions, concerning the improvement of the system and for up keeping the integrity and uniformity of the procedures followed in the implementation of Structural Instruments.

Among the SMIS Coordinators' tasks and responsibilities, the following can be mentioned:
- To act as an interface between OP MA and ACIS on the one hand and OP MA and IBs on the other hand, concerning SMIS issues;
- To collect and disseminate information from and within the institution they represent;
- To be the first line of help desk function;
- To be in-house trainers of users, including for the new employees.

Electronic data exchange with the European Commission, according to Art. 40-42 of the Commission Regulation no.1828/2006, will be done through an interface between SMIS and the System for Fund management in the European Community 2007-2013 (SFC2007).

6. PARTNERSHIP

In the process of drafting the Regional Operational Programme the partnership has had an essential role both in establishing the key areas of intervention and the priority axis, and in identifying the potential beneficiaries and the eligible projects.

The partnership process for drafting the ROP was carried out both at national and regional level, having a large participation. The process began in 2004 and will continue until the Commission approves the ROP.

National consultations have been achieved mainly with the participation of RDAs, line ministries, relevant national organizations and associations (Romanian Federation of the Local Authorities, Association of Romanian Towns, Romanian Municipalities Association, Economic and Social Committee, Chambers of Commerce, National Confederation of Free Trade Unions in Romania, Confederation of Romanian Democratic Trade Unions, Agency for Equal Opportunities, CPISC, Association Pro Democratia, Estuar Foundation, Les Amis de la France, Motivation Romania, Chambers of Commerce, universities, etc), as well as regional actors (ANTREC, FRDS, Terra Milenium III, etc.). This process takes place under the coordination of Ministry of Development, Public Works and Housing – General Directorate for Regional Development (Managing Authority for Regional Operational Programme), with the support of the national twinning project and of the technical assistance team.

Regional consultations have been carried out under the RDAs coordination with the participation of local and regional representative organizations and associations, as well as representatives of MEI and other line ministries. The entire process was carried out with the support of the Phare twinning and Technical Assistance projects.

Summary of the partnership consultation process

In 2004 the **Programming and Regional Policies Directorate of the Programming and Regional Policies Directorate** initiated a consultation process on the drafting of the ROP. A working Group was created - **Working Group for "Regional Development and cross-border cooperation" for the NDP 2007-2013 and drafting of the ROP regional strategy.** This group was made up of the representatives of MEI as Managing Authority for ROP, of the line-ministries – future SOPs Managing Authorities, of the RDAs and of socio-economic partners. The task of the group was support the Programming and Regional Policies Directorate in the preparations of the strategies.

The first stage, March – August 2004, involved the analysis and methodology alternatives for the ROP, identifying existing needs at regional and local level and also the development priorities. From this information, the Working Group discussed and advised on the priority axes and key areas of intervention.

In the second stage, September – December 2004, a methodology was elaborated for the drawing up of regional development plans. In November 2004 working groups were established in the regions to act as a debate forum for discussion the local and regional partners role in ROP implementation.

The third stage (January - May 2005) focused on the finalisation of the ROP priority axes and a continuation of the dialogue with other Ministries and OPs. The consultation continued with the RDAs to ensure coherence between the Regional Development Plans and the evolving ROP document. In May-June 2005 **Partnership Local Working Groups** were set up for each of the 5 draft ROP priority axes. The working groups assisted with the identification of intervention areas and projects, which had already been developed and could be delivered by the ROP.

The fourth stage of drafting the ROP consisted in organizing bilateral consultative meetings both with line-ministries and RDAs for a better delineation between the measures proposed to be financed in the other operational programmes and ROP fields of intervention. There were also organized consultative fora with the participation of the potential beneficiaries for eligible activities under ROP.

A fifth stage was focused on extension and consolidation of partnerships in order to solidly underpin the ROP priority axes and fields of intervention, involving in this process the Regional Development Boards (RDB) and The National Board for Regional Development (NBRD). Moreover, there were crystallized the ROP key areas of intervention so that the final version of the document could be transmitted to the European Commission for the negotiation process.

Consultation comments

During the consultation process, the most relevant inputs for ROP preparation referred to:

- introducing of a priority axis dedicated to social infrastructures in order to ensure a better visibility of the social actions;
- the need to rehabilitate and equip not only health units of a national importance, but also the local ones, since these are in a precarious condition;
- the construction of new hospitals, based on a cost efective analysis; the expansions of existent hospitals, specific medical equipment using new technologies, especially for emergency situation, social infrastructure rehabilitation: daycare centers for elderly people, the establishment of abandoned children centers as well as centers for abused women;
- the correlation of proposed projects with national strategies;
- including within the transport infrastructure priority besides local / counties roads, also ports and airports of regional interest, which will contribute to access-time reduction and to increase the attractiveness of the regions for investors;
- the need to have a dedicated priority axis for tourism development, since all Romanian regions have tourism potential, which can be capitalized, not only by preserving the cultural, natural and historical heritage, but also by improving the quality of accommodation and leisure infrastructure;
- the need to support small towns in order to improve their urban infrastructure and services and as a result enhance their urban functions;
- urban development should rely on integrated approach and establishment of development plans, in line with the provisions of the legislation in force;

- the need to have a different financial allocation by regions, according to their development level;
- the approach used to establish financial allocation by ROP priority axes and Regions; the ROP financial allocation by axis was established on a bottom up approach and the Regions agreed to use the same national percentage allocation; also Bucharest Ilfov - Region agreed to use this approach due to the less developed areas existing within the Region, namely outskirts and the Ilfov county.
- to prioritize the needs, in order to meet the basic ones;
- the need to implement only those projects which will demonstrate their territorial impact;
- the projects should be set up in large partnerships;
- the need to continue the ROP dissemination and ensuring information about the implementation process; Ministry of Development, Public Works and Housing organized information events regarding priority axes content and implementation phases.

Conclusion

An extensive process of consultation has been undertaken for the ROP' design and drafting. During the fora and the seminars many opinions have been formulated and most of them were taken into consideration. As a result, the ROP final version reflects the common point of view of all relevant stakeholders.

ANNEX 1 - TABLES

Table 1

Foreign Direct Investments (FDI) by Regions in 2005

Development Regions	Value (Meuro)	% in total
1. North-East	292	1.3
2. South-East	1,838	8.4
3. South	1,388	6.3
4. South-West	745	3.4
5. West	1,491	6.8
6. North-West	1,257	5.8
7. Centre	1,610	7.4
8. Bucharest-Ilfov	13,264	60.6
Romania	**21,885**	**100.0**

Source: NBR and NIS – Statistical Research on Direct Foreign Investments in Romania in 2006

Table 2

Companies with foreign capital participation and their subscribed capital by development regions in 1991-2002

Region	No. of com. with FCP			Amount of subscribed capital		
	No.	%	Ranking	Total (Thou. Euro)	%	Ranking
Romania	**90,711**	**100.0**	**-**	**7,990,673**	**100.0**	**-**
North-East	3,513	3.9	6	279,402	3.5	7
South-East	5,139	5.7	5	952,742	11.9	2
South	3,362	3.7	7	784,820	9.8	3
South-West	2,142	2.4	8	250,130	3.1	8
West	9,138	10.1	2	606,871	7.6	4
North-West	8,775	9.7	3	501,987	6.3	5
Centre	7,673	8.5	4	408,251	5.1	6
Bucharest-Ilfov	50,969	56.2	1	4,206,469	52.6	1

Source: National Trade Registry Office

Table 3

SMEs density, including micro-enterprises

Regions	SMEs/1000 inhab			Micro/1000 inhab		
	2003	2004	2005	2003	2004	2005
North-East	10.84	12.1	13.14	9.35	10.59	11.52
South-East	15.43	17.31	18.63	13.6	15.37	16.51
South	11.53	12.85	13.8	10.06	11.33	12.16
South-West	12.07	13.42	14.3	10.74	12.06	12.82
West	16.68	19.37	21.55	14.17	16.76	18.76
North-West	18.16	20.2	22.22	15.82	17.74	19.59
Centre	17.18	19.71	21.55	14.75	17.12	18.79
Bucharest-Ilfov	35.59	41.37	46.51	31.11	36.81	41.6
Romania	16.38	18.59	20.38	14.26	16.39	18.01

Source: NIS 2006, Year Book, 2003, 2004, 2005

Table 4

The number of employees/ SMEs, including micro-enterprises

Regions	SMEs/1000 inhab			Micro/1000 inhab		
	2003	2004	2005	2003	2004	2005
North-East	10.84	12.1	13.14	9.35	10.59	11.52
South-East	15.43	17.31	18.63	13.6	15.37	16.51
South	11.53	12.85	13.8	10.06	11.33	12.16
South-West	12.07	13.42	14.3	10.74	12.06	12.82
West	16.68	19.37	21.55	14.17	16.76	18.76
North-West	18.16	20.2	22.22	15.82	17.74	19.59
Centre	17.18	19.71	21.55	14.75	17.12	18.79
Bucharest-Ilfov	35.59	41.37	46.51	31.11	36.81	41.6
Romania	16.38	18.59	20.38	14.26	16.39	18.01

Source: NIS 2006, Year Book, 2003, 2004, 2005

Table 5

New created SMEs

Regions	New SMEs			Structure new SMEs		
	2002	2003	2004	2002	2003	2004
North-East	11,886	17,553	18,620	12.8	14.3	13.0
South-East	13,519	14,896	16,501	14.6	12.1	11.5
South	9,662	14,076	15,944	10.4	11.4	11.1
South-West	7,331	10,800	11,269	7.9	8.8	7.9
West	8,431	11,010	14,467	9.1	8.9	10.1
North-West	13,761	17,302	21,977	14.8	14.0	15.3
Centre	11,314	15,610	16,627	12.2	12.7	11.6
Bucharest-Ilfov	16,691	21,931	28,006	18.2	17.8	19.5
Romania	92,595	123,178	143,411	100	100	100

Source: NIS 2006, New enterprises and entrepreneurs profile from Romania

Table 6

Evolution of the unemployment rate by Regions and years

- % -

	North-East	South-East	South	South-West	West	North-West	Centre	Bucharest-Ilfov
1991	4.5	4.0	2.7	3.4	2.5	3.2	1.8	1.4
1995	13.7	10.6	9.0	9.9	7.5	8.6	9.1	5.1
2000	13.2	11.4	10.4	11.6	10.4	8.5	10.3	5.8
2002	10.8	10.0	9.2	9.4	6.6	6.8	9.0	3.3
2003	9.0	8.1	8.3	9.1	7.0	5.4	8.3	2.8
2004	7.8	6.9	7.4	7.5	5.8	4.2	7.8	2.8
2005	6.8	6.4	7.3	7.4	5.1	4.0	7.3	2.4

Source: Romanian Statistical Yearbook, 2006

Table 7

Operational railways by Regions

Region	Surface of the region (sq. km)	Total railway network length (km)								Railway density / 1000 sq. km of territory at the end 2005
		1998	1999	2000	2001	2002	2003	2004	2005	
North-East	36,850	1,505	1,507	1,506	1,506	1,506	1,506	1,498	1,634	44.3
South-East	35,762	1,326	1,327	1,329	1,329	1,329	1,362	1,355	1,750	48.9
South	34,453	1,671	1,699	1,699	1,699	1,699	1,713	1,703	1,255	36.4
South-West	29,212	983	1,001	1,001	1,001	1,001	997	990	1,006	34.4
West	32,034	2,010	2,010	2,011	2,011	2,011	2,009	2,007	1,904	59.4
North-West	34,159	1,659	1,645	1,645	1,645	1,645	1,638	1,641	1,678	49.1
Center	34,100	1,534	1,470	1,470	1,470	1,457	1,509	1,516	1,420	41.6
Bucharest-Ilfov	1,821	322	322	354	354	354	343	343	301	165.3
Romania	**238,391**	**11,010**	**10,981**	**11,015**	**11,015**	**11,002**	**11,077**	**11,053**	**10,948**	**45.9**

Source: National Institute of Statistics

Table 8

Romanian railway network, in the period 1997-2004

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Length of railway network (km)	11,380	11,010	10,981	11,015	11,015	11,002	11,077	11,053	10,948
Length of electrified railway network (km)	3,943	3,929	3,942	3,950	3,950	3,950	3,965	3,965	3,999

Source: National Institute of Statistics

ANNEX 2 – REGIONAL PROFILES

NORTH EAST REGION

Indicators to characterize the development level and the economic potential

- 2005-

INDICATORS	Region	Counties[1]						Romania
		BC	BT	IS	NT	SV	VS	
I. Population, employment, unemployment[2]								
I.1 Total population (absolute figures)	**3,734,546**	723,518	459,900	813,943	570,682	705,752	460,751	**21,623,849**
Urban population (%)	**43.4**	46.2	41.8	46.2	38.6	43.3	41.6	**54.9**
Rural population (%)	**56.6**	53.8	58.2	53.8	61.4	56.7	58.4	**45.1**
Migration sold	**-4,783**	-730	-576	-1128	-987	-484	-1328	**-7,234**
I. 2 Employment								
Active population in total population (%)	**47.9**							**45.5**
Employed population in total population (%)	**33.8**	31.1	33.3	36.4	35.2	34.5	31.9	**38.8**
Employed population by economic sectors:								
Agriculture (%)	**42.7**	32,6	52.9	34.6	45.1	48.1	51.2	**32.0**
Industry (%)	**19.4**	26.2	15.1	18.8	19.4	16.8	18.7	**23.5**
Services (%)	**37.9**	41.2	32.0	46.5	35.4	35.1	30.0	**44.5**
I.3 Unemployment								
Unemployment rate by December 31st 2005(%)	**6.8**	6.3	6.2	7.2	5.6	6.0	10.1	**5.9**
Feminine unemployment rate by December 31st 2005 (%)	**5.2**	4.9	4.3	5.4	4.6	5.2	7.1	**5.2**
Percentage of unemployed not benefiting from indemnities by 31 December 2005 (%)	**63.3**	55.6	65.3	72.5	62.3	60.7	59.2	**58.8**
II. Economic development								
II. 1. GDP / inhabitant (2004) – euro	**2029.3**	2441.1	1453.7	2307.3	1974.9	2027.1	1530.6	**2932.8**
II. 2. Labour productivity (2004) - euro	**1811.9**							**6194.8**
II. 3. FDI (mil. Euro)	**292**							**21,885**
II. 4. Business infrastructure (industrial, scientific and technological parks)	**2**		1		1			**34**
II. 5. SMEs								
SMEs / 1000 inhab (No.)	**13.1**							**20.4**

[1] BC (Bacău), BT (Botoşani), IS (Iaşi), NT (Neamț), SV (Suceava), VS (Vaslui)

[2] The data value is recorded at 1st of July 2005

Total SMEs (absolute figures)	**49,078**							**440,714**
Out of which : Manufacturing (%)	**15.1**							**13.2**
Constructions (%)	**5.7**							**7.0**
Services (%)	**78.9**							**79.5**
SMEs structures by size:								
Micro (%)	**87.7**							**88.3**
Small (%)	**10.9**							**9.4**
Medium (%)	**2.3**							**2.2**
Atractivity rate[42]	**19.7**							
III. Infrastructure								
III. 1 Transport								
Public roads density (km/100 sqkm)	**36.3**	37.1	42.5	43.0	30.6	29.0	40.8	**33.5**
Modernised public roads in total public roads (%)	**25.1**	25.8	16.4	17.6	25.3	37.0	26.8	**26.5**
III. 2 Public utilities								
Localities with water supply network in total number of localities (%)	**54.8**	72.0	64.1	48.9	54.2	38.9	55.8	**61.0**
ocalities with sewerage network in total localities (%)	**24.3**	54.8	19.2	13.3	16.9	26.5	12.8	**21.9**
III. 3 Education								
Number of education units	**1,664**	392	271	362	231	240	168	**11,865**
III. 4 Health								
Number of hospitals* *)	**66**	10	11	20	7	11	7	**433****)**
III. 5 Social services								
Number of institutions providing social services	**916**	640	75	19	18	14	150	**13,747**
III. 6 Tourism								
Accommodation units (no.)	**402**	41	11	68	94	179	9	**4,226**
Existing accommodation capacity (places)	**18,718**	3,401	756	3,428	4,045	6,526	562	**282,661**
Functioning accommodation capacity (thou. places - days)	**5,285**	976	284	718	1,165	1,933	209	**54,979**

* *) Including the private sector

[42] Survey, Romanian Business Digest, 2005

SOUTH-EAST REGION
Indicators to characterize the development level and the economic potential
- 2005-

INDICATORS	Region	Counties [1]						Romania
		BR	BZ	CT	GL	TL	VN	
I. Population, employment, unemployment[2]								
I.1 Total population (absolute figures)	**2,846,379**	370,428	494,052	715,148	620,500	252,485	393,766	**21,623,849**
Urban population (%)	**55.5**	65.3	41.4	70.9	56.9	49.1	37.8	**54.9**
Rural population (%)	**44.5**	34.7	58.6	29.1	43.1	50,9	62.2	**45.1**
Migration sold	**-1,803**	-499	-379	675	-1095	-590	-142	**-7,234**
I. 2 Employment								
Active population in total population (%)	**43.7**							**45.5**
Employed population in total population (%)	**36.1**	34	36.5	40.1	33.0	34.7	36.2	**38.8**
Employed population by economic sectors:								
Agriculture (%)	**35.3**	33.8	44.9	24.5	31.9	40.0	48.4	**32.0**
Industry (%)	**21.5**	27.5	22.4	17,8	23.3	23.2	19.5	**23.5**
Services (%)	**43.2**	38.7	32.7	57.7	44.8	36.8	32.1	**44.5**
I.3 Unemployment								
Unemployment rate by December 31st 2005 (%)	**6.4**	6.8	7.4	5.6	8.3	6	4	**5.9**
Feminine unemployment rate by December 31st 2005 (%)	**5.9**	4.8	6.4	6.8	7.7	4.8	2.9	**5.2**
Percentage of unemployed not benefiting from indemnities by 31 December 2005 (%)	**63**	65.2	62.3	54.7	72.6	54.4	65.4	**58.8**
II. Economic development								
II. 1. GDP / inhabitant (2004) – euro	**2661.35**	2363.48	2198.69	3640.82	2542.81	2454.97	2070.22	**2932.8**
II. 2. Labour productivity (2004) - euro	**5864.1**							**6194.8**
II. 3. FDI (mil. euro)	**1838**							**21,885**
II. 4. Business structure (industrial, scientific, technological, tourist and leisure parks, that received functioning authrization till 31.01.2006)	**3**			1	2			**34**
II. 5. SMEs								
SMEs / 1000 inhabitants (No.)	**18.63**							**20.4**
Total SMEs (absolute figures)	**53,021**							**440,714**
Out of which: Manufacturing (%)	**11.43**							**13.2**

[1] BR (Brăila), BZ (Buzău), CT (Constanța), GL (Galați), TL (Tulcea), VN (Vrancea)
[2] The data value is recorded at 1st of July 2005

Constructions (%)	**5.71**							**7.0**
Services (%)	**82.57**							**79.5**
SMEs structure by size:								
Micro (%)	**88.62**							**88.3**
Small (%)	**9.16**							**9.4**
Medium (%)	**2.22**							**2.2**
Atractivity rate	**22.5**							
III. Infrastructure								
III. 1 Transport								
Public roads density (km/100 sqkm)	**30.4**	24.9	43.4	32.9	32.8	15.5	39.5.1	**33.5**
Modernised public roads in total public roads (%)	**19.4**	23.5	12.6	22.5	19.5	25.7	18	**26.5**
III. 2 Public utilities								
Localities with water supply network in total number of localities (%)	**80**	80	71.2	98.5	60	96	80	**61.0**
Localities with sewerage network in total localities (%)	**22.11**	13.64	11.49	45.71	25	25.49	12.33	**21.9**
III. 3 Education								
Number of school units	**1,772**	138	725	300	259	157	193	**11,865**
III. 4 Health								
Number of hospitals **)	**47**	5	6	13	11	4	8	**433**
III. 5 Social services								
Number of institutions providing social services	**841**	21	15	212	14	215	364	**13,747**
III. 6 Tourism								
Accommodation units (no.)	**1,228**	23	49	958	21	128	49	**4,226**
Existing accommodation capacity (places)	**132,965**	2,005	2,382	121,067	1,449	4,019	2,043	**282,661**
Functioning accommodation capacity (thou. places – days)	**13,608**	565	679	10,939	331	564	530	**54,979**

**) including private

SOUTH REGION
Indicators to characterize the development level and the economic potential

- 2005-

INDICATORS	Region	Counties[44]							Romania
		AG	CL	DB	GR	IL	PH	TR	
I. Population, employment, unemployment[2]									
I.1 Total population (absolute figures)	**3,329,762**	**646,320**	**317,652**	**537,090**	**286,208**	**292,666**	**827,512**	**422,314**	**21,623,849**
Urban population (%)	**41.7**	48.2	39.1	31.3	31.1	45.6	50.9	33.6	**54.9**
Rural population (%)	**58.3**	51.8	60.9	68.7	68.9	54.4	49.1	66.4	**45.1**
Migration sold	**-1,494**	-35	-72	-198	354	-400	-137	-1,006	**-7,234**
I. 2 Employment									
Active population in total population (%)	**46.7**								**45.5**
Employed population in total population (%)	**35.7**	39	31.9	37	30.8	32.9	35.2	37.7	**38.8**
Employed population by economic sectors:									
Agriculture (%)	**39.7**	30.6	51.5	38.6	57.5	50.7	24.5	59.4	**32.0**
Industry (%)	**23.7**	30.6	16.9	24.7	10.8	14.9	30.8	15.3	**23.5**
Services (%)	**36.6**	38.8	31.6	36.7	31.7	34.4	44.7	25.3	**44.5**
I.3 Unemployment									
Unemployment rate by December 31st 2005 (%)	**7.3**	5.2	9.0	7.4	5.6	12.1	6.3	8.9	**5.9**
Feminine unemployment rate by December 31st 2005 (%)	**6.4**	5.0	6.9	6.6	4.6	10.5	5.9	6.8	**5.2**
Percentage of unemployed not benefiting from indemnities by 31 December 2004 (%)	**60.1**	46.7	72.1	60.3	55.4	71.7	44.9	75.0	**58.8**
II. Economic development									
II. 1. GDP / inhabitant (2004) – euro	**2,447**	3,071	2,043	2,173.7	1,748.1	2,641.3	2,696.9	1,999.9	**2,932.8**
II. 2. Labour productivity (2004) - euro	**5,153.4**								**6,194.8**
II. 3. FDI (mil.euro)	**1,388**								**21,885**

[44] AG (Arges), CL (Calaraşi), DB (Dambovita), GR (Giurgiu), IL (Ialomita), PH (Prahova), TR (Teleorman)

[2] The data value is recorded at 1st of July 2005

II. 4. Business infrastructure (industrial, scientific, technologic, tourist and leisure parks that received functioning authorization till 31.01.2006)	**11**	1	-	2	2	1	5	-	**34**
II. 5. SMEs									
SMEs/ 1000 inhab (No.)	**13.8**								**20.4**
SMEs total (absolute fig)	**45,964**								**440,714**
Out of which: Manufacturing (%)	**13.4**								**13.2**
Constructions (%)	**6.9**								**7.0**
Services (%)	**79.1**								**79.5**
SMEs structure by size:									
Micro (%)	**88.1**								**88.3**
Small (%)	**9.4**								**9.4**
Medium (%)	**2.4**								**2.2**
Atractivity rate	**20.5**								
III. Infrastructure									
III. 1 Transport									
Public roads density (km /100 sqkm)	**34.8**	44.1	25.3	43.4	30.8	25.7	46.4	26.3	**33.5**
Modernised public roads in total public roads (%)	**29.2**	20.6	40.0	27.2	35.1	34.9	23.8	39.1	**26.5**
III. 2 Public utilities									
Localities with water supply network in total number of localities (%)	**56.1**	73.5	62.9	56.1	33.3	69.2	75.0	17.5	**61.0**
Localities with sewerage network in total localities (%)	**15.9**	18.6	11.1	11.2	7.4	7.6	34.6	10.3	**21.9**
III. 3 Education									
Number of schools	**1,901**	353	137	254	107	118	685	247	**11,865**
III. 4 Health									
Number of hospitals **)	**62**	17	6	7	5	4	15	8	**433**
III. 5 Social services									
Number of institutions providing for social services	**466**	11	5	121	6	6	17	300	**13,747**
III. 6 Tourism									

Accommodation units (no)	**409**	115	7	37	15	19	203	13	**4,226**
Existing capacity (places)	**22,292**	4,710	546	2,261	986	2,630	10,289	870	**282,661**
Functioning capacity (thou. places - days)	**6,439**	1,275	196	798	202	550	3,223	195	**54,979**

**)public and private

SOUTH-WEST REGION
Indicators to characterize the development level and the economic potential
- 2005-

INDICATORS	**Region**	**Counties[45]**					**Romania**
		DJ	**GJ**	**MH**	**OT**	**VL**	
I. Population. employment. unemployment[2]							
I.1 Total population (absolute figures)	**2,306,450**	718,874	384,852	303,869	483,674	415,181	**21,623,849**
Urban population (%)	**47.5**	53.4	46.9	48.6	40.6	45.2	**54.9**
Rural population (%)	**52.5**	46.6	53.1	51.4	59.4	54.8	**45.1**
Migration sold	**-1,055**	172	-236	-289	-591	-111	**-7,234**
I. 2 Employment							
Active population in total population (%)	**48.4**						**45.5**
Employed population in total population (%)	**37.2**	37.1	36.0	36.9	35.8	40.2	**38.8**
Employed population by economic sectors:							
Agriculture (%)	**42.1**	44.1	31.1	48.1	49.0	37.5	**32.0**
Industry (%)	**21.1**	18.2	29.0	19.1	19.7	22.1	**23.5**
Services (%)	**36.8**	37.7	39.9	32.8	31.3	40.4	**44.5**
I.3 Unemployment							
Unemployment rate by December 31st 2004 (%)	**7.4**	6.3	9.3	9.5	7.1	6.6	**5.9**
Feminine unemployment rate by December 31st 2005 (%)	**6.3**	5.0	8.6	7.5	5.5	6.5	**5.2**
Percentage of unemployed not benefiting from indemnities by 31 December 2005 (%)	**60.9**	56.7	52.2	77.0	66.2	55.7	**58.8**
II. Economic development							
II. 1. GDP / inhabitant (2004) – euro	**2,443.9**	2,365.9	3,112.7	2,263.5	1,986.3	2,627.5	**2,932.8**
II. 2. Labour productivity (2004) - euro	**4,932.6**						**6,194.8**
II. 3. Foreign Direct Investments	**745**						**21,885**
II. 4. Business structure (industrial. scientific and technological parks)	**2**	1	1	0	0	0	**34**

[45] DJ (Dolj), GJ (Gorj), MH (Mehedinti), OT (Olt), VL (Valcea)

[2] The data value is recorded at 1st of July 2005

II. 5. SMEs							
SMEs / 1000 inhabitants (No.)	**14.3**						**20.4**
Total SMEs (absolute figures)	**32,981**						**440,714**
Out of which : Manufacturing (%)	**11.9**						**13.2**
Constructions (%)	**5.4**						**7.0**
Services (%)	**82.3**						**79.5**
SMEs structures by size:							
Micro (%)	**89.6**						**88.3**
Small (%)	**8.4**						**9.4**
Medium (%)	**2.0**						**2.2**
Atractivity rate	**21**						
III. Infrastructure							
III. 1 Transport							
Public roads density (km/100 sqkm)	**35.8**	29.6	39.3	37.6	37.1	37.6	**33.5**
Modernised public roads in total public roads (%)	**32.4**	22.7	32.3	21.9	55.6	29.3	**26.5**
III. 2 Public utilities							
Localities with water supply network in total number of localities (%)	**41.3**	12.6	64.9	62.1	40.2	50.6	**61.0**
Localities with sewerage network in total localities (%)	**13.2**	7.2	18.6	18.2	8.9	18.0	**21.9**
III. 3 Education							
Number of school units	**1,321**	279	198	123	485	236	**11,865**
III. 4 Health							
Number of hospitals **)	**42**	14	8	6	6	8	**433**
III. 5 Social Services							
Number of institution providing social services	**104**	60	15	6	10	13	**13,747**
III. 6 Tourism							
Accommodation units (no.)	**227**	19	36	15	10	147	**4,226**
Existing accommodation capacity (places)	**14,672**	1,140	1,320	1,164	668	10,380	**282,661**
Functioning accommodation capacity (thou. places – days)	**3,950**	406	339	404	153	2,648	**54,979**

**) including private

WEST REGION
Indicators to characterize the development level and the economic potential

- 2005-

INDICATORS	Region	Counties[46]				Romania
		AR	CS	HD	TM	
I. Population, employment, unemployment[2]						
I.1 Total population (absolute figures)	**1,930,458**	459,286	331,876	480,459	658,837	**21,623,849**
Urban population (%)	**63.6**	55.5	56.5	76.9	63.0	**54.9**
Rural population (%)	**36.4**	44.5	43.5	23.1	37.0	**45.1**
Migration sold	**663**	690	74	-1,658	1557	**-7,234**
I. 2 Employment						
Active population in total population (%)	**43.7**					**45.5**
Employed population in total population (%)	**40.8**	44.1	36.06	40.3	48.3	**38.8**
Employed population by economic sectors:						
Agriculture (%)	**26.6**	25.8	37.8	23.5	24.9	**32,0**
Industry (%)	**29.5**	31.6	24.06	33.2	28.01	**23,5**
Services (%)	**43.8**	42.3	34.0	37.9	41.4	**44,5**
I.3 Unemployment						
Unemployment rate by December 31st 2005 (%)	**5.1**	3.6	7.9	9.4	2.3	**5,9**
Feminine unemployment rate by December 31st 2005 (%)	**4.9**	3.1	7.1	9.4	2.3	**5.2**
Percentage of unemployed not benefiting from indemnities by 31st December 2005 (%)	**50.02**	58.5	44.4	47.2	47.4	**58.8**
II. Economic development						
II. 1. GDP / inhabitant (2004) – euro	**3,363.7**	3,465.4	2,644.5	2,801.9	4,066.5	**2,932.8**
II. 2. Labour productivity (2004) - euro	**6,979.4**					**6,194.8**
II. 3. FDI (mil euro)	**1,491**					**21,885**
II. 4. Business infrastructure (industrial parks)	**1**			1		**34**
II. 5. SMEs						
SMEs / 1000 inhabitants (No.)	**21.55**					**20.4**
Total SMEs (absolute figures)	**41,594**					**440,714**
Out of which: Manufacturing (%)	**14.15**					**13.2**
Constructions (%)	**7.48**					**7.0**
Services (%)	**78.00**					**79.5**
SMEs structures by size:						
Micro (%)	**87.09**					**88.3**

[46] Ar (Arad), CS (Caras-Severin), HD (Hunedoara), TM (Timis)

[2] The data value is recorded at 1st of July 2005

Small (%)	**10.32**					**9.4**
Medium (%)	**2.59**					**2.2**
Atractivity rate	**35.8**					
III. Infrastructure						
III. 1 Transport						
Public roads density (km/100 sqkm)	**32.1**	28.9	22.8	45.4	33.4	**33.5**
Modernised public roads in total public roads (%)	**26**	22.8	39.6	21.7	24.01	**26.5**
III. 2 Public utilities						
Localities with water supply network in total number of localities (%)	**65.5**	84.6	44.1	52.2	76.8	**61.0**
Localities with sewerage network in total localities (%)	**28.2**	37.2	22.07	32.9	18.9	**21.9**
III. 3 Education						
Number of schools	**1,242**	257	186	209	590	**11,865**
III. 4 Health						
Number of hospitals **)	**46**	11	8	11	16	**433**
III.5 Social services						
Number of institutions providing social services	3,540	129	721	42	2648	**13,747**
III. 6 Tourism						
Accommodation units (no)	**365**	85	102	87	91	**4,226**
Existing accommodation capacity (places)	**21,291**	4,850	7,113	3,918	5,410	**282,661**
Functioning accommodation capacity (thou. places – days)	**5,286**	952	1,674	904	1,756	**54,979**

**) including private sector

NORTH-WEST REGION
Indicators to characterize the development level and the economic potential

- 2005-

INDICATORS	Region	Counties[1]						Romania
		BH	BN	CJ	MM	SM	SJ	
I. Population, employment, unemployment[2]								
I.1 Total population (absolute figures)	**2,737,400**	595,685	317,254	694,511	515,610	368,702	245,638	**21,623,849**
Urban population (%)	**53.1**	50.4	36.2	67.0	58.8	46.0	40.8	**54.9**
Rural population (%)	**46.9**	49.6	63.8	33.0	41.2	54.0	59.2	**45.1**
Migration sold	**-1,633**	5	-284	282	-620	-877	-139	**-7,234**
I. 2 Employment								
Active population in total population (%)	**43.3**							**45.5**
Employed population in total population (%)	**41.8**	45.7	38.1	44.5	38.8	39.6	39.4	**38.8**

[1] BH (Bihor), BN (Bistrița-Năsăud), CJ (Cluj), MM (Maramureş), SM (Satu Mare), SJ (Sălaj)

[2] The data value is recorded at 1st of July 2005

Employed population by economic sectors:								
Agriculture (%)	**35.0**	34.7	39.7	25.7	40.1	41.6	39.1	**32.0**
Industry (%)	**25.05**	27.2	23.1	24.5	24.1	25.3	24.6	**23.5**
Services (%)	**39.9**	38.0	37.2	49.7	35.8	33.1	36.3	**44.5**
I.3 Unemployment								
Unemployment rate by December 31st 2005 (%)	**4.0**	2.7	4.3	4.4	4.5	3.4	6.1	**5.9**
Feminine unemployment rate by December 31st 2005 (%)	**3.6**	2.1	4.0	4.5	4.0	2.7	5.0	**5.2**
Percentage of unemployed not benefiting from indemnities by 31 December 2005 (%)	**57.5**	64.0	40.5	61.8	59.3	58.5	51.3	**58.8**
II. Economic development								
II. 1. GDP / inhabitant (2004) – euro	**2,850.7**	3,180.0	2,245.3	3,678.5	2,249.2	2,535.9	2,267.8	**2,932.8**
II. 2. Labour productivity (2004) - euro	**6,239.0**							**6,194.8**
II. 3. FDI (mil euro)	**1257**							**21,885**
II. 4. Business infrastructure (industrial parks)	**2**	-	-	1	-	-	1	**34**
II. 5. SMEs								
SMEs / 1000 inhabitants (No.)	**22.2**							**20.4**
Total SMEs (absolute figures)	**60,829**							**440,714**
Out of which: Manufacturing (%)	**15.4**							**13.2**
Constructions (%)	**8.2**							**7.0**
Services (%)	**76.0**							**79.5**
Micro (%)	**88.1**							**88.3**
Small (%)	**9.7**							**9.4**
Medium (%)	**2.1**							**2.2**
Atractivity rate[1]	**39.8**							
III. Infrastructure								
III. 1 Transport								
Public roads density /100 sqkm (%)	**34.7**	39.2	28.1	39.5	25.0	36.3	40.9	**33.5**
Modernised public roads in total public roads (%)	**27.2**	22.0	23.3	22.7	34.1	48.6	19.5	**26.5**
III. 2 Public utilities								
Localities with water supply network in total number of localities	**74.32**	71.0	54.8	96.3	82.9	65.6	68.8	**61.0**

[1] Survey, Romanian Business Digest 2005

(%)								
Localities with sewerage network in total localities (%)	**5.4**	4.8	4.2	7.0	10.6	3.9	1.8	**21.9**
III. 3 Education								
Number of schools	**1,301**	341	100	269	289	149	153	**11,865**
III. 4 Health								
Number of hospitals **)	**61**	15	3	23	9	5	6	**433**
III. 5 Social services								
Number of institutions providing social services	**519**	15	19	18	24	434	9	**13,747**
III. 6 Tourism								
Accommodation units (no)	**480**	85	24	181	112	61	17	**4,226**
Existing accommodation capacity (places)	**26,019**	10,455	2,660	6,669	2,873	2,304	1,058	**282,661**
Functioning accommodation capacity (thou. places – day)	**7,104**	2577	839	2,032	977	411	268	**54,979**

**) Including private sector

CENTRE REGION
Indicators to characterize the development level and the economic potential
- 2005 -

INDICATORS	Region	Counties[1]						Romania
		AB	BV	CV	HG	MS	SB	
I. Population, employment, unemployment[2]								
I.1 Total population (absolute figures)	**2,530,486**	379,189	595,211	223,886	326,558	583,383	422,259	**21,623,849**
Urban population (%)	**59.9**	58.0	74.7	50.4 4	44.1	52.8	67.6	**54.9**
Rural population (%)	**40.1**	42.0	25.3	49.6	55.9	47.2	32.4	**45.1**
Migration sold	**-1,734**	-365	-239	-299	-589	7	-247	**-7,234**
I. 2 Employment								
Active population in total population (%)	**42.5**	-	-	-	-	-	-	**45.5**
Employed population in total population (%)	**39.8**	44.8	38.1	38.1	38.6	40.4	39.1	**38.8**
Employed population by economic sectors:								
Agriculture (%)	**26.7**	32.2	15.3	30.9	36.5	32.5	18.4	**32.0**
Industry (%)	**29.3**	27.5	31.2	29.5	26.6	27.8	32.7	**23.5**
Services (%)	**39.3**	36.7	46.6	36.7	33.9	35.4	42.9	**44.5**

[1] BC (Bacău), BT (Botoşani), IS (Iaşi), NT (Neamţ), SV (Suceava), VS (Vaslui)
[2] The data value is recorded at 1st of July 2005

I.3 Unemployment								
Unemployment rate by December 31st 2004 (%)	**7.3**	8.3	8.7	8.8	8.5	4.6	6.0	**5.9**
Feminine unemployment rate by December 31st 2004 (%)	**6.7**	7.7	8.9	7.0	7.2	4.3	5.4	**5.2**
Percentage of unemployed not benefiting from indemnities by 31 December 2004 (%)	**50.2**	34.2	59.7	61.2	37.4	52.9	56.3	**58.8**
II. Economic development								
II. 1. GDP / inhabitant (2003) – euro	**3056.9**	2883.8	3515.9	2825.2	2468.5	3018.7	3198.7	**2932.8**
II. 2. Labour productivity (2003) - euro	**7071.8**	-	-	-	-	-	-	**6194.8**
II. 3. FDI (mil euro) [49]	**1610**	-	-	-	-	-	-	**21885**
II. 4. Business infrastructure (industrial parks)	**11**	2	6	-	-	1	2	**34**
II. 5. SMEs								
SMEs / 1000 inhabitants (No.)	**21.55**	-	-	-	-	-	-	**20.4**
Total SMEs (absolute figures)	**54539**	-	-	-	-	-	-	**440714**
Out of which : Manufacturing (%)	**16.70**	-	-	-	-	-	-	**13.2**
Constructions (%)	**7.51**	-	-	-	-	-	-	**7.0**
Services (%)	**75.41**	-	-	-	-	-	-	**79.5**
SMEs structures by size:								
Micro (%)	**87.19**	-	-	-	-	-	-	**88.3**
Small (%)	**10.3**	-	-	-	-	-	-	**9.4**
Medium (%)	**2.5**	-	-	-	-	-	-	**2.2**
Atractivity rate[1]	32.7							
III. Infrastructure								
III. 1 Transport								
Public roads density /100 sqkm (%)	**29.9**	42.1	27.8	22.6	24.8	29.4	29.4	**33.5**
Modernised public roads in total public roads (%)	**23.8**	15.2	28.8	35.1	29.6	21.6	23.9	**26.5**
III. 2 Public utilities								
Localities with water supply network in total number of localities (%)	**63.2**	66.2	77.6	51.1	71.6	61.6	48.4	**61.0**
Localities with sewerage network in total localities (%)	**28.32**	66.23	77.58	51.11	71.64	61.76	48.43	**21.9**
III. 3 Education								
Number of schools	**2040**	491	384	119	160	698	188	**11,865**
III. 4 Health								

[49] The National Bank of Romania and the National Institute for Statistics undertook a research to determine the Foreign Direct Investments (FDI) in Romania on the 31st Decembre 2004 based on the existing balance account at the beginning of year 2004 and the flows from the 2004 financial year, of direct investments in the resident enterprises.

[1] Survey, Romanian Business Digest 2005

Number of hospitals	**51**	10	14	6	5	6	10	**433**
III. 5 Social services								
Number of institutions providing social services	6779	235	419	467	4305	788	565	**13747**
III. 6 Tourism								
Accommodation units (no)	**933**	27	403	47	301	104	111	**4,226**
Existing accommodation capacity (places)	**35,479**	1,179	12,037	3,664	7,644	6,201	4,754	**282,661**
Functioning accommodation capacity (thou places – days)	**9,422**	362	4,219	977	1,131	1,570	1,163	**54,979**

BUCHAREST-ILFOV REGION
Indicators to characterize the development level and the economic potential
- 2005-

INDICATORS	**Region**	Counties[50]		**Romania**
		IF	B	
I. Population. employment. unemployment[2]				
I.1 Total population (absolute figures)	**2,208.368**	283,409	1,924,959	**21,623,849**
Urban population (%)	**90.5**	26.1	100.0	**54.9**
Rural population (%)	**9.5**	73.9	-	**45.1**
Migration sold	**5,053**	3,559	1,494	**-7,234**
I. 2 Employment				
Active population in total population (%)	**46.8**			**45.5**
Employed population in total population (%)	**48.1**	45.9	48.8	**38.8**
Employed population by economic sectors:				
Agriculture (%)	**4.5**	29.1	1.1	**32.0**
Industry (%)	**20.1**	23.6	19.6	**23.5**
Services (%)	**75.4**	47.3	79.3	**44.5**
I.3 Unemployment				
Unemployment rate by December 31st 2005 (%)	**2.4**	2.0	2.4	**5.9**
Feminine unemployment rate by December 31st 2005 (%)	**2.9**	2.0	3.0	**5.2**
Percentage of unemployed not benefiting from indemnities by 31 December 2005 (%)	**65.5**	58.0	66.3	**58.8**
II. Economic development				
II. 1. GDP / inhabitant (2004) – euro	**5616.7**	4013.9	5849.5	**2932.9**

[50] IF (Ilfov). B (Bucharest)

[2] The data value is recorded at 1st of July 2005

II. 2. Labour productivity (2004) - euro	**11,451**			**6194.8**
II. 3. FDI (mil. Euro)	**13,264**			**21,885**
II. 4. Business infrastructure (industrial. scientific and technological parks)	**2**	-	2	**34**
II. 5. SMEs				
SMEs / 1000 inhabitants (No.)	**46.5**			**20.4**
Total SMEs (absolute figures)	**102,708**			**440,714**
Out of which: Manufacturing (%)	**10.0**			**13.2**
Constructions (%)	**7.5**			**7.0**
Services (%)	**82.4**			**79.5**
SMEs structure by size:				
Micro (%)	**89.4**			**88.3**
Small (%)	**8.2**			**9.4**
Medium (%)	**2.0**			**2.2**
Atractivity rate	**87.2**			
III. Infrastructure				
III. 1 Transport				
Public roads density /100 sqkm (%)	**47.9**	49.4	37.8	**33.5**
Modernized public roads in total public roads (%)	**52.6**	47.2	100.0	**26.5**
III. 2 Public utilities				
Localities with water supply network in total number of localities (%)	**48.8**	47.5	100.0	**61.0**
Localities with sewerage network in total localities (%)	**43.9**	42.5	100.0	**21.9**
III. 3 Education				
Number of school units	**662**	206	559	**11,865**
III. 4 Health				
Number of hospitals	**58**	6	52	**433**
III. 5 Social services				
Number of institutions providing social services	**405**	6	399	**13,747**
III. 6 Tourism				
Accommodation units (no.)	**122**	32	90	**4,226**
Existing accommodation capacity (places)	**11,225**	1,577	9,648	**282,661**
Functioning accommodation capacity (thou. places-days)	**3,885**	430	3,455	**54,979**

ANNEX 3 - SWOT ANALYSES BY REGIONS

SWOT Analysis - North East Region

STRENGTHS	WEAKNESSES
The European road E 85 (crosses the region from North to South) the IX pan - european colidor, and three regional airports: Iaşi Suceava and Bacău;	The lowest value of the regional GDP/ inhabitant of all the Romanian regions (71.7% of the national average-2002);
The three university centres with basic infrastructure in the research, development and innovation field in Iaşi, Suceava and Bacău	Highest poverty rate compared with the regions - 40.7% in 2001 (calculated according to the CASPIS methodology, by taking into consideration the aggregate indicator of income and social benefits).
The cultural centres (Iaşi, Suceava), monasteries (Agapia, Văratec, Voroneţ, Iaşi, Moldovița, Sucevița, etc), national and international (UNESCO heritage) historical monuments (Cetatea Neamţului, Cetatea de Scaun in Suceava, Hanul Domnesc in Suceava, University Central Library - Iaşi, Trei Ierarhi Church - Iaşi, etc.);	Highest infant mortality rate of all the regions (20.1 decease/1000 live-births – Vaslui county - 23.5 decease /1000 live-births; superior to the national average 16.7 decease/ 1000 live-births);
Bucovina: area traditionally more developed (services sector) influencing the adjacent areas	Labour productivity lower than the national level;
Diversified tourism offer, with eco and agro tourism specific	The lowest number of SMEs out of all the country' regions;
The telecommunication infrastructure well developed and with high level of coverage	Weak productivity in agriculture (only 21% of the regional GDP);
High number of small and medium SME's (especially in Bucovina due to the capital infusion);	Low standard of modernized road infrastructure and difficult air connections;
Specific handicraft (wood, pottery, textile) and gastronomy	Low usage rate of available accommodation compared with the existing tourism potential;
The resources of soil (forests, fertile soils), subsoil (salt, hydrocarbons) and hydro-energetic	Low level of the small and medium towns attractivity, without a relevant economic profile (the lowest FDI percent, low rate of tourism accommodation);
The labour force qualified in chemical, petrochemical, metallurgy, textile industry, wood processing	Low level of population employed in service industry, including constructions;
	High percentage of population concentrated in rural areas (59.23%);
	High unemployment rate in the region (12.3% in Vaslui County);
	Many enterprises less viable with low technologic and managerial capacity
	Natural disasters (floods, massive earth glides) caused by insufficient civil protection works and massive forests chopping
	Difficult transport connection through Western Europe, especially in the winter (Carpathian passing frequently blocked: Tihuta and Bicaz gorges)
	Structural population vulnerability because of the massive migration abroad of active men, aggravated by the limited job offer for women (forecast crisis of the consumer

	goods industry)
	Limited subsoil resources (hydrocarbons) and massive forests chopping
OPPORTUNITIES	**THREATS**
The development of trade relations due to the regional location on the future eastern border of the EU: logistic concentration areas of products for East Europe trade;	The lack of cohesion for the socio-economic development measures in the context of increased public distrust in the country economic recovery;
The encouragement of new tourism types and the valorization of historical, cultural, spiritual and traditional heritage;	The weak competitiveness of the regional specialized enterprises compared to those in the Member States, after Romania's accession to EU
The potential development of business environment as a result of building industrial, scientific parks and business incubators	The continuation of 'brain drain' process and generally of the labour force migration to other country's regions and to other countries;
The raw materials: construction materials and wood, attractive for foreign investors;	The continuous increase of the regional population's poverty rate;
Modernizing the region's airports enables them to support the regional businesses and to become starting points for regional tourism routes	The extension of areas with a high risk of natural disasters (earth slides, floods, etc);
Professional expertise and capital infusion of people working abroad	Increasing disparity between Bucovina, more developed, and the rest of the region

SWOT Analysis - South East Region

STRENGTHS	**WEAKNESSES**
Strategic position of the region, open to the East-European and Asiatic markets	Numerous small cities with insufficient urban structures (Macin, Isacea)
Pan-European transport corridors	Reduced efficiency and safety level of the traffic on transport networks
Maritime ports (Constanta – an important maritime port and the biggest Black Sea port, Mangalia and Midia – oil port) and fluvial-maritime ports (Brăila, Galați, Tulcea and Sulina) and airports (Constanța - M. Kogălniceanu, and partially Tulcea and Buzău)	The isolation of the localities within the Danube Delta, with high level of population scarcity Unstable transport connections of the Northern Dobrudgea with the Danube left bank
Low cost nuclear electric energy production (Cernavoda plant)	Very low expenditure level for development and innovation (only 3,4% out of the total)
Production and resources of hydrocarbons and gas within the maritime area of the continental plateau, constructions quarry stones (Dobrogea)	Limited natural resources (exception for hydrocarbons) High vulnerability of the under-Carpathians area because of the villages' isolation, insufficiency of the hydrotechnical works, access roads and earthquakes.
Large agricultural areas and fertile soils with favourable conditions for an ecological agriculture Economic potential extremely valuable within the Danube Delta: one of great natural reservations in the world Relatively well developed tourism sector (Black Sea coast and Danube Delta, spa resorts: Lacu Sarat, Techirghiol, Sărata Monteoru, some agro-tourism pensions in the mountain	Seasonality of tourism at the seaside The absence of coherent policies and programmes for development and a high level of prices in tourism

areas and in the Danube Delta, the monasteries in Northern Dobrogea and in Buzau and Vrancea mountains)	
High accommodation capacity (around 40% of the Romanian summer accommodation capacity)	Tourism infrastructure is underdeveloped or outdated: high discrepancy between the old and the new facilities
SMEs sectors is better developed compared to the other regions (12,4% from the national level, 3rd place among the 8 regions)	Reduced number of investments and unbalanced repartition over the region territory Low level of SMEs sector development (exception Constanta)
Diversified industry, with production high added value (petrochemical industry – Navodari, metallurgy – Galati and Tulcea, machinery - Buzau), naval industry – Constanta, Galați, Brăila, Tulcea, Mangalia, Midia	Insufficient development of the public services and utilities infrastructures in towns and inappropriate waste management
Flexible and qualified labour force (high qualifications level – 9.9% persons with university degree, 4th place)	High unemployment rate. Low population incomes in the region. Strong emigration of the labour force in the last decade.
	Insufficient health-sanitary endowments with low coverage of the rural space and Danube Delta
	Low coverage rate of the landline telephony (2003 – 20% compared to 57% in EU 15)
	The fragmentation of the agricultural lands leads to the mechanization diminishing and to a low productivity in agriculture
OPPORTUNITIES	**THREATS**
High potential for ecologic, religious, cultural and spa tourism development	The competition generated by the foreign tourism areas with a high qualitative tourism offer and competitive prices.
High international interest for biodiversity preservation and tourism promotion (Danube Delta)	The deepening of the des-industrialization process; low capacity of the financial support for modernization and deficient management of the outlet markets.
As a consequence of the Black Sea strategic position, the foreign investments could generate an increase of the competitiveness through technological transfer, new markets and modern management, both for the European society and the extra-community societies which can be found within the European space	The risk of massive migration of the population from rural to urban area and the increasing of unemployment after Romania's accession in the European Union, because of the homesteads and farms inability to compete with community agricultural products
The increase in the consumers demand for ecological products, stimulating thus the improvement of the offer and the specialization in favourable natural conditions	The risk of the population migration because of unemployment increasing after accession.
The possibility of drawing-up projects financed under structural funds for the sustaining of development/innovation, research and technological transfer	The risk of professional skills and competencies depreciation for some categories of population with university degree because of the lack of jobs
Pole of low cost nuclear electric energy production with export possibilities (the extension of Cernavoda plant)	The risk of the relocalization of some industrial sectors towards exterior (Republic of Moldavia and Ukraine), because of lower costs (especially of the consumer goods industry)
The construction and modernization of highway networks. The rail transport facilitates the creation of logistic centres for commodities with central European destination and source.	The risk of not accomplishing the administrative reform for the financial and administrative decentralization

The establishment of industrial areas alongside the Danube-Black Sea channel, for primary processing of en-gross products imported from the central-european countries.	The globalization and the foreign currency rate fluctuations can isolate some economic sectors and even lead to their economic failure.
	High risk of natural calamities (floods, earth slides, coastal areas erosion, bird flu)

SWOT Analysis - South Region

STRENGTHS	WEAKNESSES
The presence of pan-european corridors: 5 European roads (E574, E81, E70, E85 şi E60) and the motorways A1 (Bucureşti - Piteşti) and A2 (Bucureşti – Constanța, partially exploited), Danube river	Precarious technical conditions of local roads, the highest shares of public modernized roads being registered in the southern counties: Teleorman, Ialomița, each with over 33%.
The presence within the Region of the international airports Bucureşti-Otopeni and Bucureşti-Băneasa	Low level of Danube watersides use, the traffic decrease generating the declinein specific activities
Diversified regional economic profile: the northern part (Argeş, Dîmbovița and Prahova counties) is characterized by a high level of industrialization (Prahova being on the first place in the country, regarding the industrial production); the southern part has an important agricultural potential (71.1% from the total surface being represented by agricultural lands, out of which 80.2% arable land).	The decline of the traditional industry which presently is affected by the severe impact of the transition process towards the market economy, through the closure of the majority of the representative industrial units
The variety of natural resources (oil, natural gas, coals, salt, mineral waters, arable lands, forests)	Low share of the modern technologies utilized in agriculture and industry
Diversified tourist resources: mountain resorts from Prahova Valley-Bucegi Massif, tourist localities and the Natural Parks located in Bucegi and Piatra Craiului Mountains, spa resorts from the sub-carpathian area	Obsolete tourism infrastructure, the majority of two-three stars accommodation units and of leisure structures being built during ‘80s.
The existence of important private companies, with mixed or foreign capital. There were realized important foreign direct investments: Renault – Piteşti, Holcim – Câmpulung Muşcel, Samsung COS – Târgovişte.	Important number of monoindustrial areas: Mizil, Plopeni, Urlați, Valea Călugărească and Câmpulung Muscel – from the northern counties, as well as from the southern counties: Turnu Măgurele, Zimnicea, Alexandria, Videle, Giurgiu, Oltenița, Călărași, Slobozia and Feteşti.
Flexible, cheap and qualified labor force in fields such as petrochemistry, machinery construction, manufacturing industry	The decrease of active and employed population. The active population represents 38.2% of the total regional population whilst the employed population represents 35.4%. By fields of activity, 39.4% is occupied in agriculture, 29.5% in industry and 31.1% in services
Balanced development of the settlement network: 43 cities (out of which 16 municipalities), 488 communes and 2030 de villages.	Obsolete public utilities: high level of pipelines degradation / under size, low density of natural gas network
An important number of industrial parks (25% from the total number of Romania’	The increase of emigration rate, especially regarding the young population

industrial parks)	
High share of services SMEs (75.8%)	Accelerated ageing process of population
OPPORTUNITIES	**THREATS**
High potential of tourism development, due both to the variety of natural and cultural resources as well as to demand increasing for mountain, ecologic, cultural and spa tourism	The investors' location in certain areas, in parallel with the neglecton of other areas. The increasing discrepancy between the northern developed areas and the southern underdeveloped areas.
The increasing number of foreign investments	The lack of capital for economic investments support.
Entrepreneurship development	The increasing imbalance between the demand and offer on the labor market
Development / modernization of road network	Insufficient financial instruments for infrastructure development
Development of Danube riparian countries cooperation	Negative demographic trend
Development of infrastructure support for economic activities	Migration of high qualified labour force
Improving the tourist services quality	The increasing imbalance between the rural and urban communities
	Relocation of certain industrial branches due to the salary increasing and to the national currency appreciation
	EU impact on certain industrial branches (especially on the food industry)

SWOT Analysis - South West Region

STRENGTHS	**WEAKNESSES**
The main transit region between Banat and Muntenia (Bucharest) positioned at the confluence of Paneuropean IV and VII transport corridors	Transport infrastructure insufficiently developed: Lack of a motorway in the region and lack of a suitable junction The density of the railways is the smallest in the country. Inexistence of trans-border railway links with Yugoslavia and Bulgaria, Danube harbours are poorly equipped, with no possibility of Ro-Ro and containers transhipment Unused airport and port infrastructure (Craiova)
The largest producer of the hydroelectric power plant (from Porțile de Fier and Lotru-Olt) – approximate ¾ of the total amount and the energy-thermal and coalfields Jiu-Motru: Rovinari and Turceni and Isalnita–Craiova) approximate ¼ of the total national amount	The utilities and environment infrastructure underdeveloped (water, sewage, cleaning water, gases, wastes management, communications) in rural level but also many towns; generally, the lowest density of facilities of all regions
The region is reach in subsoil resources (coal, gases, petrol, spa and hot spring, construction quarry stones) and soil resources (mountain areas and Oltenia Subcarpathians benefit of wood resources (beech)	Danube has been a natural barrier and therefore the region has only a limited transit of goods with neighbours.
Danube River, an important resource for industry, tourism, fishery.	Low FDI attraction capacity, (3.5% of the country's volume), poorly developed business support infrastructure, low consultancy capacity

Craiova is one of the most important university centre in the country (approximate 30,000 students);	With 28,256 active SMEs (2003) the South-West Oltenia region ranks the last
The region benefits from a diverse tourist potential, including: mountain and speological tourism (Mehedinți, Gorj şi Vâlcea), spa tourism (thermal springs, in Vâlcea (Govora, Băile Olăneşti, Călimăneşti-Căciulata), eco-tourism, natural parks, (more than 200,000 hectares of protected areas), religious (more than 60 monasteries and orthodox churches)	Bussiness support structures are in an incipient state of development –3 industrial parks (Olt, Gorj, Dolj) and 5 business incubators
The region has a total agricultural area of over 1 Million ha, representing 12.3% of the country total	Insufficiency and low standard of tourist and leisure infrastructure, low quality of tourist services
Zones of concentration of modern industry: Slatina – aluminum, with numerous international capital investments, Rm Vâlcea (chemistry), Turnu Severin şi Craiova (machinery construction)	Mono industrial zones (Motru and Rovinari coalfields – "under-privileged areas") or not industrialized Mehedinți Plateau)
	Population density is under the country average, with a fairly large number of villages and small towns
	Large share of population employed in agriculture and low profitability of agricultural activities' (54.7% of the region's population live in the rural area and contribute with 11.62% to the regional GDP
	Serious problems with rural area poverty and precarious social services
	Severe environmental problems which affect water, air, soil and subsoil (in the brown coal northern exploitation zones, around Craiova)
	Poor quality of health infrastructure, not only in the rural area but even in the cities
	Obvious discrepancies between the professions offered by the educational system and the labor market requirements (the quality of education in rural areas is affected by the less developed education infrastructure)
	Undergraduate educational infrastructure at regional level is in a quite advanced state of degradation and with a low level of endowment
	Less developed innovation and research infrastructure and a low level of applying if innovation and research results
	Difficulties related to the integration of a numerous Roma minority (5-6% of the total population of the region);
OPPORTUNITIES	**THREATS**
The exploitation potential of the Danube as a transport corridor with reduced cost (corridor VII);	The increased inter- and intra-regional disparities
The construction of the Calafat-Vidin bridge (access to roads and railroad) towards Bulgaria, Greece, Turkey, Middle East (corridor IV)	The increase of unemployment rate as a consequence of the privatization of large enterprises and of the industrial restructuring

The increased potential for mountain, rural, balneary, Danube and religious tourism	The accumulated problems in coal extracting industry yet unsolved
The development of services sector will offer opportunities for new jobs creation	The EU enlargement will lead to increased competition for agricultural goods, disregarding thus other traditional sectors
EU allocate substantial funds for environment protection and human resources	The massive migration of youth because of lack of jobs
Increased potential for ecological agriculture and agro-tourism, especially in the northern part of the region	The decrease in the level of specialists' professional qualification in machinery construction industry (Craiova, Bals, Turnu-Severin)
Interest for the creation of technological and industrial parks	The delay of the privatisation of the big industrial objectives (Electroputere) or failure of privatisation (Daewoo)
Availability of labour force for reconversion and skills development	
Cheap hydroenergetical and liquid hydrocarbons resources	

SWOT Analyses – West Region

STRENGTHS	WEAKNESSES
Location in the western extremity of Romania, at the main entrance of road and railway corridors from EU;	The existence of mono-industrial areas under restructuring, confronted with severe social problems (in Petroşani basin and in the South of the region);
The diversity of activity fields of the firms with a well developed brand in Arad and Timiş counties (commerce, manufacturing industry, services, constructions);	Polluting industries, high-energy consumers (Sidermat, Călan etc.);
Strong development of the private sector in commerce and services (these contribute, on average, with 50% to the produced added value);	Low percentage of high-tech industries outside Timiş-Arad industrial node;
Wide range of raw materials for industry (liquid and gas hydrocarbones, metal, gold and silver ores, coal mines, construction materials, forests);	Important disparities between the four counties, as well as between urban and rural area, with Timis county as a promoter of development;
Qualified and educated labour force (regional tradition), well known in Central European countries;	Low number of SMEs in underdeveloped areas (in Caraş-Severin county are located only 13.07% of the SMEs in the region), and the antreprenorial spirit in rural areas is not developed);
Traditional higher education institutions (universities and institutes concentrated in Timişoara and Arad) and renowned specialisations (mines - Petroşani);	Business support infrastructure is incompliant and unevenly distributed in the region, especially in the areas with reconversion problems;
Long research experience of the personnel in institutes and universities (electrotechnics, cybernetics, medicine);	Decline of mining and syderurgical industries (main unemployment generating areas);
A developed network for electric energy distribution;	High unemployment in Caraş-Severin and Hunedoara counties;
Developed transport network in Arad, Timişoara and Deva;	Low investments in the human resources in SMEs;
Four airports in the region, out of which two international (Arad and Timişoara);	Low density of modernised roads in some areas of the region (especially in the South);

The region has a high share on the business and transit market (on international circulation corridors Nădlag-Deva and Timişoara – Herculane);	The inexistence of a motorway and of bypasses determine delays in the traffic flows in Arad, Timişoara, Lugoj, etc.;
Alpine areas ideal for summer and winter sport tourism (Straja, Semenic, Muntele Mic, Munţii Parâng);	Insufficient business incubators and low performance of existing ones (the average rate of incubation is 7. 4 times lower than the European average);
Traditional balneo-climateric spas (Băile Herculane, Geoagiu-Băi, Moneasa, Lipova, Buziaş);	Low number of young people in the research field, as they prefer better remunerated working places (average age of research personnel approaches 50 years);
Natural reservations and renowned protected areas (*national parks* – Cheile Nerei-Beuşniţa, Cheile Caraşului-Semenic, Domogled-Valea Cernei, Retezat, Zarand, *natural parks* – Porţile de Fier, Munţii Orăştiei - Cetăţile Dacice, *arboretums* – Simeria, Gurahonţ.	Low collaboration between administrative authorities, RDI structures and industry;
Developed urban centres - Arad and Timişoara;	Overused technical endowment in research institutions;
High urbanisation degree (63.7% urban population with 76.9% in Hunedoara);	Improper access infrastructure to tourist objectives;
High number of foreign investors operating in the Region (11.3% of the Romanian commercial companies with foreign capital, the second place in Romania after Bucharest-Ilfov);	Low number of tourism promotion organisations;
The location in the region of important multinational companies in IT and automotives field (Timişoara, Arad).	Alpine areas with minimum utilisation (Zărand, Poiana Ruscă, Godeanu-Cernei, Metaliferi, Parâng, Masivul Găina etc.);
Important logistic area for import-export activities.	Lack or low quality of tourist boards;
	Low quality of tourist services offer (low quality of tourist products offered, low qualification of personnel, lack of networks);
OPPORTUNITIES	**THREATS**
Increasing number of investors in Caraş-Severin and Hunedoara counties following their migration from Arad and Timişoara poles towards the East of the region;	The possibility that enterprises do not adapt to quality standards in the EU;
Mediatisation of business opportunities in the region, including the ones in underdeveloped areas;	Market invasion of import products;
SMEs generate new jobs, especially in services and in big investments service areas;	Tight specialisation in monoindustrial areas and the lack of coherent professional reorientation reduce the attractiveness of these areas for investments;
Involvement of foreign investors in technologic innovation activities or in the setting-up of innovation centres in economic units within the region;	Mismatching of transport infrastructure with existing demand;
Economic macro stabilisation and the decrease of inflation down to accepted limits can increase credit consumption and investments in production and services;	Delays in the set-up of industrial parks;
Industrial parks orientation by fields of activity according to area specific and orientation, and valorification of the free area Arad Curtici;	Migration of qualified and especially highly qualified work-force towards the EU Member States;
Building the motorways Nădlac-Arad-Timişoara-Deva-Sibiu and Timişoara-Belgrad;	Low investments in tourist field;

Development of Timişoara airport as an intermodal centre (air, railway and roads), but also Arad for relief;	Regional tourist products offers can not compete internationally;
The immediate proximity with the EU;	Public administration is not receptive as it regards the importance of tourism development in the region;
Attraction in the region of important international tourism operators and the integration of West region in international tourist circuits;	Migration of researchers from research institutions to businesses inside or outside the country;
Creation and promotion of tourist products with regional specificity;	Degrading of the endowments of education institutions;
Development of thematic tourist circuits at regional level;	Social problems owed to the restructuring of mining sector (Petroşani, Moldova Nouă etc.);
Development of mountain tourism in isolated alpine areas;	Negative balance natality - mortality;
Increase of company competitiveness through investments in research-development-innovation projects;	Degrading of health care and social services infrastructure
Increase in the number of investors in Caraş-Severin and Hunedoara counties following their migration from Arad and Timişoara towards the East of the region;	Weak correlation between regional and sectoral programmes.
Mediatisation of the business opportunities in the region, including disfavoured areas.	Excessive agglomeration of urban areas (Timişoara, Arad), leads to the degrading of urban life;

SWOT Analyses North - West Region

STRENGTHS	WEAKNESSES
Good accessibility by air (Cluj-Napoca, Oradea, Satu Mare airports); high density of roads and rail networks (above the country average)	The lack of investment for the development of road, railway and airport infrastructures in the region
High investments in business infrastructure and the creation of clusters comprising enterprises with tradition in machinery and equipment, furniture and textile industries	Low number of enterprises in the region that have certification on quality management and environment (ISO 9001; ISO 14001)
Subsoil resources (complex ore, bauxite, natural gas)	Low productivity level, especially in the industry
The share of IT sector in the gross value added is increasing; The IT&C sector is expanding due to private firms	Low investments in research and development; low participation of enterprises to information society
Growing entrepreneurship capacity	Only a few services and products with high added value
Availability of basic services in urban areas	Low capacity and deprivation of the sewerage and water cleaning systems
Traditional urban centres with well structured cross border relations (Satu Mare, Oradea, Carei, Sighetu Marmatiei, Salonta, Baia Mare)	Large number of urban centres affected by severe social problems (high poverty level) and physical depravation of the infrastructures
Natural and atrophic touristic resources of national and international importance, capitalized by a high number of structures of tourist reception	Scant diversification of accommodation infrastructure for rural and youth tourism; low level of specialization for the labour force in tourism, the lack of touristic products and

	of support for the development of local/regional brands
The presence of an university centre with old tradition (Cluj-Napoca), of two centres in full development in the last 15 years (Oradea and Baia Mare) and of other centers that have potential for developing such activities (Satu Mare)	The infrastructure for research is underdeveloped
Complete and balanced distributed in the territory education infrastructure	High level of rigidity/ the lack of flexibility of the education system (not offering instruments for on-going learning)
Tradition in the field of high health services (Cluj-Napoca university centre, with tradition in higher health education)	Low number of medical stuff, especially in the rural areas, as well as inadequate housing and insufficient technical endowment of the health units
OPPORTUNITIES	**THREATS**
The possibility of using the European funds for the construction /rehabilitation of access infrastructures (road, railway and air access)	Although the region is crossed by 7 European roads, it exist the risk that the region's territory to be avoided by the major European corridors (TEN – roads, but also railways)
The existence of many market niches for the industrial products, services and furniture	The transfer of the foreign enterprises' production capacities to Moldova and Ukraine, once the cost of salary increases, due to the Romania's accession in the EU
The reorientation of banks by diversifying services for supporting the establishment and the development in the SMEs sector	The EU accession will find unprepared most of the SMEs, as regards environment, quality, communication and managerial problems
The possibility of using the post-accession European funds aimed at achieving the EU economic and social cohesion	Low competitiveness of the region's enterprises on the EU market
The EU tendency for the development of cross border regions; the opportunity to intensify the socio-economic relations with Hungary and Ukraine	High level of emigration, especially of highly qualified work force
High international interest for the tourism in natural parks and cultural tourism	Neglect ion of cultural patrimony
Interest in the development of metropolitan areas	Low quality of public utilities reduces the region's atractivity
The increase of public and private investment in education	The closure of the schools in the little villages, which have few pupils, favours the rise of the illiteracy

SWOT Analysis - Centre Region

STRENGTHS	WEAKNESSES
The position in the Central area of Romania provide direct links with other six development regions	The road and rail access only on certain corridors due to the specific configuration of the relief
Main linkage area with the eastern part of the country (East and South East)	Increase of the migration especially for the young and German ethnic population
Population with high level of civilisation, educated in the spirit of work and order	Negative birth rate and aging process of the population
Ethnic diversity	Over 50% of the region's cities have a monoindustrial economic structure
High level of urbanisation – the region with the most urban localities: 57 urban settlements, out of which 3 with population above 100,000 inhabitants	The decreasing of urban functions of small localities
Balancely distributed network of small and medium urban centres (about 60% of the total urban localities)	Deprived built environment (including numerous urban historic and cultural objectives)
Numerous localities of historic and cultural importance	Old utilities infrastructure
The existence of two international airport (Târgu Mureş, Sibiu) ;	Lack or improper urban design
Relatively good rail infrastructure with two important cross points (Brasov, Teius) ;	Lack of access conditions for people with disabilities in the public institutions
Well developed public road network crossed by the main European roads (E81, E68, E60) and by TEN –T IV	Improper local transport infrastructure, especially in the mountain areas of the north western part of the region (including public transport especially in large urban centres)
The existence of basic education and social infrastructure in towns	Low percentage of modernised county and communal roads
The existence of vocation training networks;	Low density of public roads
Specialised university and research centres (Brasov, Târgu Mures, Sibiu)	Old rail infrastructure with low speed limit, incompatible with EU level
Touristic potential usable in every season, due to the presence of mountains, traditions, architectural and historical monuments	Lack of educational and health infrastructure in several isolated mountain villages
The existence on numerous touristic resorts and spa centres (some of them modernised - Poiana Brasov, Predeal, Paltinis, Sovata, Băile Tuşnad etc.)	Lack or highly used endowments in the educational system (especially in the technical education) and sanitary system, mainly in the rural areas
Numerous protected areas – national parks, natural monuments and reservations	Educational problems encountered at poor population groups, especially rroma, increase in the number of institutionalised children
High touristic capacity	Educational offer is not correlated with the labour market needs
The presence of one third of Romania's industrial parks	Low valorification of the region's touristic resources
Diversified industrial sector	Lack or poorly developed thematic touristic networks at regional level
The orientation of the industrial sector to manufacture resources and products existing in the region	Improper protection of tourist that escalades high mountain areas or during winter
The existence of a manufacturing infrastructure	Low level of services and touristic information
The increasing trend of number of SMEs and start-ups	Lack of programmes and financial resources needed to protect the patrimony

Qualified human resources in various field of activity (tradition in agriculture and industry)	Reduced tourists staying
High potential of use of the industrial surfaces that have the basic infrastructure (reuse of industrial areas);	Reduced contribution of tourism in the regional GDR formation, compared to previous years
	Unmodernised tourist utilities and technical endowment
	Low utilisation index of the touristic capacities in function
	The existence of several accommodation units at improper qualitative standards
	Reduced investments in environmental protection technologies
	Uneven distribution of industrial parks in the region (6 out of 11 located in Braşov county)
	Disparities in the numbers of SMEs set up in the more developed and more undeveloped areas, and between the urban and rural areas.
	Low developed Business consultancy centres
	The research and development sector, the innovation and technological transfer in decline, low number of personnel
	Weak collaboration relations between the university research and the economic sector for the current level of international economic business
	Lack of or weak development of research and development, innovation and technological transfer services within the enterprises
OPPORTUNITIES	**THREATS**
Advantageous position of the region in respect of the European projects regarding the transport infrastructure	The increase in the population aging
Setting up of the partnerships for the integrated development of the localities	The poor level and the isolation of some regions generate depopulatin phenomena that create the premises for localities disappearance (especially in mountain areas with low accessibility)
Drawing up of the development plans between cities and metropolitan areas (Braşov, Sibiu area)	Bridge of urbanistic reglementations in the towns development
Development of village – town partnerships	The increasing disparities between urban centres that benefit from financing and the small and medium towns (monoindustrial, with diminished urban functions, etc) that do not have access to financing
European programmes that envisage to support business, professional training and reconversion on the labour market	The degradation of the natural environment along the new transport axis (unless proper measures are taken)
European programmes that envisage the rehabilitation / modernisation of various infrastructures (business, social, education)	The EU protectionist policies will determine the reduce of domestic products comparing to others from the member states
The globalisation process that will determine the increase of competitiveness	The free movement of the labour force, especially of the highly qualified, will affect the quality and the quantity of the human resources on the regional labour market

Research potential in productive fields	Slow capacity of the enterprises to adapt to the changes in the that appear in the market structures
Setting the technological and research centres oriented the capitalisation of the regional potential	Lack of adequate support programmes could lead to the enclave of disadvantaged population groups
The existence of the Technical and Vocational Educational Training Regional Action Plan;	Lack of investment strategies that take into consideration the demographic evolutions
Harmonisation of the national and European policies in the field of social assistance	The danger of flora and fauna degradation in the protected areas due to uncontrolled tourism activity.
Increasing the demand on international level for the cultural, eco and spa tourism	
Increasing the EU interest for the new member states	

SWOT Analysis - Bucharest-Ilfov Region

STRENGTHS	WEAKNESSES
Bucharest-Ilfov a national pole of growth and job creation	Low levels of participation in economic activity, relatively low earnings and incomes as well as low productivity
The highest amount of foreign direct investment in Romania (56% of total in 2004)	Relatively high unemployment levels amongst the youngest (aged <25) – 21.2%
A service-based economy (63.4% of total employment), as well as an important manufacturing sector	Precarious demographic trends (high demographic dependency ratio, low share of population aged 0-20 on total population)
The highest number of SMEs at national level	Low levels of modernized public roads (52.4%), high traffic congestion in urban areas (about 1,500,000 cars circulates daily in Bucharest Municipality) which provoke bottlenecks in principal streets
The region is the national leader in respect of innovation capacity	The ring road of Bucharest is unfinished
High educational level of the labour force and the highest level of earnings in the country	Most health and education infrastructure need rehabilitation/improvements
The most important transport node of Romania, at the hearth of two pan-European transport corridors (multi-modal corridors IV and IX)	Insufficient investment in research and technological development
High concentration of enterprises active in the telecommunication sector	High share of rural population in Ilfov county with poor access to basic services
High density of higher education and research facilities	Social deprivation and exclusion especially in urban areas affected by massive economic restructuring
The existing of a tourist offer (especially business tourism, as well as cultural, recreational and sport)	City outskirts with precarious living standards
	Inadequate environmental infrastructure to support economic and social development

	Degradation of cultural-tourism patrimony
OPPORTUNITIES	**THREATS**
Private investments concentrate on real estates (office buildings and warehouse/storage facilities)	Emigration of educated/qualified labour force
Development of indigenous industry particularly in high-value added sectors and market niches	Increasing costs of public services for citizens and economic agents
Development of SMEs - a potential source of growth and jobs creation	Abandonment of agriculture activity due to low income and rural social exclusion
New skills, products and processes from linkages between universities, research institutes and business environment	The risk of closing of many enterprises once Romania enter in UE
New activities based on information technologies	Inability to develop, with appropriate spatial planning, the necessary physical and social infrastructure to facilitate development of the region
Increasing EU funding allocations for transport and environmental infrastructure	Increasing number of medical problems as a result of population ageing process and precarious environment
Better services for citizens and economic agents	
Reintroducing Romania within the international tourist circuit	

ANNEX 4 - REGIONAL ENVIRONMENTAL ANALYSES

North – East Region

Air pollution in urban areas, caused by intensification of traffic, old public transport and development of SMEs is closely linked to human health and general environmental protection. In North-East Region there are four potentially critical areas from air pollution point of view: Bacău Sud industrial area, Oneşti – Borzeşti petrochemical platform (phenols, chlor, chlorhydric acid), City of Iaşi and City of Suceava (mercaptans). Generally, concentrations of sulphur dioxide and nitrogen dioxide are low (except for Vaslui county, where exceeding of maximum admitted value of annual average were registered). In 2004, an increase of lead concentrations was registered, mainly because of the road traffic and consumption of leaded gas. In Iasi County the manufacturing industry causes a high level of pollution with cadmium and mercury.

According to data from 2004 an increase in suspended powders was registered in Tasca and Hamzoaia (Neamt county), because of SC "Moldocim" SA Bicaz cement factory, and in Piatra Neamt and Roman, due to high road traffic. The maximum value (17 g/m2/month according to STAS 12574/1987) was also exceeded in Suceava, Rădăuți, Bacău, Botoşani, Iaşi, Piatra Neamț, Roman and Vaslui, due to the high road traffic, high density of population and to the inappropriate condition of the roads.

Waste
In North-East Region, only in Piatra Neamt is the management of waste carried out according to European standards, the waste being collected on a selective basis, and transported to the existing landfills. Only the landfills in Piatra Neamt are in accordance with the legislation in force. In urban areas the household waste is collected by the city halls' own specialized services or by waste companies, covering in 2003 only 83.41% of urban waste generators and only 1.81% of waste generators in rural areas. In order to develop a selective collecting system, in some of the region's cities, containers were placed for PET and paper waste. In rural areas only in a very few localities there are specialized services and in other places the transport of waste is made by the waste generators. Related to the municipal waste, in 2003 the biodegradable waste had the highest percentage (57.6%), followed by the inert waste (10.3%), glass (7.4%) and paper (6.9%).

In North-East Region there is only one authorized incinerator (SC Mondeco SRL Suceava), which has a contract with few hospitals. The biggest part of sludge comes from the wastewater treatment plants. The sludge is stored on drying beds or in landfills. With the exception of Vaslui County, there are hazardous waste landfills in each county, mainly for pesticides (Bacau, Botosani, Iasi, Neamt and Suceava), and acetoncianhidrina (Suceava).

Soil
The conclusions of the investigations carried out at SC Sofert SA, SC Chimcomplex SA, SC Avicola SA (Bacău county), SC Cet Holboca SA, SC Fortus SA (Iaşi county), SC Petrotub SA, Săvineşti chemical platform, SC Agroindustriala SA Dumbrava Tg.Neamț (Neamț county) underlined the fact that soil in these areas is microbiologically polluted, with heavy metals and insecticides.

In Vaslui county, there are 71,650 ha degraded surfaces (13.7% of total surface – 2003). Degradation of soils by natural causes is caused by the existing geomorphologic conditions. The type and condition of soils encourages surface erosion (26,447 ha). In-depth erosion of soil is caused by torrential waters (3,860 ha). Consequently, erosion of soils causes landslides (7,922 ha affected). Furtheremore, in Vaslui County 46 drills are monitored, out of which 16 are polluted with nitrates. The ground waters quality is influenced by the pollution of surface waters, natural hydro and geochemical processes, leads to anions and cat ions dissolving, pesticides, nitrogen and phosphor, mineralization of organic material in soil due to irrigations.

Hot spots identified are:

- Măgura Park from Tg. Ocna – uncontrolled dissolution of the salt ore by the springs in the area led to landslides;
- S.C. Petrom S.A. – Moineşti Branch and S.C. Conpet S.A. – Moineşti Branch – critical points (oil pollution) due to the leaks from accidentally damaged oil pipes.
- The slope of street Mai, Dorohoi City is affected by landslides;
- The old clay quarry in Trestiana area, Dorohoi city – large areas of landslides.
- Călimani area – after suspending the mining activity in 1997, a general degradation of the industrial platform started, rains drove the degraded sulphur and materials from the industrial dump on the slopes of mountain and in surface waters;
- Sedimentation basin of Tărnicioara - inactive since 2002;
- Sedimentation basins of the former companies of non-ferrous metals (Moldovei Dealu Negru sedimentation basin of barren gangue from 2001)
- Pârâul Cailor sedimentation basin - since 2002 the quality of ground water has been degraded and new high iron content springs has appeared.
- Ostra barium oxide quarry – the barren gangue need stabilizing works;
- The sludge dump area of SC AMBRO SA Suceava – an area polluted with organic materials, alkaline substances, sulphures, sulphates, calcium, also the ground water is being affected;
- Landslides in Podişul Fălticenilor (Preuteşti, Vultureşti, Rădăşeni, Fălticeni, Forăşti) and in Podişul Dragomirnei (Adâncata)
- S.C. Rafo S.A. Oneşti – the ground water in the company-influenced area is affected by dissolved and pellicular oils, the pollution is migrating toward the Trotus River.
- S.C. Chimcomplex S.A. Borzeşti – the ground water in the company influences the area and chlorides, ammonia and organic substances affect the Trotus River.
- S.C. Carom S.A. Oneşti – the ground water in the company influences the area and the transport pipes are affected by organic and inorganic substances.
- S.C. Sofert S.A. Bacau – the ground water in the company influences the area and is affected by phosphates, ammonia, and nitrites.
- "Antibiotice" platform: the ground water is polluted with organic materials, nitrogen, phosphor and iron;
- CET II (SC CET Iaşi): high values for iron and nickel were registered;
- The industrial waste landfill from Ciurea – Zanea contaminates the ground water with heavy metals (Pb, Ni), cyanides, phenols, and organic materials. Due to the post closing monitoring of Holboca (Copăcioaia) - industrial waste landfill - an exceeding of organic materials (CCOCr = 212 mg/l in upstream), ammonia and phosphor was registered. Intensive use of chemical fertilizers could be the probably cause of pollution of underground water with nitrogen and phosphor. The monitoring of

Tomesti landfill leads to the conclusion that the area is polluted with heavy metals, cyanides, phenols, detergence, sulphures;

- Bacau Sud Industrial platform Siret River/R.A.G.C discharges household waste water; other polluters are S.C. Letea S.A. – paper and cellulose manufacturing company and S.C. Sofert S.A. – fertilizer manufacturing company.
- Borzeşti Industrial platform – Onesti, Trotuş River polluters are S.C.Carom S.A. Oneşti (rubber and oil products manufacturing company), S.C. Rafo S.A. Oneşti (oil refinery), S.C. Chimcomplex S.A. Oneşti (pesticides manufacturing company), S.C. Apă Canal S.A. Oneşti (discharges household waste water);
- SC Petrom SA – Moineşti Branch – extraction and transport of oil products;

South – East Region

Wastewater

In the South East Region, the groundwater from the aquifer layers situated in the 9 hydrographical basins (Prut, Barlad, Dunarea, Litoral, Siret, Putna, Milcov, Ramna, Ramnicu Sarat) is being monitored. The majority of the hydro-structures were contaminated with azotates because of the soil structure in this area of country. The degree of pollution differs from one site to another and in some areas the aquifer is highly polluted. Because of natural heritage pollution, there is a high risk that the aquifers could be polluted as well, in the short and long term. Usually groundwater pollution is a non-reversible phenomenon and it is very difficult or even impossible to depoluate this type of water. The polluting sources are salt water, gazes and oil produced during mining or drilling works, impurities caused by the water used in industry and other surface sources and impurities caused by sewage units when safety measures are not respected.

Pollution with azotates (NO3) occurred due to precipitations contaminated with azotates (NO2) and surface water was contaminated by sewage water and fertilizers used in agriculture. The presence in water of both azotates and ammonium is an indicator of continuous contamination. As far as sewage water is concerned, there are 75 industrial and household treatment stations in the South East Region (Braila 16, Buzau 23; Constanta 12, Galati 10, Tulcea 7, Vrancea 7). A sewage network is spread 2262,94 km long in the region and the population consists of 1,257,074 inhabitants.

Waste management

Household and similar waste represent the waste generated in the urban and rural area by households, institutions, commercial units and services providers, waste collected on streets and other public areas, waste generated by construction works and demolitions, and sewage sludge. An amount of 1,183,109 tons of waste was generated in 2005 in the South-East Region, according to the data provided by the 6 County Environment Agencies. There are 30 waste management companies (public and private), 51% of the regional population is covered by their services. According to statistical data, the amount of household waste collected in 2004 rose from 795,100 tons to 885,414 tons.

There is still a high quantity of municipal waste that is not collected. Approximately 19% of all the waste generated in 2005 came from rural areas. Here, there are no organized services for waste management (gathering and disposal) and a selective collection of biodegradable

waste is non-existent. The situation is the same for composting facilities. The regional waste management plan for the South East Region recommends the construction of 41 composting installations.

There are no mechanical-biological treatment and composting stations in the South East Region. With the exception of the composting carried out by modern specialised waste transport, municipal waste is processed at random. In the South East Region, 90% of municipal waste management is disposed in landfills. Four of the region's counties started the construction or have already built landfill with private or EU funding. According to existing data, at regional level, 21 industrial landfills were identified which are not in line with environmental legislation, 7 of them have hazardous waste disposal there.

Another waste category is production waste - ferrous and non-ferrous metals, paper and cardboard, plastics in Constanta County, in Tulcea County (slag, lime, dross and dust) and in Galati County (scrap iron). At regional level 75-80% of the total amount of generated medical waste is non-hazardous similar to household waste and 20-25% is hazardous waste. According to statistical data in 2005, at regional level, approximately 900 tones of hazardous medical waste was generated and incinerated in crematories of authorized companies. Non-hazardous medical waste was collected by sanitation companies and transported to dumping sites. The transport of hazardous medical waste to final disposal place is carried out by strictly respecting all technical safety rules regarding the waste management in accordance with EU requirements. The hazardous waste transportation within the medical unit is carried out in a circuit different from the patient and visitor's circuits. At regional level 24 incineration installations have already been closed out of 44. Until the end of 2006 another 4 installations will be closed.

At regional level approximately 633,565 tones of wet sludge and 16,050 tones of dry sludge were generated. Currently, the majority of sludge generated is treated using different methods and disposed in areas owned by the sewage treatment plant. In Buzau County, part of this sludge was used to cover landfills and strengthen dams from the treatment plant. In 2005, 77 private economic operators, which have industrial sewage treatment plant, were identified and they generated 46360.3 tones of sludge. This sludge was disposed at industrial landfills. Up until now the sludge has not been used for agricultural purposes in the region.

Air pollution

There are 21 automatic stations for air quality monitoring in the South-East Region in various locations (5 in Braila, 1 in Buzau, 7 in Constanta, 5 in Galati, 2 in Tulcea and 1 in Vrancea, situated in the rural and urban area).

Air quality is determined by a number of factors among which the most important are: urbanisation, industrialisation, motorisation, increased use of chemicals and high population density. Measurements with regard to Gazes Emissions with acidifying effect (acidity) were carried out in 2004. The average annual concentration was 0,208 g/m3, smaller than the indicated limit of 0,5 g/m3. Consequently, heavy metal emissions were registered in only one county, Galati. Regarding gaseous pollutants, monitoring is carried out in all counties (SO2, NO2, NH3, fenoli, etc.) No limit indicators were exceeded according to Ord. 592/2002 and STAS 12574/87. The average pH value indicates that there are no acid rains in the region (the recorded values for this indicator are usually superior to 5,6, a value considered normal for

precipitations without pollutants). Lower pH values (<5,6 pH) were registered in Buzau and Tulcea.

Conductivity may offer information regarding the content of salts. It is characterised by a „high" ionic content in all the monitored locations. Polluting sources with suspension particles PM 10 specific to South East Region is the metallurgical industry, to which can be also added the central heating stations functioning with solid fuel and transport. The limits between which the annual average concentration varied, were 0,070mg/m3 for Braila and 0,0328 mg/m3 for Buzau.

The pollution level of the atmosphere with sedimentable particles in the South East Region in 2004 was lower than the previous year. The polluting sources are the same for the suspension particles, and also the roads construction, construction materials industry, soil erosion etc. The maximum admissible concentration recorded is 17 g/m2/month according to STAS 12574/1987- „Air in the protected areas", only in Constanta county – Constanta city - the figures were 36.79 (g/m2/month) in 2004.

Soil

In the South East Region, the land quality analysis is carried out by examining samples of the 51 landfills areas, industrial sites and agricultural areas. Critical areas with regard to soil deterioration are in all the region's counties and are classified as follows:

- large areas with climate restriction (salty grounds, grounds with water excess, soil affected by of erosion, atmospheric and pedological drought);
- physical and chemical degradation/pollution of grounds (soil acidification and soil salination);
- soil erosion, landslides in mountain and hill areas, everglades and flood plains colmatage;
- impact pollution – soil polluted by mining activities;
- pollution generated during oil extraction and transport.

The whole surface of Dobroudja area is affected by desertification (according to studies carried out by I.C.P.A. Bucharest and „Ovidius" University Constanța). Constanta County is vulnerable to desertification processes. This implies specific measures in agriculture activities and environment protection.

Regarding the unused polluted industrial sites the following types of brown fields were identified:

- 5 areas in Braila and Buzau County. The most notable factors that lead to the pollution/degradation of soils in this county are: fuel distribution, oil extraction and distribution pollution. This pollution can be analysed in environment reports.
- 2 areas situated in Braila and Buzau counties where the polluting activity is waste paper storage and industrial sludge resulted from paper production;
- 3 areas in Braila, Galati and Constanta. In these areas the most notable factors that lead to pollution are inorganic residues and waste (slag and soil affected by the oil extraction, chlorides, sulphurs etc
- 6 areas in Constanta, Tulcea and Galati County. In these areas ponds, mining dumps and non-complying landfills, caused pollution. The factors of pollution are: alkaline slag, heavy metal, mine acid waters.

- 379 sites are municipal waste landfills, household waste and liquid animal waste landfills. Four of these landfills are in order, seven landfills applied to obtain environment agreement, and other landfills will be rehabilitated according HG no. 349/2005 about landfill. In this case the pollution factors are nitrates.

Biodiversity

The geographic position of the South-East Region is characterised by a relative variety of relief and climate factors. The forests that covered once large territories (60% - 80% of the total surface) have decreased progressively and covers at present 10% of the regional territory. To this decrease anthropological activities have contributed, because of massive deforestations with the main aim of freeing land for agricultural needs. Nevertheless, the amount of wood collected has constantly decreased in recent years in the majority of the region's counties. 3,328 ha of forests were 4,357 ha regenerated and 4,357 ha reforested in 2005, at regional level.

Concerning the biodiversity at regional level, there are 143 protected natural areas in the South East Region, and one of which is the biosphere reservation (Danube Delta), as well as a national park (Macin Mountains) and three natural parks (Small Braila Island, Putna-Vrancea, Lower Prut River Meadow), 19 of these area are included in the Danube Delta Biosphere Rezervation. The total surface of these areas is circa 690,408.8 ha (110,408.8 ha without the Danube Delta).

The surface of the protected areas by county is presented as follows:

- Galati – 9582.71 ha; Braila – 20405.38 ha; Buzau – 2922.043 ha; Constanta – 13322.43 ha; Tulcea – 20832.55; Vrancea – 43343.7 ha.
- Danube Delta Biosphere Reservation is a unique delta in the world, declared a biosphere reservation with a surface of 580,000 ha – 2.5 % of the country surface (22d in the world and third in Europe, after Volga and Kuban), one of the biggest wetlands in the world as water birds habitat, the largest reed area on the planet, a natural museum with 30 types of ecosystems; Until now 5,137 species, of which 1,689 species of flora and 3,448 species of fauna were listed.
- Macin Mountains National Park covers an area of 11,321 ha, 3,651 ha of which are strictly protected areas, 7,670 ha – buffer zones. Dobroudja is the single region in Romania where steppe vegetation can still be found on large areas, represented by pontic-balcanic steppe (Ciocarlan, 2000). Thus, Macin Mountains is the only national park in the country that protects this type of vegetation rarely met in Europe and it protects also the endemic vegetation found only in these mountains. The predominant elements of the area are the European and Eurasian, followed by a high percentage of Mediterranean species. There are six of the eight types of ecosystems that exist in Europe in these mountains: forests, brushwood and grasslands, rivers, swamps, rockfills, archaeological sites (Europe's Environment 1995).
- Small Braila Island natural Park is situated in the floodable riverside of the Danube River, between Vadu Oii and Braila city. The surface is 21,074 ha (with Danube armlets). This area is well known due to its ornithological importance, as it is situated on the most important bird migration corridor in the Lower Danube basin. A large number of birds can be met here, 169 of them being endangered species internationally protected. The parc integrates all the 10 holms situated on the Danube armlets: Varsatura, Popa, Cracanel (Chiciul), Orbul, Calia (Lupului), Fundu Mare,

Arapu as well as adjacent to Danube armlets. It can be stated that there is an interior delta in the lower course of Danube.

- Lower Prut River Meadow Natural Park is situated in the eastern part of the Galati County and its surface is 8,247 ha.
- Putna – Vrancea Natural Parc has strong restrictions regarding the wood exploiting and processing. Large carnivores represent the fauna among others.

South Muntenia Region

Wastewater

The reason for having critical areas in South Muntenia region is due to groundwater pollution, caused by waters evacuation, insufficiently cleaned and industrial treatment plants within the cities and exploitation activities, as well as accidental pollutions. Approximately 47% of the total length of rivers is classified into III-IV quality classes (1912 km). Into V quality class (rivers) are classified approximately 8.7 % (350 km) from the total length of supervised rivers in the region (4028 km). The elaboration, promotion and continuity of the renewing technology projects for industrial and town treatment plants is essential together with measures for the reduction of pollutants concentrations from industrial used waters.

In South Muntenia region there are water and sewerage systems, treatment plants in most urban localities. However, these do not ensure the necessary quality and quantity of captured and evacuated water. In most rural localities and in some urban localities there are no sewerage systems and treatment plants.

Waste management

Uncontrolled wastes deposits lead to fermentation and generate soil and deep-water pollution. Soil and deep water pollution is caused by cars (pollution with heavy metals) and petroleum extractive activities (pollution with petroleum products). In this region there are no installations for the incineration of municipal waste. The pollution is also caused by an irrational use of fertilizers – especially pollution with nitrogenous, nitrites and phosphates. Activities for collecting, transporting and eliminating these wastes have not been managed properly, and this had led to high risks for the health of population. Currently, the collection of household wastes from urban areas (blocks of flats, neighborhoods) is made by open dumping carts. Towns` wastes platforms do not comply with present legislation with regard to location and arrangement; in rural areas waste deposits are found in inadequate places. The majority of sanitary services have old and overused means of transport, which do not ensure a hygienic transport, and the waste collection from population is not made according to sanitary norms. The total amount of household wastes generated and collected in the region for 2005 was 748,082.731 tones. The uncontrolled disposal and improper arrangement of deposits for municipal wastes generate pollution in the following environmental factors: soil, phreatic water, and air and surface waters.

The impact on environment consists in pollutants infiltration in soil and in deep waters from areas of inadequate wastes deposits. As a result soil and phreatic water is polluted, as well as the eco-systems. These inadequate household waste deposits are considered major air pollution sources. In the regions, the problem of damaged vegetation is generated by a diminished protection role of forests as a consequence of anthropologic activities, affected

natural habitats by anthropologic activities, disorganized and un–ecologic tourism, and as well lack of protected areas administration. The main problem refers to lands affected by erosion areas that can be affected by floods as well as the lack of funds for work maintenance in order to diminish this impact.

Air pollution is caused in urban areas by intensification of traffic and old **public transport** structures and development of SMEs linked with human health and general nature protection. As far as households are concerned, air quality is influenced by traffic, especially cars, industry and home heating systems. Especially the municipalities of Piteşti, Târgovişte, Ploieşti, Slobozia, Călăraşi, Giurgiu, and Alexandria tackled this matter.

The main industrial pollution sources affecting the quality of air are caused by chemistry and petrochemistry industry, construction materials industry (cement), heating systems, ferrous metallurgy, energy industry and wastes deposits. Generally, air quality is in compliance with the norms imposed by current legislation and in 2005 the limit values were slightly exceeded. At regional level, the installation of automatic stations for air quality monitoring has been recommended, in order to fulfill the requirement imposed by European Union directives.

South West Region

The main problems affecting the environment in Oltenia counties is caused by soil erosion and the danger of desertification within Dolj and Olt counties, the soil quality is damaged due to mining activities in Gorj and Mehedinti counties and chemical substances affect the county of Valcea. The air quality is poor in Olt County and there is the danger of landslide in Valcea County. The precarious conditions of the wastewater-collecting network generate a high level of pollution of the water flows, and the insufficient number of waste deposits has negative influences on the environment.

Wastewater
The length of the regional water supply network measures 3,969 km (8.8% of the national network which measures 44,987 km), ranking the last but one place among all development regions. Oltenia has the least number of localities supplied with water in the whole country. The length of regional sewerage network is 1,352 km (8.14% from the length of national sewerage network), Oltenia region being the last from this point of view. Also, the county Dolj has the smallest number of localities connected to the sewerage network. Wastewater treatment plants are worn out and outdated, the treatment capacity is insufficient for the wastewater flow. Most wastewater treatment plants do not achieve the required quality standards; the wastewater flows insufficiently treated being spilt over the receiving watercourses. The direct discharge of untreated water due to the absence of the treatment plants represents a major problem. The causes of inappropriate functioning of the treatment plants refer to their undersize, the wearing out and the inappropriate use.

Waste management
Sanitary services cover 36% of the region's total population. 98,7% of the urban population, respectively 1, 25% of the rural population is provided with sanitary services.
In 1999 the biggest industrial waste quantities were recorded in Valcea and Mehedinti counties. The decantation dust from the Govora Soda Factory causes the dangerous waste,

which affects the biggest surface of Romania (168 ha). It is also important to mention the area affected by the decantation dust of Doljchim Craiova (15.8 ha).

Another problem is caused by a lack of domestic and animal waste management services in the rural areas; the producers individually transport the waste to storing places. The collection of the domestic wastes is not made separately and an important part of the reuse potential (paper, glass, metals, plastic) is wasted. As a result, the waste pits generate serious phenomena in the location areas. The waste water infiltrations in the phreatic and the decay of the underground water, the light materials (paper, polyester, dust) are drifted by wind from the storing places to the cultivated fields or localities and bad odors are caused by the wastes. The impact generated by the waste produced and stored improperly consists in altering of the quality of environment values, namely:

- *air:* wind-generated ash drifts occur (20-30 yearly), which represent the main negative effects of the slag and ash pits, with consequences upon the perimeter and surrounding areas of the pits;
- *surface waters:* surface waters are polluted by direct flows of waters clarified, with high content of salts, sodium, potassium, and pH;
- *underground waters:* huge quantities of salts, alkalescency and ion-ammonium are drained to ground water level in ash pits, so that the right bank pit practically turns the waters undrinkable;
- *soil and subsoil* - Soil and subsoil deterioration due to the levigate infiltration. Likewise, the input of organic and mineral pollutant substances resulted from the waste dissolution alters the chemical characteristics of the soil (the concentration of nitrites, azotits, heavy metals and undegraded organic matters, respectively)

In Dolj County, an alarming process of desertification is recorded, 65% of the total forestland is affected, thus being the highest level in Romania. Regarding biodiversity, according to the Ministry of Environment and Sustainable Development, at county level a high level of damages was recorded within the forest areas, respectively: Dolj (64.8% of the trees) – the most affected in Romania, Mehedinti (39.1%), Gorj (36.4%) – on forth and fifth place among the country' counties. Thus, three of the Oltenia's Counties are on the first places in the country as counties with high level of forest degradation (places 1, 4 and 5).

Air pollution

The sectors in which gas emission with "greenhouse effect" were registered, are the energetic sector, industrial process, wastage, and chemical use. Human activities generate the most accentuated gas emission with greenhouse effect within the combustion process. In Oltenia region level there are some operational high power plants: C.E Turceni and C.E Rovinari, C.E Isalnita, C.E Craiova II, CET Govora, CET Calafat, Romagprod – Dr. Tr. Severin. Other sources for gas emissions with greenhouse effect are: SC Oltchim Rm. Valcea, U.M. Govora, Ddoljchim, SC Alro, and SA Slatina.

The level of pollution with sediment powder and in suspension still registers high values within the region. Air pollution with powders has many sources: metallurgic industry, iron and steel industry, solid fuel heat plants, cement factories, road transport, slag and sterile deposits. The pollution with suspended and sediment powders are generally caused by road traffic as a result of the increased number of vehicles, precarious sanitary services and atmospheric conditions. In this respect, the registered values rarely exceeded CMA.

West Region

Wastewater

The economical activities affecting ground water quality are: rural households (which rank first when it comes to suspensions, residue and organic substances), extractive and mining industry, metallurgy, energetic industry, chemical industry, furniture and wooden products, food and beverages, and livestock, which produces high ammonium concentrations. Although most of the industrial units and the rural household units own cleaning/purifying stations, used industrial waters end up in the main water stream insufficiently purified.

The assessment of the regional sources of sewage water takes into account the following elements: water-purifying efficiency, amounts of evacuated polluting substances, and the toxicity of the pollutants. From this point of view, the following problems can be underlined:

- Inefficient water purifying plants within towns, which require modernization and renewal of the technology;
- The non-existence of water purifying plants in some urban and rural localities;
- Inefficient pre-purifying plants for industrial activities;
- The pollution of the phreatic aquifer can be observed in some locations within the West Region.

The degradation of the water quality in the phreatic aquifer is produced by:

- The evacuation of unpurified or insufficiently purified waste waters and also the low degree of equipping with sewerage networks;
- Evacuated waste waters coming from animal and poultry farms;
- Mud and domestic refuse dumps situated on unsuitable land;
- The incorrect usage of fertilizers and pesticides on agricultural land parcels

In the catchment's basin of the Danube, the quality of the underground water is influenced by mining activity (flotation) and the quality of the Danube's waters.

Waste management

The amount of municipal waste recorded in the West Region comprises: domestic waste from the population, domestic waste from economic agents, and other types of waste resulting from different municipal services (maintenance of the roads, markets, public gardens, and green areas).

The evolution of the generated waste decreased from the beginning of 2000. The greatest amounts of municipal waste were generated in Hunedoara County in 2003. Of all waste types, the domestic and assimilable waste holds the highest percent from the economic sector. As for the areas covered by sanitation services, only 58.5% of the total population in the region, mainly from urbanized areas, benefit from refuse collection services. The greatest amounts of generated waste were those resulting from mining activities, dust and slag from thermal power stations, iron waste from the mechanical processing and dismembering of outfits and equipments, and waste resulting from wood processing. According to statistical research regarding waste management, the amount of dangerous waste generated in 2004 in the West Region was up to 6,893 tons, which represents 1% of the total amount of production waste in the West Region.

The town waste dumps in the county are mixed, of municipal and production origin, and usually not dangerous. These dumps are not adequately placed and maintained and do not meet the requirements imposed by environment protection legislation. A total number of 35 municipal wastes dump function in the region, out of which only one is ecological, ASA Arad Ecological Services Ltd., built in 2003 and operational since 2004.

Soil

A total surface of 1630.29 ha out of the total territory of the region represents polluted ground due to the deposits of domestic and/or industrial waste, and this area requires detailed monitoring measures and, in some cases, new measure programs for ground and/or underground reconstruction. In the North-West Region[51], the former industrial platforms (degraded or out of use) have ended up abandoned industrial areas and will require major investments for urban regeneration and their inclusion in regional economy (eg. industrial platforms from Cluj, Bistrita-Nasaud Counties, CET, etc.) Sustainable use of the soil implies the following measures:

- The development of vertical habitats, where possible, in order to maintain a wider area for agricultural or forest grounds;
- The development of ecological agricultural products;
- Capitalization of the agricultural areas and natural resources;
- The development of agro-tourism and livestock breeding;
- Pest control and the monitoring of diseases

Air pollution

There are no air quality monitoring networks in this region. Automatic analising devices can be found in Arad, Caras-Severin and Timis counties. Within the region there is a surveillance station for background pollution, situated in the mountainous area of Semenic in Caras-Severin County. The other air quality surveillance stations in the West Region are for assessing the impact pollution, which is the direct result of the polluting sources. The main sources of atmosphere pollution with these pollutants are the following:

- road traffic, in all counties of the region and the maintenance of the roadways are not adequate;
- siderurgical and metallurgical industries, in Caras-Severin and Hunedoara counties;
- thermal power stations which use solid fuels, in the whole region;
- the cement industry, in Hunedoara County;
- domestic waste dumps, in the whole region;
- sterile waste heaps, in Caras-Severin and Hunedoara counties.

Among the pollution factors identified in the Kyoto Protocol, Romania monitors emissions of the following gases with greenhouse effect: carbon dioxide (CO2), nitrogen protoxide (N2O) and methane (CH4). Activities identified as emission sources for these gases are: fuel burning in energetic industries, manufacturing and other non-industrial activities, fuel burning in

[51] Situation of polluted sites: Bihor (456), from sources of chemical, energetic, extraction industries; waste dumps; Bistrița Năsăud (153), from sources of agriculture, extracting industry and others; Cluj (261,47), from sources of extracting industry, agriculture, metallurgy, chemical industry and others; Sălaj (159) from sources of extracting industry; Satu Mare (43,82), from sources of extracting industry, agriculture, metallurgy, chemical industry and others; Maramureş (557), from sources of non-iron metallurgy, extracting industry, non-iron mining products

transport activities, production processes, use of solvents and other products, agriculture, waste storage and treatment.

For heavy metals, the main pollution source is represented by various industrial processes, and for Pb, pollution produced by vent gases from the internal combustion engines is added. The Hg, Cd, Pb emission quantities in the North-West Region in 2004, calculated according to the CORINAIR program were the following: for Cd – 147,688 kg, for Hg – 79,276 kg, for Pb – 16,750,955 kg. The counties' contribution to these emissions are distributed as follows:

- 89% out of the total Cd emissions are caused by activities in Maramures County related to burn processes in the manufacturing industry;
- Hg emissions are due in proportion of 50% to Cluj County and 25% to Maramures County and are the result of group 09 activities (waste storage and treatment) and group 03 activities (burning processes in the manufacturing industry, cement production, secondary Cu production, and mettallurgy);
- For Pb emissions, 55% is caused by Maramures County, followed by Bistrita Nasaud with 14% and Satu Mare County with 13%.

Center Region

Wastewater

The evaluation of wastewater in the region showed the pollution of the natural receivers caused by:

- Municipal treatment plants evacuating insufficiently treated wastewater into the natural receivers;
- Nonexistent treatment plants in some urban and rural localities;
- Lack of connection to the centralized sewage system;
- Inefficient pre-treatment plants for industrial activities.

The main regional pollution sources are: Roşiamin S.A. Roşia Montana, S.C. Bega Upsom S.A. Ocna Mureş, S.C. Transavia S.A Alba Iulia, Compania Apa Braşov, Apa Serv Fagaraş, Servicii comunale Codlea, S.C. Suinprod Let, S. C. Amylum Târgu Secuiesc, S.C. STC S.A. Sovata, Comunale S.A Târnăveni, S.C. Gecsat SA Târnăveni, Ragcltup Reghin, S.C. Apă-Canal S.A. Sibiu, S.C. Urbis S.A Agnita, S.C. Gospodarire Orăşenească S.A. Avrig.

Center Region has a great water network, which assures the necessary industrial, and drinking water. The hydrographical network of Braşov, Covasna, Mureş and Sibiu has a total length of 11,191.95 km and the main watercourse crossing Alba County is of 576 km. Regional evaluation of water courses crossing the 6 counties has shown that in 2005 water courses were identified, covering 5% of the total monitored river course, that belongs to the V th class quality category and 14% belonging to the IV th class category of quality.

The limit values of indicators for this quality classes are from 2 to 5 times bigger than those corresponding to natural conditions and reflect the influence of the anthropological factors. Consequently, watercourses as considered critical areas as far as the pollution of surface water is concerned. Underground waters suffered modification because of the aquifer pollution with organic substances, ammonium, nitrites, nitrates and bacterial contamination, produced in the great majority of rural localities because of the lack of necessary rural and urban utilities,

inadequate deposing of households and animal wastes and because of the inadequate agricultural practices. The industrial activities are sometimes the cause of underground water pollution.

Waste management
It is important to mention the increase of municipal wastes in total generated wastes, due to socio-economic evolution, improved standard living and the consumption possibilities of the population. The biggest quantity of municipal wastes was collected in Brasov in 2005 (more than 279 thousands tons).

In 2005, 74 % of the Region's population was covered with sanitation services, 91 % of urban areas and 48 % of rural areas. Up until now, in the region no waste selective systems were globally implemented and still the amount of rework able wastes collected and exploited was reduced. In the region, there are no installations for mechanical and biological treatment of wastes and neither compost installations. A part of the municipal selective collected wastes generated is processed by sorting and bundling operations and delivered to specialized companies to be recycled. 78 sanitation agents assure the transport and collecting of municipal wastes, administrating at the same time the household wastes dumps.

There are 3 ecological dumps in this region: in Mureş county – Sighişoara dump, Sibiu county – Cristian dump and in Braşov county – Braşov dump. The 49 B type dumps – non-dangerous and also 1049 places for temporary deposing in rural areas, are not in line with present legislation and will be closed. 85% of the total wastes generated and stored in the region comes from industrial activities: mining, nonferrous metallurgies, wood processing, chemical industry and agriculture.

Air pollution
The specific meteorological factors such as winds speed and direction, atmospherically calm, thermic inversion and smog, play an important contribution in the spread of atmospheric pollutant. The main industrial polluter sources are:

- Metallurgy of iron and steel, responsible for SO2 emissions and fractions containing heavy metals (S .C. Sometra S.A. Copşa Mică), because companies are not equipped with gases neutralization installations, and the existent fraction purification systems are insufficient;
- Mining industry: S.C. Cuprumin S.A Abrud-filiala Arieşmin;
- Chemical industry: S.C. Upson Ocna Mureş, S.C. Azomureş S.A. Tg-Mureş, S.C.Viromet S.A. Oraşul Victoria, S.C. Nitrofertilizer S.A and Nitroexploziv S.A. Făgăraş;
- Wood processing industry: S.C. Stratusmob S.A.-Blaj, S.C. Kronospan Sebeş S.A, and Kronoşpan Sepal S.A;
- Salt industry: Salina Ocna Mureş;
- Glass industry: S.C.Geromed S.A. Mediaş.

Atmospheric pollution is also caused by heating energy produced in the centralized heating plants, installations for producing electrical power (S.C. Bega Upsom Ocna-Mureş and S.C Stratusmob Blaj), crematory for wastes generated by hospitals, inadequate waste dumps and spoil dumps.

Soil degradation can be generated by:

- natural phenomena - natural phenomena that contribute to soil degradation in the Center Region: erosions, landslides, humidity excess, crumbles, salinization, and tartness;
- brownfields - a significant pollution of the soil is observed in Copşa Mică, Mediaş areas, of Sibiu county. In this area the industrial processes of poly –metallic manufacture spread in the atmosphere powder loaded with heavy metals (Pb, Zn, Cd, Cu), which are deposited on the soil and vegetation generating high concentration at the toxic levels and having as a result the degradation of the areas - about 3.400 hectares agricultural lands are strong polluted and about 7.600 hectares are medium polluted.

The progressive pollution intensified in Zlatna area and forests, agricultural soil degradation increased due to pollutants (heavy metals) storage, gas with SO2 leakage and also of the „acid rains". The acid emissions and strong acid rainfalls from the area, is associated with powder emissions. The toxic metals had negative effects upon the biologic, chemical and physic properties of the soil. The accumulations of pollutants in the soil had as a result the acidification of the tropic complex and the weakening of microbiological activity and the diminishing of mineral substances.

The development of the tourist[52] sector has influenced the environment with regard to habitats, transportation facilities, lands, water resources and energy, facilities of water supply and of waste waters purge, especially in the periods with uttermost demand (seasonal). Since the industrial activities stopped and aggressive pollution was caused and brownfields were generated. This is the case of two industrial brownfields: Zlatna and Copsa Mica.

Even if the situation of the green areas has improved in recent years, it is far from the recommendation of the United Nations in this field. While the UN recommendation is to have at least 16 sqm/inh, the green space of an inhabitant from this region is of 5.4 sqm (the situation is different in counties, with lower values in Mures 3.1 sqm/inh and bigger in Covasna: la 10.3 sqm/inh). There is the same situation for parks and recreatives areas (2.9 sqm/inh).

Bucharest – Ilfov Region

Known as the Little Paris during the interwar period, Bucharest still has a relevant historical and cultural heritage, which has survived the destructive urban policy of the eighties, when approx. 450 hectares of the built city center were demolished. The Romanian capital city is still the most important historical and cultural center of the country, accounting for around 270 churches, 74 of which declared historical monuments, the oldest ones being built during

[52] The CENTER Region has numerous cultural and historic monuments, notable being: Prejmer, Harman, Viscri, Hoghiz, Biertan and Valea Viilor (the both monuments being included on the UNESCO list), Nocrich, Miercurea Sibiului. The most preserved fortifications whose historical connotation enriches the patrimony of this area are the Sighişoara, Sibiu, Braşov and Alba Iulia castles. Also, is important to be mentioned the fortificated castles, the most important being: the Criş castle (Mureş county), Calnic (Alba county), Iernut (Mureş county) as well as many residences of some noblemen from the country from the counties of Covasna and Harghita.

the XV-XVI century. Bucharest has a quarter of Romanian cultural assets that is over 4 million assets (out of around 17 million at national level). Bucharest also offers a vast range of cultural/entertainment sites, represented, above all, by 50 museums, 8 state and 6 private theatres, the National Circus and a relevant number of cinemas.

Wastewater

In Bucharest 23.4% of roads (over 1000 km.) do not have water and sewerage pipes. Cold-water consumption of 200 lt./inhabitant/day is much higher than the EU standard of 120 liters per inhabitant per day; similarly hot water consumption is 210 liters/inhabitant/day (average EU 150 lt/inhabitant/day). System inefficiencies partially explain the above figures: in Bucharest losses from the distribution network are estimated to account for 20% of total consumption, with 35% of the network of distribution pipes older than 40 years. In Ilfov only 31.42% of inhabitants are connected to water pipes. In Bucharest water consumption is destined to population and public use for 69.7%, the remaining is destinated to industry (in Ilfov the figures are 80.86% and 19.14%, respectively). The quality of drinking water is chemically and bacteriologically inadequate, with high levels of Cl.

The waste water pipes network is incomplete both in Bucharest (20% of town streets are not endowed with waste water pipes, the deficit being of 636 km.) and in Ilfov, where the waste water pipes cover only 8% of actual needs and 1150 km of additional water pipes are needed. Bucharest does not have a wastewater purification system yet. As a consequence, 200,000 cubic meters of waste water are daily downloaded in the rivers Dambovita and Colentina, that receive annually 120,006.77 tons of organic materials (expressed by CCO-Cr) (78,840.99 tons/year, in 2004), 11,011.105 tons of azoth (7.233,98 tons/year, in 2004), 1.970,709 tons of phosphates, 390.25 tons of detergents (256.38 tons/year, in 2004), 42.069 tons of phenols (27.64 tons/year), 139,067 tons of metals (91,367 tons/year, in 2004) (copper, chrome, zinc, lead, cadmium, nickel). The negative impact on the environment shall require years to recover, whilst human health is also deeply affected.

The city of Bucharest has leased water management to the public-private enterprise ApaNova (whose shareholders are private foreign investors – French Vivendi – and the city of Bucharest as a minority shareholder). The company is making investment in the water management system of Bucharest (not of Ilfov), including the construction of a large wastewater treatment facility in Glina (located in Ilfov), at a cost estimated in he range of 230 million Euro.

In Ilfov there are 8 wastewater treatment plants in Buftea, Otopeni, Magurele, 1 Decembrie, Branesti, Bragadiru (serving also Cornetu), Snagov (serving also Gruiu), Balotesti. Existing plants need modernization and extension. Two towns and 27 communes have no wastewater treatment plant. Moreover, the rapid expansion of the outlying area of Bucharest, in particular in Otopeni, Voluntari, Pantelimon, Popesti-Leordeni, Dobroesti, Domnesti, whose waste waters can no longer be channeled through the Bucharest system, is an additional issue of concern.

Waste management

Waste management is a key process in the protection of the environment and the conservation of resources. A recent study has estimated that appropriate waste management measures in the

city of Bucharest could contribute to up to 5.5% reduction of greenhouse gas (GHG) emissions[53].

Almost 80% of all solid urban waste in Bucharest-Ilfov is collected – mainly in the urban area, representing 98.24% of total waste is collected in Bucharest and only 1.76% in Ilfov (2003). No waste selection is operated at the waste generators. All waste is deposited with no prior treatment of any kind. Only private enterprises operate collection and transport of municipal solid waste. Landfills are organized to receive both municipal solid waste and non-hazardous industrial waste (in separate cells).

In 2000, municipal waste accounted for 180 kg. /inhabitant/year, but its volume increased by 3.4 times in four years, being 620 kg. /inhabitant/year in 2004. In 1999-2003, municipal waste was 570 kg. /inhabitant/year, 500 in Budapest, 410 in Warsaw and 640 in Vienna. Nearly half the total amount of waste is deposited at Glina deposit (47% in 2004), the remaining in the other two deposits of Vidra and Rudeni-Chitila. It is estimated that these landfills have sufficient capacity for the next 10-15 years and shall conform to EU standards by 1.1.2007. Only 0.62% of total collected waste is recycled, mainly industrial waste.

Only few of the Bucharest industrial platforms[54] had a mono-sectoral profile, for example Pipera Platform specialized in the electronic industr4y, IMGB in machine construction, Rocar in transport vehicles. Up until now, the status of the former industrial platforms is deplorable: abandoned factories are found next to poorly refurbished industrial buildings re-arranged as deposits for goods. Some of the sites are very polluted due to years of depositing of high quantities of dangerous industrial waste, in inappropriate and uncontrolled manner. It is estimated that all former industrial platform represent 13% of the total surface of Bucharest Municipality. These areas are an important reserve of space for new urban functions. Public authorities need to manage the process of urban regeneration by imposing strict environmental standards and eventually provide incentives for companies and land owners to re-locate outside the urban area, and/or refurbishing the areas for post-industrial use / selling these areas to land developers.

Air pollution

Almost everywhere in Bucharest and the neighbouring Ilfov localities, air pollution is above the admissible levels. Thermo Energy Centrals originate 74.21% of NO2 emissions, road traffic 8% of total NO2 emissions. In 2004 the annual average level of NO2 recorded in Bucharest was 47,5 μ/m3 (Amsterdam 14 μ/m3 Frankfurt 16 μ/m3 Paris 20 μ/m3 Vienna 30 μ/m3). Industrial activities and road traffic generate a high level of suspended powers, with the average annual level recorded in Bucharest in 2004 of 57,5 μg/m3 (London 20 μ/m3 Paris 36 μ/m3 Vienna 40 μ/m3 Madrid 45 μ/m3).

[53] Sandulescu, 2004.

[54] Between 1994 and 2000, six studies conducted by the Romanian Academy, the University of Bucharest and a consulting company analysed the evolution of the industrial enterprises localized within the urban area of Bucharest. These studies identified 9 to 19 main functional industrial areas (called "industrial platforms") in the Eastern and Southern districts of the city (one of the studies identified 19 industrial areas and 11 industrial micro-areas; another study 9 industrial areas and 27 industrial micro-zones). The industrial platforms were surrounded by buildings for the workers, often located at a walking distance.

Noise levels are also high, mainly due to road traffic, industrial platforms, residential areas and market places. In 2003 the sound level was recorded in 30 spots in Bucharest, with recorded values between 65-75 dB (max. admitted level 70 dB).

The number of cars registered in Bucharest increased from 465,000 in 1992 to 780,000 in 2004 (source: web site Romanian Police). According to a recent study, the number of cars circulating daily in Bucharest is about 1,500,000 (Eco-Europa, 2005).

Soil

The soil within the Bucharest Municipality has been highly modified by human activities, in particular with high concentration of Pb, mainly due to vehicle emissions. As regards soils in Ilfov, 92,1% of Bucharest-Ilfov agricultural land is included in the category of good/high quality soils, with 71,4% argilleous soils, so that Ilfov soils are not particularly vulnerable to polluting agents, due to their high capacity of absorption[55].

Industrial activities have resulted in a number of contaminated soil and areas, for example: approx. 100 ha. of land polluted with heavy metals and SO2 were inventoried in the areas close to Neferal and Acumulator factories (Pantelimon, Ilfov, as well as the surrounding areas of Cernica and Branesti); 20 ha. of soil destruction in the area of the Arges Canal (due to excavations); 140 ha. of polluted soils, due to improper waste depositing (Glina surroundings) and construction materials (2004). Some of the industrial polluting agents, especially cyanides, contaminate drinkable water through water pipelines; soils, agricultural products and vegetation are also subject to industrial pollutant agents, especially lead and carbon[56]. Agricultural and livestock activities are also a source of pollution for Ilfov County soils.

[55] Source: Draft Ilfov County Environment Plan, 2005
[56] Source: Study elaborated in 2005 by Eco-Europa

ANNEX 5 - INDICATIVE BREAKDOWN OF THE COMMUNITY CONTRIBUTION BY CATEGORY IN THE ROP

Commission reference No: *2007RO161PO001*
Name of the programme: Regional Operational Programme

Date of the last Commission decision for the Regional Operational Programme: __/__/__

(in euro) (in euro) (in euro)

Dimension 1 **Priority theme**		Dimension 2 **Form of finance**		Dimension 3 **Territory**	
Code *	Amount **	Code *	Amount **	Code *	Amount **
06	63,342,367	01	3,726,021,762	01	3,032,817,362
08	323,396,590			05	693,204,400
09	10,000,000				
10	21,671,185				
11	10,000,000				
15	30,000,000				
23	758,355,017				
25	111,780,653				
50	175,013,555				
53	84,766,995				
55	63,874,314				
56	115,577,319				
57	179,451,633				
58	200,000,000				
61	894,245,223				
65	24,219,142				
75	217,972,274				
76	147,177,860				
78	111,780,653				
79	84,766,994				
85	73,972,491				
86	24,657,497				
Total	3,726,021,762	Total	3,726,021,762	Total	3,726,021,762

* The categories should be coded for each dimension using the standard classification.

** Estimated amount of the Community contribution for each category.

ANNEX 6 – PARTNERSHIPS CONSULTATIONS

A) The consultations at national level with regional participation

The General Directorate for Regional Development, respectively the Programming and Regional Policies Directorate, responsible with the ROP drawing-up, initiated a consultation process of the regional partners, mainly with RDAs as future Intermediary Bodies for ROP implementation, of the line-ministries – future SOPs Managing Authorities and of other future Intermediary Bodies institutions, of socio-economic partners for the analysis, debate and eventually, for reaching the consensus of all implied partners in regional development on the areas of intervention through ROP.

In this sense, there was created a **Working Group "Regional Development and cross-border cooperation" for the NDP 2007-2013 and ROP regional strategy drawing-up**, made up of the representatives of MEI as Managing Authority for ROP, of the line-ministries – future SOPs Managing Authorities, of the RDAs and of socio-economic partners. The task meetings within this group consist both in information partners and also in their effectives engaged in the process of the ROP drawing-up, which it want transparent.

In a first stage, **March – August 2004**, Regional Policies Directorate submitted to the RDAs a methodological note, in order to support them to collaborate with the regional partners, in the identification process of the necessary elements for the elaboration of the Regional Programming and Implementing Documents (RPID) that should offer important elements for the ROP underpinning. In order to facilitate and homogenize the working approach in all regions, and also to support all regions to focus only on critical issues, the document was structured as a questionnaire. The information obtained by means of this questionnaire were presented and commented within the framework of a seminar that took place on the beginning of August (3 August) 2004. The conclusions of the seminar pointed out the necessity of continuing the meetings with the partners at regional level in order to better reflect in the RPID, their most important development priorities and the conditions for those being implemented within the regions.

Details:
In **March** was organized a first meeting of the Working Group constituted for the ROP drawing up. There were analyzed methodological alternatives for ROP drawing-up and was decided the elaboration of a questionnaire that followed to be submitted by the RDAs to local actors from regions in order to better know the existing needs at regional/local level and to identify those development priorities, a part from which to become eligible under ROP.

In **August 2004** within this Working Group meeting were presented, analyzed and debated the priority axis and areas of intervention proposed by the regional partners for ROP, following which was decided that those number to be reduced, taking into account that a part of them will be financed through Sectoral Operational Programmes.

In **the second stage, September – December 2004**, a more detailed methodology was elaborated a for the RPID drawing-up. This methodology, that is quite alike with the methodology for a Programme Complement elaboration, was discussed with the RDAs

(representatives of the planning and programming compartments) within the framework of a seminar (October 2004), when were also presented exemplifications on concrete cases of the methodology utilization. Being a complex document, some of the RDA's have not succeeded to finalize them and other drawn-up partially.

The permanent dialogue with the RDA representatives and with other participant institutions at this working group pointed out the need to be acquainted with the Member States experience. As a consequence, there were organized more meetings within which was presented the experience of Member States in ROP drawing-up and the approach manner for some fields of intervention, as urban development.

Details:
During **October 2004**, it was organized within the national twinning project the seminar: "Preparing in partnership the 2007-2013 Regional Operational Programme". At this meeting participated representatives of RDAs and the regional pre-accession councilors, and the debate topics envisaged regional programming and planning stage, the role of Regional Programming and Implementing Documents in Regional Operational Programme underpinning.

In reply to the RDAs request to promote a stronger implication of the regional partners, during **15-25 November 2004**, there were organized in each region, within the national twinning project, **working groups regarding the regional absorption capacity of the EU structural funds, after accession**. This seminar offered the participants a debate forum for the role of the local and regional partners in ROP implementing (governmental and non-governmental organizations from regions).

In **December 2004**, the Working Group analyzed the integration level of the development measures contained by the regional strategies within the National Strategy for Regional Development of the NDP 2007-2013, the delineation between the priority axis included in ROP and the ones included in the Sectoral Operational Programmes.

The third stage was focused on the finalization of ROP priority axis and continuation of the negotiation process of ROP content with the Managing Authority for the Community Support Framework by delineation from the Sectoral Operational Programmes content (mainly from Increasing Competitiveness OP, Agriculture OP and Environment OP). In this scope, the regions were submitted a request to select from the areas of intervention established within the regional partnerships, those interventions which are considered by the regional partnerships absolutely critical for the region development and for which implementation through ROP 2007-2013, they can assume the responsibility as intermediate bodies. It was also requested a short description of these key area of interventions (in a standardized format) that should contain information regarding economic justification, types of activities/projects, potential final beneficiaries. On 31 March, there were discussed, together with the RDAs representatives of planning and programming units, the stage of elaboration RPID and also the problems the RDAs must tackle during this process of elaboration.

Details:
In **February 2005**, it was organized within the national twinning project a meeting with the scope to discuss the drawing-up stage of the National Strategy for Regional Development for NDP 2007-2013 and also the rank in which this strategy is representative at regional level for the horizontal priorities that should be respected in ROP.

In **March 2005**, the Working Group analyzed the drawing-up stage of the RPID. Also, there were discussed the ROP priority axis and horizontal measures which were designed, taking into consideration the financial proposal of the Ministry of Economy and Finance for ROP and a draft financial allocation per regions.

In other meetings, ascertaining the difficulties encountered by the RDAs in RPID drawing-up it was decided to revert to some methodological clarifications and to the stages of the preparing process of RPID by RDAs for underpinning the integrated ROP.

In **April 2005**, the Working Group for ROP drawing-up, with the support of the technical assistance team organized a seminar within which, starting from the proposed regional development priorities and the available information regarding the sectoral priorities, were analyzed the stages to follow by the drawing-up of a draft version of ROP. At this meeting participated the representatives of the RDAs, as well as of the Managing Authorities from the line ministries responsible with the SOPs drawing-up.

In **25 April 2005**, the Ministry of Development, Public Works and Housing organized within the technical assistance project the Forum: "Promoting and Supporting the Entrepreneurship in Romania", in order to consult the business environment representatives not only for the needs identification but also, for their resolution manner with national and European financial support.

In a more advanced stage of ROP drawing-up, **May-June 2005**, after establishing the main priorities on the basis of RDP and RPID, with the support of the technical assistance team, were constituted **Consultative Working Groups on each of the 5 ROP priorities**, as follows:

- Group 1: "Local and regional transport infrastructure improvement"
- Group 2: "Local and Regional Economies Development"
- Group 3: "Local and regional tourism development"
- Group 4: "Urban development support"
- Group 5: "Technical Assistance for the development of the Local Authorities Capacity for programming and management"

In these Local Working Groups were invited to participate representatives of the ministries responsible with SOPs drawing-up, of the non-governmental organizations, of the different Associations with relevant activity for regional development, etc.

The role of this LWG consists in identifying the intervention fields and eligible projects in an advanced elaboration stage, within ROP priorities.

The fourth stage of ROP drawing-up consisted in organizing bilateral consultative meetings both with line-ministries and RDAs and also consultative Fora, with the participation of the potential beneficiaries for eligible programmes under ROP, that stands for a new stage in the process of identification the development needs of the regions and the areas of intervention under ROP.

Details:
Consultative Forum 28 June: Within this forum were debated with all partners involved in regional development (RDAs representatives, NGOs, ministries – future Management Authorities of Sectoral Operational Programmes, ministries with relevant activity for regional development, local public authorities, as well as representative of social and economic representatives), possible actions to be financed within the already identified ROP' priority axis.

The fifth stage of ROP drawing-up (August - September) was focused on extension and consolidation of partnerships in order to solid underpin the ROP priority axis and fields of intervention, involving in this process The Regional Development Boards (RDB) and The National Board for Regional Development (NBRD).

Within this period took place meetings with RDB and NBRD members in order to present and discuss the working documents as National Strategy for Regional Development of National Development Plan 2007-2013 and Regional Operational Programme 2007-2013.
It is to be mentioned that for preparing ROP financial allocation has been initiated the financial programming process of NDP regional development priority, under coordination of Ministry of Economy and Finance – Analysis and Programming Directorate. Following of MEI proposal has been initiated discussions on the regional allocations methods of financial resources for regional development. MEI proposal took into consideration the conclusions from the meetings with RDB and RDA that sustained, with a large majority, the use for the period 2007-2013 of the same allocation method used for NDP 2004-2006 and PHARE Programming Document. The financial allocation is made converse with the level of regional development.

Details:
During the Consultative Forum, **on 11 August 2005**, were presented, as working documents, the regional development strategy and ROP fields of intervention, necessary in order to select the projects. There were organized thematic workgroups for ROP priority axis, where the forum participants could debate the activities to be financed.

On the **8th of September 2005,** took place a meeting with the RDA' representatives within there was analysed the results of the bilateral consultations process with ministries and RDAs, materialised in a set of fields of interventions on which the eligible projects under ROP will be financed.

In addition, for a better ROP underpinning, there were made two studies, regarding business environment, respectively tourism, with a large involvement of regional partners. On **29th of September 2005** the studies were presented to all interested actors.

The first draft ROP was finalised in October and was transmitted to all partners involved in ROP drawing-up process (members of different ROP' consultation groups) in order to be completed. The result was presented, on **1st of November** 2005 within the third consultative forum, to the line ministries, RDAs, European Commission Delegation representatives, as well as to the socio-economic partners. All the participants appreciated the regional approach of the programme. However it was considered that ROP financial allocation is not sufficient to cover all the financing needs. Moreover, the participants presented projects ideas, being interested of way to obtain the financing.

During November, December and January the consultations with the regional partners were continued in order to detail the Regional Operational Programme and to identify the projects by the priority axes and areas of intervention of the programme.

Moreover, at the **end of the February** was organized a working meeting with the RDA's representatives in order to finalize the Regional Operational Programme. During the meeting every priority axis was debated concluding on the operations' final version to be financed under the programme. Also, all the regions recognized that the financial allocations are smaller than the financing needs. For a better understanding of the economic situation the North –East Region proposed for the financial allocation to be taken into consideration the last three years GDP value. Another proposal stressed that the regional allocation for the priority axis should respect the same percentages of the priority axis

The discussions for establishing the priority axis' final version continued at the meeting held on **7th of March**, where besides the RDA' representatives participated the representatives of the other ministries - Managing Authorities of Operational Programmes and of Ministry of Economy and Finance. There were established the operations financed under ROP in order to avoid the overlapping with the other Operational Programme. Moreover, there were crystallized the ROP key areas of intervention so that the final version of the document be transmitted to the European Commission for the negotiation process.

In **April 2006** took place a meeting with the Regional Development Boards, RDA's and the other Managing Authorities in order to present the last version of ROP and to debate the preparation stage of the project pipeline.

The first draft of the ROP detailed fiches on fields of intervention (a Programme Complement type document) was analyzed and debated within the meeting with the regional partners held at the end of **June 2006.** Since then, through a permanent exchange of opinions, the document was improved.

At the MA level, a first draft of the Implementation Agreement has been drawn-up. It specifies the attributions delegated from the AM to the OIs, their responsibilities in the ROP' implementation process. The first draft of this document was presented to the regional partners at the meeting held on **29th of June 2006**. The document was also debated at the meetings held in the period **August – October 2006** in order to define its content regarding the delegated competencies and, respectively, the responsibilities of each part.

Regional Policy and ROP Coordination Directorate**,** through their representatives was presented at the meetings organised by Ministry of Economy and Finance with the Managing

Authorities of Sectoral Operational Programmes in order to discuss the existing overlapping between the operational programmes**.**

It is to be mentioned that the Managing Authority of the ROP of MEI plays the role of a line ministry within the dialogue with Analysis and Programming Directorate of Ministry of Economy and Finance, responsible of NDP and OPs drawing-up coordination, in order to represent the RDAs and to permanently improve the partnership relations and collaboration with regional structures, which implement the regional development policy.

B) Partnership consultations at regional level with national attendance

At regional level, the partnership is assured by the Regional Committees for Regional Development Planning drawing-up, partnership structures which integrate the representatives of relevant regional and local institutions and bodies: RDAs, Prefectures, County Councils, central public administration deconcentrated services, tertiary education institutes and research institutes, as well as the social and economic partners. The regional partnership is coordinated by the Regional Development Agencies.

Regional Committees for Regional Development Plans drawing-up (RPC) are consultative bodies which functions through thematic working groups, correspondent to the analyzed problems, as well as through plenary meetings assuring the balanced representation of central and regional institutions, as well as of economic and social partners

RPCs represent the RDC' wide partnership framework, having a consultative role in recommendations and proposals for RDP' content.

RPCs are represented in IPC by theirs coordinators, having the possibility not only to present and sustain the Regions development main objectives contained within the RDPs, but also to participate directly and effective at analysis and debate of sectoral development priorities and at harmonisation of regional and sectoral objectives, as well as at entire consensus process among the partners involved in establishing the NDP development priorities.

The partnership structures created at regional level assured the Regional Development Plans drawing-up, containing the socio-economic analysis and regional development strategies, which underpin the NDP regional component, respectively socio-economic analysis and national strategy for regional development.

The RDAs have initiated working groups for Regional Programming and Implementation Documents drawing-up, as a ROP underpinning, where taking into consideration the identified regional and local needs are elaborated priority axis and key areas of intervention to be implemented through ROP.

ANNEX 7 – HIGH POTENTIAL TOURISM AREAS

ANNEX 8 – NATIONAL TOURISM INFORMATION AND PROMOTION CENTRES