

## THE FINALIZATION OF REGIONAL ECONOMIC DEVELOPMENT PROGRAMS IN REGION 7 CENTER ROMANIA

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**Abstract:** *Supporting of a growing, competitive and knowledge-based economy, increasing the attractiveness and quality of life and investing in human capital are needs of the regional development. Regional development programs have to ensure the balance achievement between the elements of regional development: infrastructure, endogenous resources, supporting investors, existing businesses, education, scientific research, technological transfer, etc. but also collaboration of all actors involved in the regional development process.*

**Key words:** *programs, region, financing, disparities*

### INTRODUCTION

Regional economic development programs of a country represent the instruments of regional development policy in that country, and are reflected through the plans that highlight the development of regional activities in a given period.

The main goal of our research is finding the results of the financing regional development programs in Region 7 Center.

Some authors consider that programs are "the projects portfolio" through which are achieved the proposed objectives by meso and macroeconomic strategies (Bănaucu, 2008). We disagree this view because the programs underlie some possible or potential projects but without an adequate access we do not have portfolios of projects. Thus, we believe that the strategic objectives of the regional development policy are transposed into practice through some integrated plans and programs.

Financing of regional economic development came from the need for amplification of the regional economies so that companies to easily benefit of financing for their projects. It also must meet the requirements derived from the structural changes occurring at economic level. The new economy based on innovation and knowledge, on environment and risk prevention require funding in infrastructure, competitiveness but also in research, innovation and sustainable regional development. Financing the regional development appears as essential for creating new enterprises and thus jobs through business incubators (business nurseries) but as well technological and industrial parks. The results quantification due to those nurseries is difficult to achieve because the beneficiary enterprises are not related in any way by these authorities and their maintenance in the respective region raises lots of questions. Technological parks require combining several partners usually from peripheral area and inter-area in order to achieve a joint venture. Financing the regional development is absolutely necessary because it improves and modernizes the public administrations in order to become more transparent and efficient (Popescu, 2004). Below we will refer in more detail to the financing purpose through regional development programs for state economic policy implementation, small and medium enterprises development and modernization, infrastructure creation and modernization, social policy achievement, for cities and village's

modernization, and technology implementation. Economic development is determined by all of us, through our personal efforts to understand and act (Simionescu, 2009).

#### **a. Regional development - lever for economic policy state achievement.**

Financing of regional development is needed because the state regional policy is a component of state policies, being in close interdependence with other policies, either from domain of state aid, environmental protection, transport, support of innovation or information society. Funding development of economic-regional programs consist in achieve of a modern production, sustainable use of resources and better education of the population living in poor regions. In our view, regional development programs have facilitated the directing policies of the Member States towards investment in infrastructure, human capital and modernization meant to support economic growth and diversification of economies.

#### **b. Regional development - support for small and medium enterprises development and modernization**

The purpose of regional development programs consists also in strengthening the public and private sector, being focused on promoting entrepreneurship, stimulating new job creation, technology transfer and innovation in companies, creating opportunities for investments and working more attractive, etc.

#### **c. Regional development as lever for infrastructure development and modernization**

Funding transportation through regional economic development programs supports sustainable mobility for people and goods, ensuring efficiency, safety and minimizing negative environmental effects. The finalization of regional development programs must ensure a balance between road, rail and air transportation.

#### **d. Regional development as support for the modernization of cities and villages**

The purpose of regional development programs consists also in helping cities and rural communities as vectors of development. Financing actions are aimed in promoting entrepreneurship, innovation and development services, so that they can become significant centers of economic activity. Funding programs (PHARE and SAPARD), were designed to improve urban surroundings in crisis by rehabilitating of physical environment, of deforested areas, preserving and developing historical and cultural heritage, etc.

#### **e. Regional development - lever for achieving social policy**

Financing regional development of social policy is absolutely required to anticipate and manage economic and social changes, for acting in the following areas: increasing adaptability of workers and enterprises, promote reform in employment domain, improve access to employment and participation on labor market, reducing unemployment, fighting

against discrimination and promoting equality, etc. The purpose of regional economic development programs in this area must face some new challenges related to globalization and aging, issues that have a direct impact on regional and local communities. Regions must adapt to new skills necessary to remain competitive in a global knowledge economy.

#### f. Regional development as support of implementation technologies

The measure of technological progress in this disrupted industrial environment is given by the capture of as many as possible technological innovations. Financing the programs for economic regional economic development is imperative to facilitate innovation and consists of: investments in infrastructure, equipment and facilities, strengthening the links between industrial areas of development and research institutions, support for groups, centres of excellence, scientific and technological parks, encouraging the researcher's mobility and partnerships between training institutions and local technological enterprises (Matei, 2005).

Based on the above considerations, our view is that the role of regional development policy is the allocation of financial resources with customised effect on regions to better meet the development demands and to counter the negative effects of some national policy or government measures appeared in situations of economic restructuring and modernization, and the programs practically represent the direct implementation of regional policy objectives or goals of macro-economic development.

In addition to improve the regions accessibility and more sustainable investments in transport facilities, regional development finance must be aimed to create research and infrastructure centers, to develop and disseminate the information and communication technology.

Also during the pre-accession period, funds have significantly contributed for upgrading transport infrastructure within the member states and less developed regions.

In Romania, as amended by Law 151/1998, were created 8 development regions constituted from neighboring counties. Romania Region 7 Centre was established from following counties: Alba, Brasov, Covasna, Harghita, Mures and Sibiu. The regional economic development programs undertaken in this region were and are aimed primarily to reduce existing disparities between different areas of the region and raise the living standards of residents in this region.

The data provided at the end of 2008 by the Agency for Regional Development Center in a statement which was reviewing "A Decade of Regional Development" indicate that in this region were conducted 12 Phare and government programs including 25 sub-programs with a total of 599 projects. On financial matter, these projects have attracted a total budget of 106.882 million euros, where the public funding grants had a value of 77.282 million euros. The aims of these programs, for which data are not fully centralized, consist in: 2.491 new jobs, purchase of 4038 new equipments, training of 18.165 participating people in 351 trainings, development and rehabilitation of 48 social centers throughout the region, achievement of an industrial park and rehabilitation of 25 schools and centers for human resources training.

Also, through the implemented projects were completed 7 rehabilitation proceedings on water supply and sanitation systems, 13 selective waste collection systems and 12 waste transfer stations. Beyond these data we decided to analyze some relevant indicators in the region compared with the national average. We stuck in this approach by the lack of information on regional level but also because we can analyze only the impact of pre-accession funds on national and regional level. The course of pre-accession funds was effectuated during 1998-2006, requiring a period of 1-2 years between designing, contracting and actual payments.

Indicators	2000		2005		2006		2008*
National GDP (million EUR,%)	80.377,3	100	88.176,1	100	344.650,6	100	503.958,7
Regional GDP (EUR million Region Centre %)	10.177,5	12,7	34.286,1	11,9	40.291,2	11,7	48.681,9
National GDP per capita-lei%	3.582,6	100	3.326,8	100	15.967,6	100	-
Regional GDP per capita-lei%	3.838,6	107,1	3.549,2	101,7	15.920,2	99,7	-

Tab.1. National and regional development indicators during 2000-2008

According to statistical information contained in Table 1., the results show that in Region 7 Center, Gross Domestic Product value increased from one year to another, however as a proportion of the national GDP it has decreased continuously from 12.7% in 2000 to 9,65% in 2008 (Statistical Yearbook 2000-2008). The same trend is noted also on the level of regional GDP per capita, which declined from 107.1% (national average in 2000) to 99.7% (in 2006). These figures show that the living standard and the disparities compared to national values of these indicators, decreased which leads to the idea that these development programs for pre-accession period did not had the expected impact.

Our future research plans will expand to:

- The influence of other funds such as SAPARD and the cohesion ones of the Center Region
- Studying the impact of structural funds after 2013 in the Region 7 Center

## CONCLUSIONS

- The strategic objectives of the regional development policy must be transposed into practice through some integrated plans and programs.
- The role of regional development policy is the allocation of financial resources with customised effect on regions to better meet the development demands and to counter the negative effects of some national policy or government measures.
- To improve the region accessibility, the regional development finance must be aimed to create research and infrastructure centers, to develop and disseminate the information and communication technology.
- In our opinion, competitiveness strengthening by focusing on innovation, entrepreneurship, attractiveness of regions, labor market supply, investing in human capital and cooperation with neighboring countries are the main methods to deal with structural changes occurring in the states.

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