

ASPECTS OF LOCAL GOVERNMENT EFFICIENCY IN ROMANIA. EXPORTS INCREASE AND DEVELOPMENT OF BUSINESS ENVIRONMENT AT LOCAL AND REGIONAL LEVEL

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Abstract. *The amelioration of the local government efficiency in Romania as prerequisite of economy's sustainable growth largely depends on increasing exports and improving the business environment at regional and local level, factors that can help reducing the development gap. For Romania, several policies and instruments to improve local governance are proposed, firstly by increasing the absorption capacity of structural funds, which could lead to develop business and exports, implicitly to alleviate regional disparities. Nevertheless, on short and medium term, given the under-size of funds (both from the EU and national sources) major changes in improving the local government efficiency are not foreseeable and, under the circumstances of international imbalances (turbulences on financial markets, uncertainties in crude oil prices), which could adversely affect the Romanian economy, attaining the objective of reducing development disparities may be jeopardized in the long run.*

Key words: *regional development, local government, foreign trade, foreign direct investment, central and local budget*

JEL classification: *H70, O18, R10, R50*

1. Introduction

In the early '60, the Council of Europe showed concerns about the excessive growth of regional disparities, the Parliamentary Assembly adopting the Resolution 210/1961, which stipulated that a harmonious economic development cannot be achieved without an adequate territorial policy having as fundamental objectives:

- Balanced socio-economic development of regions;
- Improving the quality of life;
- Responsible management of natural resources and environmental protection;
- Rational use of land.

While traditional models of territorial development focused on single issues (physical infrastructure, transfer of technologies etc.) and were characterized by a relatively small number of actors with a common type of speech, the concept of sustainable development, having an increasing importance in regional policies, opened the way for new tools and partnerships to exploit the interaction potential of central and local authorities, non-governmental organizations, business and academics. In our view, the issue of territorial balance is not easy to deal with, so that any initiative or solution in this regard should avoid imposing obstacles to comparative advantages in some areas,

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which are benefiting from more attractive business environment, accelerating development in their geographical spaces. As follows, one of major challenges of Romania regional policy is restoring the territorial equilibrium, primarily by focusing on the least developed areas, but not harming those advanced.

We intend to examine further the policy issues of territorial development strategy and local governance in EU and Romania, the foreign trade and FDI flows at regional and county levels, the situation of the local budgets, both on the formation and allocation side, and identify other financial opportunities to support the local governance strengthening its administrative capacity, particularly through access to European funds, which is supposed to develop the business environment and related exports.

2. Regional Development and Local Governance. European Lessons

At the EU level, the program ESDP ("European Spatial Development Perspective") was launched in 1999, starting from the idea under which economic growth and convergence of certain indicators are not sufficient to achieve the objective of economic and social cohesion of the Member States, so that a concerted action in the field of territorial development to correct the detected disparities is needed, including two major components, namely the continuous progress of economic integration and the increasing role of regional and local authorities.

This challenge has been amplified in the context of EU enlargement during 2004 and 2007: Brussels has been aware that the accession of new members, less prosperous countries, tends to increase the risks of regional disparities and to reduce the margin for conducting regional policies, discussing new priorities for the future convergence of Member States. Therefore, the revision of ESDP, based on the assessment of territorial impact of EU enlargement, has as essential priority the involvement of local authorities of new Member States in managing European funds and other financial instruments, including through creation of networks for monitoring the transnational and inter-regional development and cooperation.

The Territorial Agenda of European Union (sub-titled "Towards a Europe of different regions more sustainable and competitive"), aimed at territorial cohesion was released in May 2007. Among new challenges to Europe are mentioned the impact of climate change, increasing energy prices, accelerating regional integration under the circumstances of global economic competition, the impact of EU enlargement, in particular on energy infrastructure and transport, overexploitation of ecological resources and territorial effects of ageing population.

In order to ensure a growing integration of Member States, the European Union proposed a development model aimed to avoid excessive concentration of population and of economical, political and financial power only in some dynamic areas, creating decentralized structures which will allow relatively balanced development of all regions of Europe and reduce regional disparities. The new European model of sustainable development involves more than simply encouraging links between suburbs and key areas i.e. the establishment of several areas of economic integration, a balanced system of metropolitan regions and clusters of cities, promotion of strategies for urban development integrated within Member States, strengthening cooperation in specific areas, including between local authorities and companies operating in urban and rural business environment.

It is worth mentioning that the new initiative of European Union is connecting the development issues at regional economic convergence, starting from the Lisbon Agenda objectives on

economic modernization of EU countries and boosting their competitiveness on the world market. In order to achieve these objectives for the period 2007-2013, the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund are providing a sum of 350 billion EUR, plus 150 billion EUR national co-financing from public sources and/or private, so that the total amount of European investments targeted, as a priority, to less developed areas, stands for around 500 billion EUR.

The initiative "Regions for Economic Change" is implemented through two instruments, namely the European Regional Policy and the Program of Inter-regional Cooperation and Urban Development, the main efforts focusing on improving the attractiveness of member countries, regions and localities by growing accessibility to quality services, encouraging innovation and entrepreneurship, job creation, exploiting the regional development potential of local government, giving attention to geographical particularities; in this regard, one of main priorities is unlocking business potential, particularly of SMEs.

The EU investment and organizational efforts stems from the requirement for transformation of local authorities into the main actor at territorial level. In this regard the experience of the United Kingdom, which has launched a document under the name of "Transformational Local Government", containing the main guidelines and prospects for actions on short and medium term has been relevant. Thus, it is considering the reconfiguration of public services for citizens and/or business, by improving the ability to provide these services, strengthening the powers at local level and the governance transparency, increasing the degree of services standardization, accompanied by an ameliorated knowledge of business community - and the problems that face - which should provide services with a larger margin of options. In a new approach, the insertion of adequate segmentation models for different groups of customers, which reflects the requirements of public services and the development of information and analysis instruments, such as data banks with business opportunities ("business data warehousing"). Starting from the fact that the modernization of local governance involves a systematic approach of business development, public services, in turn, will be oriented and disposed in the form of *end-to-end*, not only from the first point of contact. Although locally there are a number of committees and commissions, their work remained fragmented and even superficial, without notable effects on setting up adequate services; it was concluded that they should be strengthened, including through ICT structures. Under these circumstances, the involvement of services users are integrated into Local Community Strategy, focused on two components, namely the Local Strategic Partnership (local authorities and private community) and Local Agreements. The functioning mechanism for coordination of activities is monitored and supported by the Association of Local Authorities (Local Government Association, whose document is significantly titled "The Future is Local"). As noted in the document above mentioned, cooperation and partnerships are not always easily achieved, because of the political dimension at the local level, which is extremely important.

Although it is possible to finance investments from outside sources (for example, the central government can support the development of national infrastructure, funds from the private sector and/or the EU could be attracted, and some local partners can provide specific expertise), a significant part of it should be provided by the local government. At the same time, there is an increasingly clear link between the local taxes on the one hand and the public interest for the quality of supplied services on the other hand, putting in evidence the issue of reviewing the real costs and benefits of providing these services on different channels. An essential manner of raising funds of local authorities is, therefore, to support the development of an attractive business environment, including by providing appropriate assistance to exporters and investors, leading to the increase of their business turnover and

therefore the tax base, both at business and employees level, implicitly of population income in the area.

3. Territorial development strategy of Romania

Cumulating the essential elements of Romania's National Strategy of Regional Development and considering the objective of reducing disparities between regions, the Regional Operational Program 2007-2013 (ROP) has been approved, financed by the European Regional Development Fund of the European Union and co-financed from the State budget, with a budget of 4.6 billion EUR (out of which around 3.7 billion EUR from EU contribution). It is worth mentioning that the primary framework document has been the National Development Plan 2007-2013, its implementation being planned through Operational Programs (5 on sectors and one regional, plus a further program of technical assistance). Over the period, Romania benefit of a total budget of 19.2 billion EUR coming from the Structural Funds of the European Union, plus national contributions (the state budget, local budgets and private sector) of around 10 billion EUR.

The territorial development strategy of Romania has been developed taking into account the key problems identified by the analysis of regional economic and social situation, within counties and localities also, including:

- Increasing development disparities between the Bucharest - Ilfov and other regions;
- Unbalanced development between Eastern and Western regions i.e. between North- East, South-East, South, South, South-West regions and respectively West, North- West and Center;
- Significant intraregional disparities which reflect the disequilibrium of economic development, within regions co-existing underdeveloped areas with relatively developed areas;
- Massive decline of small and medium-sized cities, especially the mono-industrial cities, generated by industrial restructuring;
- Socio-economic degradation of many large urban centers and their diminishing role in the development of adjacent areas;
- Low degree of attractiveness for investors of most regions.

Following the dynamics of regional disparities in Romania, the general objective of ROP became supporting and promoting economic and social development balance of all regions, by improving infrastructures and encouraging investments in economic activities, with priority in areas which recorded development delays, through their particular resources - not sufficiently exploited so far - in order to accelerate the growth of these areas. The main modality find to achieve this objective has been an allocation of funds differentiated by region, inversely proportional to the size of GDP/capita, so that the least developed areas to benefit from a higher financial allocation. In principle, these funds are going to finance projects considered to induce a major impact on local and regional development: rehabilitation and modernization of transport infrastructure, education and health, improving the business environment through the development of specific structures (industrial and technological parks etc.), supporting tourism infrastructure, fostering related entrepreneurial initiatives, and the development of urban centers having growth potential.

The implementation of ROP is expected to reduce inter-regional and intra-regional disparities between urban and rural, between urban centers and adjacent areas, between the attractive to non-attractive areas for investors. Also, it seeks a balanced development of all regions through better regional synergies and an integrated approach, based on a mix of public/private investment in local infrastructure, fostering business activities and supporting local resources recovery. Several priority axes has been settled, one of the most important, Priority Axe 4 (Supporting regional and local business environment), having a budget of 794 million EUR, out of which 633 million EUR coming from UE contribution.

In this context, due to the fact that investment is a key tool for improving the local business environment and that, if available, modern business structures could capitalize the comparative advantages of regions, ROP provides a range of facilities as the access to public utilities and/or land, seeking financial support for local authorities and/or private entrepreneurs in areas with development potential, by creating jobs and using labor available in the area.

The development potential of localities is rated by the tradition that they have in industrial activities, the existence of basic infrastructure, transport infrastructure and civil constructions, of economic relations with more developed areas and, last but not least, a working force skills on requested profile of investments attracted. This potential could be revealed as the general trend of cities, in terms of population and economic growth, but also the trend of areas they are located, knowing that a large investment attracts more small investments in the whole area and lead to the creation of economic ties between localities of the same geographical space.

The support for increasing of SMEs investment capabilities has to be accompanied by qualitative and quantitative improvement of services provided by local authorities to business communities, both for existing businesses and for the newly created, having an important role in ameliorating competitiveness, productivity and performance of companies operating at regional and local levels, including through their participation in the economic circuit, nationally and internationally.

The ROP also aims to support the creation and development of micro-productive activities and/or services and the use of regions potential - natural resources, raw materials, human resources - helping to diversify their economic structure, improving the access to new technologies and innovations. The final goal is accelerating the process of restructuring and economic recovery of areas in decline, particularly small and medium-sized cities, enabling them to adapt to the requirements of a dynamic market economy.

Of course, the successful implementation of ROP during 2007 - 2013 depends on a number of factors (a favorable evolution of the economic context - internal and international - territorial strategies synchronization with the sectors one's, improving institutional and financial capacity of local authorities, the size of national and European funds and their appropriate allocation at inter-regional and intra-regional level etc.), any slippages jeopardizing the achievement of its fundamental objective, namely reducing regional disparities.

4. Foreign trade and FDI inflows at local level, essentials for business environment

The contribution of external trade and foreign investments to economic development, including at territorial level, has been generally recognized worldwide, more recent, in the context of

globalization of world economy. Aiming to study aspects of Romania's external trade and business environment at local level, especially its practical implications, the territorial disparities showed in this regard, which are influencing also the overall performance of the Romanian economy, including the external competitiveness of products, may prove essential to increase the effectiveness of local governance. The impact of improving the business environment on local exporters as well on foreign investors, may put in evidence new modalities to rebound exports, including by the effectiveness increase of actions taken by local authorities.

Analysis of external trade development at each of the 8 Development Regions of Romania (NUTS II level) reveals significant differences between them. The most of international economic exchanges are carried out by Bucharest-Ilfov region, which concentrated around 21 percent of total exports and about 40 percent of total imports in 2006, the trade deficit of this region representing nearly 3/4 of the registered deficit throughout the country. For exports, the share of other regions varied between 6.6 percent (Region North- East) and 15.3 percent (Region West) and for imports between 2.7 percent (Region South-West) and 12.4 percent (Region Center). Many foreign trade companies have headquarters in Bucharest and most of commercial transactions are concluded here, what could explain the high degree of territorial concentration of international economic exchanges of Romania. In many cases the goods in question may have another origin or destination as compared with their statistical location.

Table 1**Exports and FDI per capita at region level**

Region	Exports (EUR mill.)	Imports (EUR mill.)	Deficit/Surplus	Exports per capita (EUR)	FDI per capita (EUR)
NORTH-EAST	1714.4	1808.4	-94.0	466.6	109.7
SOUTH-EAST	3454.9	3836.5	-381.6	1213.1	400.6
SOUTH	3479.4	4337.6	-858.2	1029.7	378.5
SOUTH-WEST	1766.1	1092.7	673.4	757.6	89.2
WEST	3964.3	4020.2	-55.9	2023.6	422.2
NORTH-WEST	2972.4	4074.7	-1102.3	1084.8	256.2
CENTER	3057.6	5066.5	-2008.9	1211.9	247.3
BUCHAREST-ILFOV	5440.9	1650.4	-11068.5	2444.2	3451.9
Total economy	25850.5	40745.9	-14895.4	1192.3	593.6

Source: *Regional Disparities at 2010 Horizon, National Commission for Prognosis, July 2007. The stock of FDI per capita at the end of 2005 is based on data provided by the National Office of Commerce Register.*

With regard to exports per capita as an indicator of the development level, from data in Table 1 is found that significant disparities recorded in 2006 between the regions Bucharest- Ilfov and West, on the one hand, and those of the South-East, Center, North-West and South (gap about 2:1) and especially those of the South-West and North-East (gap about 4:1), on the other.

The breakdown of foreign trade by counties in 2006 (see Appendix 1) shows that Bucharest deals, by far, the most important position within these international exchanges, with 20.4 billion EUR, holding almost a third of total exports and imports. Other counties with a significant share in overall foreign trade of Romania are Timiș and Galați (about 6.5 percent), Argeș and Constanța (about 5 percent), Prahova (4.5 percent), Arad, Bihor and Brașov (about 3.5 percent). Top exporters is dominated by Bucharest (about 20 percent of total), followed by Timiș and Argeș counties, and top importers also by Bucharest (37 percent), followed by the counties of Sibiu and Timiș.

Regarding the trade deficit, Bucharest, with more than 10 billion EUR, holds 67.5 percent of the total at the country level, other counties with significant deficits being Sibiu and Ilfov. Instead, a number of counties (Ialomița, Mehedinți, Teleorman, Vrancea a.o.) recorded surpluses in the balance of foreign trade, which reveals rather a relatively low level of their involvement in international trade, including in business activities.

When examining per capita exports at the county level (see Appendix 2), territorial discrepancies are more obvious; thus, while counties as Timiș, Arad and Bucharest recorded per capita exports of nearly 3.000 EUR, compared with a national average of about 1.200 EUR, there are 11 counties with the values of this indicator below 500 EUR and two counties (Gorj and Giurgiu), even under 100 EUR, the gap between the first and last positions being about 25/1.

Obviously, the increase in export potential depends on the extent of improving the business environment and attracting foreign investments which, through technology transfer, could contribute to the growth in the products manufactured locally and of their external competitiveness. From this point of view, territorial disparities even more significant compared with the situation revealed by external trade were found, which means that in many geographical areas of Romania the business environment continues to remain non-attractive to foreign investors, due to the economy's general deficiencies (low quality and transparency of business environment, instability of prices and fiscal regime, etc.) and particular ones (local shortage of materials and/or human resources, inadequate infrastructure, non-efficient local authorities, etc.).

The absence of such basic prerequisites has shaped a modest evolution of foreign investments inflows in Romania, their imbalance appearing even more evident if one examines the stock of FDI per capita accumulated during 1990-2005, in its territorial breakdown. Thus, the data in Table 1 show that large areas of Romania (especially the North-East and South- West) recorded an average of FDI stock per capita of only about 100 EUR, six times less than the national average, the gap as compared with the region Bucharest-Ilfov reaching 1/35. Furthermore, the Appendix 3 shows that a number of 16 counties (not only in the mentioned areas) were below the threshold of 100 EUR in respect of FDI stock per capita, Gorj county even reaching 5 EUR, what explains also the low rank that it holds regarding per capita exports.

5. Policies and tools for improving local governance

5.1. Rebounding local budgets

In accordance with the Law no. 215/2001, the government of Romania cannot establish or impose any sort of responsibility for local authorities in the process of decentralization of public services or the creation of new public services without providing adequate financial resources to carry out such responsibility. It is worth pointing out that any passage of competences regarding managing and financing matters by the government to local authorities as a result of decentralization, as well as other new public spending, is possible only by law.

The examination of local budget size showed a first general conclusion, as a defining measure for the degree of public finances decentralization, which is, we think, in the first stage. Thus, while in Romania the total expenditure of the local budgets (15.5 billion RON in 2004, the equivalent of about 5 billion EUR, respectively about 250 EUR per capita) is less than half of the state budget expenditures (34.1 billion RON), in Germany, Länder and local communities benefited in 2005 of around 400 billion EUR (about 5,000 EUR per capita) 40 percent higher than the federal budget (280 billion EUR). In Germany, knowing also its experience in decentralization of public administration at the federal and local governments, it is worth mentioning that out of public debt - which amounted to about 1500 billion EUR in 2005 – more than 60 percent were at central level and 38 percent in charge of Länder and municipalities.

The data presented in Table 2 show that in Romania the situation is completely different, the local budgets (at regional and county level) ending, without exception, with surpluses, which leads to another conclusion, not necessarily positive, that overall, local governments have not contracted public debt and they are limited to spend as much as the budgetary revenues allow.

Table 2

Revenues and expenditures of local budget per capita at Regional level in 2005

Region	Revenues, of which: (RON mill)	Subsidies (RON mill)	Expenditure (RON mill)	Surplus (RON mill)	Subsidies per capita (RON)	Expenditure per capita (RON)
NORTH-EAST	2337.4	122.7	2301.9	35.5	33.4	626.5
SOUTH-EAST	1989.3	126.8	1942.0	47.3	44.5	681.8
SOUTH	2041.0	134.2	2005.2	35.8	39.7	593.4
SOUTH-WEST	1424.9	85.8	1399.6	25.3	36.8	600.5

WEST	1505.4	75.1	1467.1	38.3	38.3	749.1
NORTH-WEST	1876.0	96.3	1837.4	38.6	35.1	670.6
CENTER	1829.3	10.9	1782.7	46.6	42.8	706.6
BUCHAREST-ILFOV	2952.5	85.3	2804.8	147.7	38.3	125.8
Total economy	15955.8	834.1	15540.7	415.1	38.5	716.8

Source: Finance Section, Statistical Yearbook of Romania, National Institute of Statistics, 2006.

As concerns the local budgets revenues (about 16 billion RON for total economy) should be noted that their main source is the state budget transfers (about 12 billion RON, mainly from taxes on wages and from VAT), the revenues related to local taxes having a share of only 14 percent in total revenues. On the other hand, expenditures of the local budgets (about 15.5 billion RON) were allocated in proportion of over 50 percent for public socio-cultural services (education, health, social assistance, etc.). The services provided by local authorities benefited of only about 10 percent of these expenses. The subsidies from the state budget (834.1 million RON) represented about 5 percent of total revenue in local budgets, which means that they did not matter, not as a dimension of absolute value, nor as instrument of redistribution of funds for less developed areas, given that, compared with an average of 38.5 RON per capita throughout the country, the territorial differences are insignificant, and in no case in favor of the said areas.

By dividing the expenditures of local budgets to the population, some territorial discrepancies occur, nonetheless lower than it would have been expected. One should note that the region Bucharest (including Ilfov county) is receiving the largest allocation (about 1,260 RON per capita), other regions registering levels ranging between 600-750 RON per capita. Thus, the gap between the highest local budget expenditures per capita (Bucharest-Ilfov region) and the lowest (South, South-West and North-East) is more than 2/1. Inequalities appear more obvious at counties breakdown, in general, poorly developed counties registering lower levels of local spending per capita, which confirms the earlier assertion regarding the inadequate support of the territorial balance by financial instruments.

A paper on local budgets issued by the Institute for Public Policy pointed out that the financial decentralization started in 1999 - based on the Law 189/1998 regarding local public finances, which in terms of transferring responsibility for public services, enabled the introduction into local budgets part of taxes on salaries and on global income - led to some significant results: in 2003 the revenues of the local budgets were higher, in real terms, by 2.5 times as compared with 1999. However, the degree of financial autonomy of local authorities is still limited, including the ceiling of percentage increase for imposing local taxes to maximum 20 percent annually. The fiscal reliefs introduced by the government in 2002-2004 regarding the local taxes for elderly and low-income persons, lead even to the increase of financial dependence of local administrations on the central government. The above mentioned study also points out that the local budgets suffer of significant vertical imbalances (responsibilities going beyond their financial capabilities) and horizontal, inter-county and especially intra-county (their own financial capacities differing from each local administration to another). At the same time, poorer regions (Brăila, Giurgiu, Vaslui, Vrancea) are the most affected by the phenomenon of financial arrears, partly due to the non-correlation between transfer of responsibilities with financial resources, as it happened in the case of social assistance (subsidies of household heating price and of local transport, payment of guaranteed minimum income).

Accordingly, even under the circumstances of a brief analysis of how local budgets are currently used, some deficiencies become obvious. Among remedies what might be taken under discussion in this regard, we appreciate as important at least the following ones:

- Reassessment of the public institutions' role and strengthening local autonomy, including in fiscal matters (taxation, but also possible exemptions), which is expected to contribute to the enhancing of financial resource generation capacity, accompanied by the increase in local governance effectiveness through an election control system able to ensure the transparency of governing in front of local communities, primarily with regard to how resource management and budgetary allocations are related to performance standards;
- Budgetary decentralization and setting up a mechanism for redistribution of the state budget funds (including financial instruments to promote exports) in favor of geographical areas (regions, districts, municipalities), i.e. inversely proportional to their level of economic development;
- Changing the ratio between the components of the consolidated budget in order to increase the share of the local budgets (at a higher share in the state budget), mainly by increasing transfers from central revenues (fiscal and non-fiscal) through adequate levies;
- Increasing the proportion of expenditure allocated to public authorities in the local budgets so that they can provide higher financial resources to diversify the services offered and improve their quality, with positive effects on business environment recovery and on increasing the attractiveness of the area for investors, which would lead also to rebounding exports;
- The creation of specialized financial institutions to support the local economy (municipal development banks, municipal financial corporations, etc.) which are expected to help development financing through the launch of bonds on the capital market (internal and external), but also by increasing the absorption capacity of European funds. In this respect, it is worth mentioning the proposal of the Association of Romanian Municipalities for establishing in 2008 a Guarantee Fund to support projects of the poorest local authorities, who cannot bring the required guarantees;
- The transition from a passive budgetary behavior of local authorities, strictly limiting the expenditures to the size of budgetary revenues, to an offensive one in order to obtain funding for the development of local economy, even with the risk of recording budget deficits - under the conditions of excessive deficit control, in terms of maintaining its sustainability - and the accumulation of public debt at the local level that can alleviate, on the other hand, the burden of debt at the central level.

5.2 Attracting European funds

Although ROP has the merit of cumulating basic elements of the Regional Development Strategy, aimed at reducing territorial disparities it should be noted that the management of this program - whose main beneficiaries are local authorities - by the Ministry of Development, Public Works and Housing (as management authority), together with the eight Regional Development Agencies (as intermediary bodies), showed significant delays, at least for now. Thus, by the end of

2007, the Applicant Guide (final version) had been launched only for Priority Axis 2. Given the time required for the approval of funding applications - subject to assessment, selection and contracting procedures that require the passing of 8 steps - the first projects under this axis are likely to begin towards the second half of 2008. For the other Priority axes we think that, even under conditions of effective issue of Applicant Guides, the start of financing for most projects will not occur sooner than the end of 2008. This means that basically most of the structural funds for 2007 and 2008 will be carried over for the period 2009-2013, putting to challenge the ability of local government to absorb these funds.

However, as opposed to possible limited absorption capacity of European funds which could occur in the case of many local authorities, more likely, at national level, it seems to be the scenario of modest results of the ROP implementation generated by insufficient - and, predictably, inadequate allocation - of the structural funds provided through this program. Starting from the total budget of 4.6 billion EUR of ROP scheduled on 7 years, a simple calculus reveals an average of about 650 million EUR annually, meaning about 80 million EUR per development region or about 15 million EUR per county, for all 5 Priority Axes (for Axis 4 being only 2-3 million EUR), which seems insignificant in relation to the real financial needs and even with current investments in Romania coming from national sources. Even in the case, realistic in fact, that the majority ROP funds allocated for 2007 and 2008 will be carried over for the period 2009-2013, the annual average would be maintained below 120 million EUR at the regional level and below 23 million EUR at county level, for all 5 Priority Axes.

Turning to Priority Axis 4 (Supporting development of business environment at regional and local levels) the major areas of intervention and related funding provided for the period 2007-2013 are:

- Sustainable development structures to support business at regional and local levels, with the objective of creating and/or improve the structures of regional and local business support, interventions aimed at attracting investment, reviving and developing local and regional economies. The budget of this field is 274 million EUR, out of which 233 million EUR from EU contribution and 46 million EUR national contribution (out of which 40 million EUR from the state budget and 6 million EUR from local budgets);
- The rehabilitation of polluted and abandoned industrial sites and preparing them for new activities, aimed at reintroducing these sites into industrial economic circuit through de-pollution, cleaning and rehabilitation. The budget of this field is 235 million EUR, out of which 200 million EUR coming from EU and 35 million EUR from national contribution (out of which 30 million EUR from the state budget and 5 million EUR from local budgets);
- Supporting development of micro-companies, aimed at helping these companies to boost competitiveness using local labor and material resources. The budget of this field is 285 million EUR, out of which 200 million EUR from EU and 85 million EUR from national contribution, exclusively private.

The first two areas of intervention are targeting specifically local authorities, the maximum amount of funding granted to one project being between 0.5 million EUR and 25 million EUR. In the case of an average on 5 million EUR per project, the total budget of around 500 million EUR related to these areas (see Appendix 4) can only finance about 100 projects aimed at supporting structures of

business (on average, 2-3 projects for a county local authority), throughout the period of 7 years, what seems totally insufficient relative to the real needs for increasing attractiveness of the business environment, especially in less developed areas. Taking into account that the total number of local administrations in Romania exceeds the figure of 3000 (2800 localities and 300 municipalities and cities), and assuming that only a third of them would require funding to support business environment, the allocated funds should cover only about 10% of this potential demand.

In addition to the problems generated rather by the lack of structural funds than the limited capacity to absorb them, the risks of ROP failure during the attempt to increase the effectiveness of local governance and to reduce the regional disparities are amplified by approving the applications for projects funding, based on the principle "first come, first served" (by the exhaustion of funds) and not on the basis of a comparative analysis of their effects on improving the business environment. Also, from data regarding the distribution of ROP funds by regions (see Table 3) is found that, despite the recommendations of the European Commission, this is not complying with the principle of inverse proportionality with the existing level of development, namely with the priority allocation of funds to the local communities recording the most significant gaps in GDP per capita. Thus, for the most deprived regions (North-East and South), characterized by a level of GDP per capita less than 1.2 to 1.5 times compared with the national average, below 200 EUR per capita were allocated from ROP funds, also lower than the national average. On the other hand, this national average of ROP funds (about 205 EUR per capita over the period 2007-2013, meaning below 30 EUR per year), is eloquent for showing the undersized structural funds.

In our opinion, attracting these funds stands only as a complement to national effort to be made in this regard, the less developed regions in Romania having to cover a double gap, one as compared to other regions of the country, but above all in relation to the European regions. It is worth mentioning that the gap in GDP per capita between the richest and the poorest regions of the European Union increased from 2.6 in the EU-15 to 4.4 in the EU-25 and 6.0 respectively in the EU-27. Inside the new Member States there are some regions where GDP per capita stands for less than 25 percent compared with the EU average (for instance, Romania and Bulgaria include the poorest 12 regions of the EU).

Table 3

GDP and ROP Funds per capita gap, in 2006

Region	GDP per capita (EUR)	Gap compared with national average (%)	ROP Funds		Gap compared with national average (%)
			Total (EUR)	per capita (EUR)	
NORTH-EAST	3051,7	67,8	724,9	197,1	96,3
SOUTH-EAST	3935,2	87,4	587,8	206,4	100,9
SOUTH	3680,5	81,8	631,6	186,9	91,3
SOUTH-WEST	3730,6	82,9	621,6	266,7	130,4
WEST	5256,9	116,8	458,7	234,1	114,4
NORTH-WEST	4282,6	95,1	536,4	195,8	95,7
CENTRE	4725,2	105,0	483,6	191,7	93,7
BUCHAREST-ILFOV	9040,0	200,8	393,1	176,6	86,3
Total economie	4502,0	100,0	4437,7	204,6	100,0

Source: Regional Disparities at 2010 Horizon, National Commission for Prognosis, July 2007. Data on ROP funds for development regions, from the portal of the Ministry of Development, Public Works and Housing.

Under the circumstances of planning to increase the effectiveness of local governance and to reduce regional disparities, Romania should learn the lesson from other countries which have recently joined the European Union. For instance, Hungary, although had access to notable structural funds, failed to speed up economic development of most deprived zones or localities (particularly those in Eastern counties), on the contrary, registering severer territorial disparities compared with Budapest and adjacent areas. Furthermore, the absorption of funds aimed at regions' development stood for only 25 percent in 2005 and 23 percent in 2006, which placed Hungary on the penultimate rank between EU member countries in this regard. According to Hungarian specialists, this situation has been caused by the slow pace of institutions empowered to review and approve the projects, the excessive bureaucracy and over-centralization, the delay in training of qualified staff in structural funds issues, which have been added to the inability of local authorities to provide co-financing of projects subject to approval. The strict procedures of access to structural funds should be considered also, for example the rule "n+2" requiring projects to be contracted, completed, paid and implemented within maximum 2 years from their finance beginning. All the states which joined the EU in 2004 faced difficulties with local authorities in this regard, especially in advancing the first payments, which has created delays in project implementation, this kind of problems being predictable to occur also in Romania.

5.3. Developing the administrative capacity at local level

Limited absorption capacity of structural funds at local level, as well as from other external sources, and poor quality of decentralized public services to cope with the requirements of Romania's accession to the EU could threaten the objectives of balancing the regional development and of increasing the local governance effectiveness. Therefore, starting from the structural changes required for developing administrative capacity, which could lead to fundamental transformations of the relationship between central and local governments, in the context of Romania's National Plan of Development for the period 2007- 2013, the Operational Program for the Development of Administrative Capacity at local level (OP DAC) was launched. The general objective of OP DAC, financed by the European Social Fund, is that of creating an efficient public administration in the socio-economic benefit of Romania. OP DAC focuses on two important priority axes (the third being related to technical assistance), which is aiming, on the one hand, to improve the sustainable management of the public policies and, on the other hand, to ensure the quality and efficiency of public services, with emphasis on decentralization. Each of the two priority axes is organized by three major areas of intervention, which tries to be translated into reality through several types of operations or actions.

Thus, Priority Axis 1 aims to develop the administrative capacity, both at central and local levels, by promoting structural changes to support the strategic management and improve the government performance, including through appropriate methods, instruments and procedures. For responding to problems generated by the low level of efficiency in providing public services (due to the lack of clarity in setting goals, insufficient coordination of actions between public administrations, weaknesses of assessment and feedback mechanisms, low public administration credibility, etc.), the areas of intervention for this axis are: improving the process of decision-making at politico-administrative level, extending the competences of public administration and improving organizational effectiveness by introducing a package of reforms in public management at central and local levels.

On the other hand, Priority Axis 2 is targeting mainly public administration at the local level, focusing on mechanisms for policies implementation, the provision of public services through fiscal and administrative decentralization, improving the assessment and quality of public services, in order to attract and diversify the financial sources for local development projects. Starting from the problems generated by the weaknesses of the legal framework, the effects of administrative barriers to the business environment, the weak inter-institutional coordination, the overlaps between existing structures and the limited absorption capacity of structural funds from the local authorities, the areas of intervention for this axis are: supporting the process of services decentralization, as a basic priority of public administration reform strategy and improving the quality and efficiency of services.

It is worth mentioning that OP DAC will be funded by a total of 246 million EUR over the period 2007-2013, out of which 208 million EUR stands for the contribution of the European Union and 38 million EUR national contribution (35.5 million EUR from the state budget and 2.5 million EUR from local budgets). For Priority Axis 1, 137 million EUR and for Priority Axis 2, 98 million EUR are allocated. As in the ROP case, we think that the amount of funds allocated is much lower compared with the real financing needs of administrative capacity development; by dividing the total funds provided, respectively 246 million EUR for 7 years of the reference period, an average of 36 million EUR is resulting, meaning 4.5 million EUR yearly per region and below 1 million EUR per county. Starting from the maximum amount of funding available for a project (from 100 thou. EUR to 5 million EUR) and assuming an average of 1 million EUR for a project, it results that the total budget related to OP DAC would allow for financing only about 250 projects throughout the period 2007-2013. If we take into account the total number of more than 3,000 local administrations - disregarding that also central administrations can benefit from funds of the OP DAC budget - and supposing that, more or less, all of them would require an amelioration of their administrative capacity, it appears that the amount allocated could cover below 10% of the necessary, a similar situation with ROP program. Obviously, these hypothetical calculations are only willing to show a numerical example revealing the under-sizing of structural funds in relation to the real financial needs of Romania.

The final version of OP DAC, involving changes, some of them deeper if compared with previous ones, what affected areas of intervention and allocated funds has been approved by Brussels only in November 2007. One should note that by mid-2008 the Framework Document to implement OP DAC has not been finalized. In the absence of its approval, the program cannot be started, at least a year and a half being lost in this regard. In the case, possibly towards the end of 2008, that strategic documents on planning and implementation of OP DAC, including rules on expenditures eligibility, are completed, it can be assumed that the auction of projects could be launched in 2009, and the financing of the first projects to be started during the same year. Taking into account the period of implementation and the time required for OP DAC to produce effects at a significant scale, in the most favorable situation, an improvement in administrative capacity at local level, including the absorption of structural funds, is expected only after years 2010 -2012, when it seems obvious that it is too late, at least for accessing ROP funds. If elements of uncertainty coming from the conduct of both local and parliamentary elections in 2008 are added and also delays resulting from reestablishment of political equilibrium at the level of central and local administrations, we can appreciate that the distortion of OP DAC implementation timing (as of other programs) is unavoidable.

As a result, referring at OP DAC, we believe that, due to insufficient funds and to management deficiencies, this program has minimal chances of achieving its overall objective (an effective public

administration), including the improvement of Structural Funds absorption capacity in order to revive the business environment at local level and to reduce regional disparities.

5.4. Action Program for Sustainable Development

In the context of long-term vision for achieving sustainable development, integration into the EU and accessing European funds require to increase the effectiveness of local governance, including by application of appropriate strategies at the level of each local community. It is worth mentioning that, starting from the Local Agenda 21 (LA 21) agreed at the United Nations Conference on Environment and Development (Rio de Janeiro, 1992) and its plan of implementation adopted at the World Forum for Sustainable Development (Johannesburg, 2002), Romania has taken some concrete steps in this direction. The LA 21 project is proposed to support the incorporation of sustainable development principles into the strategies of local development, which, through an adequate inter-sector coordination and an increased horizontally responsibilities, is supposed to strengthen the administrative capacity at local level for developing policies and programs, including financed by the European Union. Thus, under the coordination of the National Center for Sustainable Development, as executive branch of UNDP and with support from the Local Authorities Federation, during the years 2000-2003 was passed at the first stage ("pilot phase") for implementing the LA 21 for nine cities of Romania (Baia Mare, Galați, Giurgiu, Iași, Miercurea-Ciuc, Oradea, Ploiești, Râmnicu-Vâlcea and Târgu-Mureș). In 2002, view some encouraging results obtained, the Government decided the extension of LA 21 program to over 40 municipalities and 4 counties (Brașov, Mureș, Tulcea and Alba) for the period 2003-2007, following that, by 2009 when this program is revised, it should be applied in other localities.

From available information, relatively few, regarding the status of LA 21 achievements, it may be deduced that most projects are ongoing, particularly those from the extended phase, the implementation of this program putting in evidence a number of weaknesses arising from the lack of a coherent vision for the long term horizon, both of the local authorities and other actors at the local level, the scarcity of technical know-how in preparing the necessary documents, the low investments because of insufficient financial resources, the legal inconsistencies (laws without implementing rules and/or overlapping responsibilities) the precarious infrastructure and the low quality of services for water supply, waste management, transport, energy, health. We believe that solving these weaknesses constitute as many actions for improving the efficiency of governance at local level and also the premise of improving the quality of projects to enable them obtaining the available financing, including financing from the UE structural funds.

In order to achieve the objective of a territorial sustainable development it proved necessary to supplement the LA 21 with specific programs of environmental protection at regional and local level, permitting also an alignment with the environmental standards of the EU. Thus, with the aim of strengthening the institutional capacity of local authorities, in order to improve the local communities environment, Environment Local Action Plans (ELAP) have been developed under the coordination of the Ministry of Environment and Sustainable Development and its territorial agencies, based on a participatory methodology. ELAP involves assessing environmental issues (for each factor), setting priorities and identifying the most appropriate actions to improve the environment quality. Also, ELAP is a tool for the local implementation of European legislation, in compliance with the obligations assumed by Romania in this regard, implying public participation in decision-making at local level, in accordance with the provisions of the Aarhus Convention.

It is worth mentioning that all the 42 ELAPs (county level) have been developed, out of which, at the end of June 2007, 15 were in the stage of implementation of the first version, 10 in the implementation of the revised version, 7 being revised and submitted for approval, while 10 are in stage of reviewing. The reports for monitoring and evaluating the progress of implementation of ELAP noted that at the end of June 2007, from a total of over 10 thou Actions for the environment, only about 3,500 were achieved, about 4,400 were ongoing, the rest of over 2,100 shares being uncompleted, postponed or cancelled.

The situation of the stage of ELAP implementation by regions (see Table 4) reveals that the North-East region, which has also the lowest level of development, has the greatest delays, the percentage share of environmental protection action unrealized (including non-achieved, postponed or cancelled), reaching nearly 40%. In most cases, the main causes are related to the lack of funds for investments planned, which makes necessary to strengthen the administrative capacity of local authorities to identify viable sources of financing, both internal and external, including accessing the structural funds from EU, which could contribute to restoring environmental parameters and to provide the prerequisites for the entry of Romania on a sustainable trajectory.

Table 4

The stage of environment action plans at Regional level, in 2007

Region	Achieved	Ongoing	Non-achieved	Postponed	Canceled	Total
NORTH-EAST	509	362	439	97	26	1433
SOUTH-EAST	402	839	146	1	5	1393
SOUTH	617	856	342	157	41	2013
SOUTH-WEST	173	247	52	4	8	484
WEST	407	587	132	24	23	1173
NORTH-WEST	886	643	435	6	33	2003
CENTRE	265	769	156	30	3	1223
BUCHAREST-ILFOV	235	49	29	10	17	340
Total economy	3494	4352	1731	329	156	10062

Source: Report on the stage of environment action plans at regional and local level in the first half of 2007, NAEP, Bucharest, July 2007.

6. Conclusions

The local budgets are the main source of financing the local government (municipalities, cities and localities) and the related public services. The proper sizing of these budgets is a necessary condition but not sufficient to increase the effectiveness of local governance and attractiveness of the business environment, depending on the improvement of the institutional framework and on the reform of budget planning and of public policies in order to ensure a balanced regional development. Referring to European funds, in our opinion, the paradox of Romania consist in, on the one hand, their under-dimensioned sized at national level as compared with the huge needs for funding the recovery of development gap, and, on the other hand, in the foreseeable limitation of their absorption in the case of many local authorities, especially from poorly developed areas, which make necessary to improve the administrative capacity at local level, managerial ability to submit eligible projects, sufficient financial resources to co-finance these projects, etc.

In conclusion, we appreciate that, at least on short and medium term, given the deficit in competence of the government (both central and local) and the planned funds (both from the EU structural funds and national sources) one cannot foresee a perspective of essential changes in respect

of improving the efficiency of local governance, which would allow a significant business environment development, able to attract flows of foreign investment and to support the growth of exports to an extended area, thus leading to alleviate regional disparities in Romania. Under the circumstances of imbalances persistence both in the EU (including budgetary) and globally (turbulences on financial and capital markets, uncertainty concerning the international prices of crude oil), which could adversely affect the Romanian economy, attaining the objective of reducing development disparities may be jeopardized on the long term also.

Appendix 1

The Foreign Trade of Romania by counties in 2006

- million EUR -

County	Exports	Imports	Sold	County	Exports	Imports	Sold
1. Alba	477.5	303.6	173.9	22. Harghita	196.3	296.5	-100.2
2. Arad	1311.6	1209.4	102.2	23. Hunedoara	526.3	505.5	20.8
3. Argeş	1466.5	1671.5	-205.0	24. Ialomiţa	137.7	68.6	69.1
4. Bacău	542.4	609.0	-66.6	25. Iaşi	282.1	337.5	-55.4
5. Bihor	976.8	1311.0	-334.2	26. Ilfov	220.8	1253.6	-1032.8
6. Bistriţa-N.	297.1	278.3	18.8	27. Maramureş	462.2	451.5	10.7
7. Botoşani	199.2	178.8	20.4	28. Mehedinţi	118.6	78.8	39.8
8. Brăila	220.9	220.3	0.6	29. Mureş	497.2	611.0	-113.8
9. Braşov	976.3	1269.7	-293.4	30. Neamţ	399.2	319.5	79.7
10. Bucureşti	5215.7	15228.8	-10013.1	31. Olt	830.0	255.9	574.1
11. Buzău	219.5	262.4	-42.9	32. Prahova	1170.9	1807.2	-636.3
12. Călăraşi	213.6	154.1	59.5	33. Sălaj	198.1	253.7	-55.6
13. Caraş-Sev.	95.1	92.1	3.0	34. Satu Mare	485.9	554.5	-68.6
14. Cluj	552.3	1225.8	-673.5	35. Sibiu	735.9	2337.2	-1601.3
15. Constanţa	1284.8	1959.1	-674.3	36. Suceava	156.1	245.3	-89.2
16. Covasna	174.5	248.5	-74.0	37. Teleorman	100.6	78.1	22.5
17. Dâmboviţa	366.9	458.2	-91.3	38. Timiş	2031.3	2213.2	-181.9
18. Dolj	349.4	461.9	-112.5	39. Tulcea	320.3	202.9	117.4
19. Galaţi	1255.7	1063.9	191.8	40. Vâlcea	437.1	256.4	180.7
20. Giurgiu	23.0	100.1	-77.1	41. Vaslui	135.4	118.2	17.2
21. Gorj	31.0	39.6	-8.6	42. Vrancea	153.7	127.9	25.8
ROMANIA	25850.5	40745.9	-14895.4				

Source: National Statistics Institute of Romania (portal www.insse.ro)

Appendix 2

Counties ranking according to Exports per capita in 2006

County	Exports (thou. EUR)	Population (thou. EUR)	Exp./cap (EUR per capita)	County	Exports (thou. EUR)	Population (thou. EUR)	Exp./cap (EUR per capita)
1. Timiş	2031.3	677.9	2996.5	22. Covasna	174.5	222.5	784.3
2. Arad	1311.6	461.8	2840.2	23. Bacău	542.4	706.6	767.6
3. Bucureşti	5215.7	1926.3	2707.6	24. Ilfov	220.8	300.1	735.7
4. Argeş	1466.5	652.6	2247.2	25. Neamţ	399.2	554.5	719.9
5. Galaţi	1255.7	619.6	2026.6	26. Dâmboviţa	366.9	541.7	677.3
6. Constanţa	1284.8	715.2	1796.4	27. Călăraşi	213.6	324.6	658.0
7. Sibiu	735.9	421.7	1745.1	28. Harghita	196.3	326.2	601.8
8. Olt	830.0	489.3	1696.3	29. Brăila	220.9	373.2	591.9
9. Braşov	976.3	589.0	1657.6	30. Dolj	349.4	734.2	475.9
10. Bihor	976.8	600.2	1627.5	31. Ialomiţa	137.7	296.6	464.3
11. Prahova	1170.9	829.9	1410.9	32. Buzău	219.5	496.2	442.3
12. Satu Mare	485.9	367.3	1322.9	33. Botoşani	199.2	452.8	439.9
13. Tulcea	320.3	256.5	1248.7	34. Vrancea	153.7	387.6	396.5
14. Alba	477.5	382.7	1247.7	35. Mehedinţi	118.6	306.7	386.7
15. Hunedoara	526.3	485.7	1083.6	36. Iaşi	282.1	816.9	345.3
16. Vâlcea	437.1	413.2	1057.8	37. Vaslui	135.4	455.0	297.6
17. Bistriţa-N.	297.1	311.7	953.1	38. Caraş-Sev.	95.1	333.2	285.4
18. Maramureş	462.2	510.1	906.1	39. Teleorman	100.6	436.0	230.7
19. Mureş	497.2	580.9	855.9	40. Suceava	156.1	688.4	226.8
20. Sălaj	198.1	248.0	798.8	41. Gorj	31.0	387.3	80.0
21. Cluj	552.3	702.8	785.9	42. Giurgiu	23.0	297.9	77.2
ROMANIA	25845.5	21681.0	1192.2				

Source: Author's calculation based on data issued by National Statistics Institute of Romania.

Appendix 3

**County ranking according to FDI stock
per capita at end-2005**

County	FDI (mill. EUR)	Population (thou. pers)	FDI/cap (EUR per capita)	County	FDI (mill. EUR)	Population (thou. pers)	FDI/cap (EUR per capita)
1. București	6718.4	1926.3	3487.7	22. Maramureș	77.7	510.1	152.3
2. Ilfov	966.0	300.1	3218.9	23. Covasna	33.0	222.5	148.3
3. Argeș	732.8	652.6	1122.9	24. Alba	52.7	382.7	137.7
4. Galați	553.9	619.6	894.0	25. Hunedoara	64.7	485.7	133.2
5. Timiș	524.6	677.9	773.9	26. Neamț	66.3	554.5	119.6
6. Constanța	461.4	715.2	645.1	27. Vâlcea	39.6	413.2	95.8
7. Cluj	316.2	702.8	449.9	28. Teleorman	40.0	436.0	91.7
8. Prahova	309.0	829.9	372.3	29. Iași	67.3	816.9	82.4
9. Brașov	218.0	589.0	370.1	30. Buzău	39.9	496.2	80.4
10. Bihor	212.3	600.2	353.7	31. Mehedinți	23.6	306.7	76.9
11. Caraș-Sev.	112.1	333.2	336.4	32. Bistrița-N.	23.3	311.7	74.7
12. Mureș	168.9	580.9	290.8	33. Vaslui	32.8	455.0	72.1
13. Arad	126.0	461.8	272.8	34. Brăila	23.9	373.2	64.0
14. Bacău	181.9	706.6	257.4	35. Suceava	43.2	688.4	62.8
15. Sibiu	100.8	421.7	239.0	36. Sălaj	13.6	248.0	54.8
16. Olt	111.3	489.3	227.5	37. Dolj	32.0	734.2	43.6
17. Dâmbovița	122.6	541.7	226.3	38. Vrancea	16.5	387.6	42.5
18. Tulcea	45.5	256.5	177.4	39. Giurgiu	11.4	297.9	38.3
19. Călărași	53.3	324.6	164.2	40. Ialomița	10.2	296.6	34.4
20. Satu Mare	58.5	367.3	159.3	41. Botoșani	11.4	452.8	25.2
21. Harghita	50.7	326.2	155.4	42. Gorj	1.8	387.3	4.6
ROMANIA	12868.9	21681.0	593.6				

Source: Author's calculation based on data issued by National Office of Commerce Register.

Funds for ROP Priority Axis 4

- EUR -

Year	TOTAL	UE Contribution (FEDR)	National Contribution			Total	
			State Budget	Local Budget	Other public sources	National Contribution	Private Contribution
AXE 4 – Consolidation of regional and local business environment							
2007	70,503,426	56,128,618	5,872,724	903,496	0	6,776,220	7,598,588
2008	86,296,193	68,701,429	7,188,213	1,105,879	0	8,294,092	9,300,672
2009	94,199,109	74,993,033	7,846,503	1,207,155	0	9,053,658	10,152,418
2010	111,834,415	89,032,711	9,315,471	1,433,149	0	10,748,620	12,053,084
2011	118,891,011	94,650,551	9,903,264	1,523,579	0	11,426,843	12,813,617
2012	141,753,428	112,851,594	11,807,635	1,816,559	0	13,624,194	15,277,640
2013	172,168,964	137,065,764	14,341,158	2,206,332	0	16,547,490	18,555,710
TOTAL	795,646,546	633,423,700	66,274,968	10,196,149	0	76,471,117	85,751,729
DMI 4.1 Sustainable development of business environment at regional and local levels							
2007	24,315,928	20,668,538	3,161,071	486,319	0	3,647,390	0
2008	29,762,695	25,298,291	3,869,150	595,254	0	4,464,404	0
2009	32,488,331	27,615,081	4,223,483	649,767	0	4,873,250	0
2010	38,570,572	32,784,987	5,014,174	771,411	0	5,785,585	0
2011	41,004,321	34,853,673	5,330,562	820,086	0	6,150,648	0
2012	48,889,341	41,555,940	6,355,614	977,787	0	7,333,401	0
2013	59,379,355	50,472,452	7,719,316	1,187,587	0	8,906,903	0
TOTAL	274,410,543	233,248,962	35,673,370	5,488,211	0	41,161,581	0
DMI 4.2 Rehabilitation of polluted and abandoned industrial sites and their preparation of new activities							
2007	20,858,870	17,730,040	2,711,653	417,177	0	3,128,830	0
2008	25,531,257	21,701,569	3,319,063	510,625	0	3,829,688	0
2009	27,869,384	23,688,976	3,623,020	557,388	0	4,180,408	0
2010	33,086,897	28,123,862	4,301,297	661,738	0	4,963,035	0
2011	35,174,634	29,898,439	4,572,702	703,493	0	5,276,195	0
2012	41,938,620	35,647,827	5,452,021	838,772	0	6,290,793	0
2013	50,937,243	43,296,656	6,621,842	1,018,745	0	7,640,587	0
TOTAL	235,396,905	200,087,369	30,601,598	4,707,938	0	35,309,536	0
DMI 4.3 Supporting of micro-companies development							
2007	25,328,628	17,730,040	0	0	0	0	7,598,588
2008	31,002,241	21,701,569	0	0	0	0	9,300,672
2009	33,841,394	23,688,976	0	0	0	0	10,152,418
2010	40,176,946	28,123,862	0	0	0	0	12,053,084
2011	42,712,056	29,898,439	0	0	0	0	12,813,617
2012	50,925,467	35,647,827	0	0	0	0	15,277,640
2013	61,852,366	43,296,656	0	0	0	0	18,555,710
TOTAL	285,839,098	200,087,369	0	0	0	0	85,751,729

Source: Framework Document of ROP Implementation for 2007-2013, Romanian Government, August 2007.

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