

REGIONAL DEVELOPMENT IN THE ROMANIAN BORDER AREAS

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General overview

According to the Law 151/15 July 1998 on Regional Development in Romania, one of the basic objectives of the regional development (art. 2.d.) is to “stimulate inter-regional, domestic, international and cross-border co-operation, Euro-regions included, as well the participation of the development regions in the European structures and organisations promoting the institutional and the economic development of the former, with a view to achieving projects on common interest, according to the international agreements to which Romania is part”.

The length of Romania borders is 2,946 km (National Commission of Statistics NCS 1998), out of which bordering with Hungary 445 km, with Yugoslavia 544 km, with Bulgaria 631 km, with Ukraine 635 km and with Moldova 692 km.

A total of 19 counties (out of the total of 42, comprising Bucharest), including almost 10 millions inhabitants) have border areas. The total surface of the border counties covers 119,855 km² (50.77% of total Romanian surface).

The significance of cross-border co-operation for the county is increasing and is being more and more taken into consideration both at national and regional levels.

This issue should also be seen in relation to the process of integration with the European Union and compatibility with the operation of the EU Structural Funds in the longer term.

Regional development process in Romania: the Romanian concept of regional development

The general reform being promoted by the Government of Romania includes regional development policy as a substantial component. The basic objectives of this policy are set out in art. 2 of Law 151/1998 and the first and most fun-

damental of these objectives is: the law "...to reduce the existing regional disparities, in particular by stimulating well-balanced development, by accelerating recovery in those areas whose development has been lagging due to historical, geographical, economical, social and political circumstances, and to resist the emergence of new imbalances".

Table 1

Border counties of Romania

County	Area, km ²
Botoşani	4,986
Suceava	8,553
Maramureş	6,304
Satu Mare	4,418
Bihor	7,554
Arad	7,754
Timiş	8,697
Caraş-Severin	8,520
Mehedinţi	4,933
Dolj	7,414
Olt	5,498
Teleorman	5,790
Giurgiu	3,526
Călăraşi	5,088
Constanţa	7,071
Tulcea	8,499
Galaţi	4,466
Vaslui	5,318
Iaşi	5,476

Source: National Commission of Statistics, 1998.

The Green Paper on Regional Development in Romania (accepted by the Romanian Government in 1997) pointed out that: "Disparities in the level of development of different regions result from their initial endowments of natural and human resources and the patterns of change (economic, technological, demographic, social, political and cultural) that have shaped their development throughout history".

Market forces tend to favour the enlargement of existing disparities. Industrial centres or service areas tend to be more developed whilst marginal areas of agricultural profile or low communication facilities become more marginal.

Such tendencies can result not only in the relative impoverishment of specific regions but also in the general level of performance of the national economy being lower than it would be if economic activity were distributed more evenly across the national territory.

The broad process of economic and administrative decentralisation is also reflected in the law where another explicitly stated objective is to co-ordinate the sectoral policies of the government with local and regional initiatives and resources “with a view to attaining the sustainable economic, social and cultural development” of the regions.

These processes of stimulating regional activities, co-ordinating them with the policies of central government (while ensuring that national sectoral policies reflect regional needs) and, also, promoting inter-regional co-operation are, most importantly, an effort by the Romanian Government to meet the particular needs of Romania and all of its regions. However, they are also all placed explicitly by the Law on Regional Development in the context of Romania’s application for EU membership in general and the preparatory process of developing appropriate institutional structures and capacities in relation to EU regional policies in particular.

As it was stated by the Green Paper: “in order to take on the obligations of the EU membership, an applicant state must achieve certain pre-accession objectives with respect to socio-economic development, amongst which the rectification of economic imbalance between the different regions of the country is a high priority”.

Policy concerns and the approach chosen

Romania is sub-divided in 42 counties (judets), including Bucharest, for administrative purposes and to allow for more democratic government. However the counties do not cover large enough areas to be effective for the purposes of designing and implementing regional development policy. It was therefore proposed in the Green Paper that groups of counties with complementary socio-economic profiles should be encouraged to combine into development regions on a voluntary basis. These development regions would be large enough to both allow efficient use of resources and provide meaningful context for the elaboration and implementation of destructive regional strategies. They would also be appropriate for the collection and analysis of socio-economic data.

The Green Paper went to propose that “priority areas” should be specified within the development regions. These would be groupings of contiguous communes, cities or counties with similar significant regional development

problems. The Green Paper, each of which contained one or more of four types of development problem, identified sixteen different priority areas in Romania:

- 1) High levels of poverty
- 2) Industrial decline
- 3) High level of pollution
- 4) Soil degradation

While many of these priority areas fall completely within single development areas, others do not. The manner in which the approach to priority areas was to be articulated in the development region structure was not specified in the Green Paper.

Institutional framework

The territory of Romania is divided into 8 Development Regions (*Figure 1*) – representing areas corresponding to a group of counties for need by free association, based upon an agreement signed by the representatives of the county councils, as follows (*Table 2*).

Table 2

Composition of the Romanian Development Regions

Development Region	Counties/Judeţ component of the region:
North-East	Bacău, Botosani, Iaşi, Suceava, Vaslui
South-East	Brăila, Buzau, Constanţa, Galaţi, Tulcea, Vrancea
South (Muntenia)	Argeş, Călăraşi, Dâmboviţa, Giurgiu, Ialomiţa, Prahova, Teleorman
South-West (Oltenia)	Dolj, Gorj, Mehedini, Olt, Vâlcea
West Romania	Arad, Caraş-Severin, Hunedoara, Timis
North-West	Bihor, Bistriţa-Nasaud, Cluj, Maramureş, Salaj, Satu Mare
Centre	Alba, Braşov, Covasna, Harghita, Mureş, Sibiu
Bucureşti–Ilfov	Bucureşti, Ilfov

Among these regions only the Centre and Bucureşti–Ilfov are not border regions.

The population of the 8 regions and a regional hierarchy based on the population figure was in 1996 (*Table 3*).

Table 3

Population of the Romanian development regions, 1996

Regions	Population	% of the total
West Romania	2,076,702	9.2
Bucureşti-Ilfov	2,314,754	10.2
South-West (Oltenia)	2,429,320	10.7
Centre	2,666,288	11.8
North-West	2,872,850	12.8
South-East	2,948,750	13.0
South (Muntenia)	3,510,799	15.5
North-East	3,788,157	16.8
Total	22,607,620	100.0

Source: National Commission of Statistics, 1996.

Figure 1

Development regions in Romania



Key: 1 – North-East; 2 – South-East; 3 – South; 4 – South-West; 5 – West; 6 – North-West; 7 – Centre; 8 – Bucureşti –Ilfov; ● – Location of the regional development agency.

For these regions was set-up the following:

- a) Decision-making bodies:
 - *A Regional Development Board is set-up each development region, made up of the representatives of the county and local authorities in each component county*
 - *The National Board for Regional Development is set-up at national level, composed of representatives from the Government and from the development regions in equal numbers, chaired by the Prime Minister.*
- b) Executive bodies:
 - *A Regional Development Agency is to be established in each region, as a non-governmental body and a legal entity*
 - *The National Agency for Regional Development is established at national level, as a specialised body of the central public administration, reporting to the Government*
- c) Financial Instruments:
 - *A Regional Development Fund is set-up in each development region, managed by the Regional Development Agency*
 - *The National Fund for Regional Development is set-up at national level, managed by the National Agency for Regional Development*

The legal and institutional provisions

Starting with the second half of 1998 a series of legislative steps were taken to establish the basis for the design and delivery of regional policy in Romania along the lines described above

- Law No. 151/1998 concerning regional development in Romania;
- Government Decision No. 634/1998, on approval of the Methodological Norms for implementation of Law No. 151/1998;
- Government Decision No. 979/1998, for the designation of the representatives from the Government in the National Board for regional Development;
- Government Decision No. 979/1998, for the organisation and operation of the National Agency for regional Development;
- Law No. 20/1999, for the approval of the Government Emergency Ordinance No. 24/1998 concerning the Less Favoured Areas.

In terms of institutional establishment, the National Agency for Regional Development, all eight Regional Boards and Agencies and the National Board for Regional Development were established by the end of March 1999. The

National Agency and all of the Regional Agencies are at present in the process of appointing personnel.

Short profiles of the Romanian border regions

As mentioned before, among the eight Romanian development regions six are border regions. These regions do not represent administrative-territory units, the first administrative division after the whole national territory being the county/județ.

North-East Development Region

The region covering the North-eastern corner of the country includes 6 counties: Botosani, Bacau, Iasi, Suceava, Neamt and Vaslui. Traditionally, the region is part of the old historical region of Moldova. The county of Suceava is known as part of a smaller historical region, Bucovina (the Beech-tree Country). The region appears one of the poorest – if not the poorest – in Romania, facing a large range of problems, from high unemployment to environmental issues. A study carried out by the World Bank in 1997 (Romania, Poverty and Social Policy, report no. 16462 – RO, World Bank, HRS Operation Division, Country Department I, Europe and Central Asia Region, April 1997) indicates that there are over 1,1 million people in these 6 counties, living below the poverty threshold, which is close to 1/4th of the total population of Romania.

The region can be seen as the main centre of origin for the mass out-migration to other counties. However, within the region Iași and to a certain extent Bacău were the main centres of attraction. The industrial structure (including textile sector, chemistry and metallic products) of the Northeast region involve only 25% of the occupied population (against 42% in agriculture), and seems to be very fragile for the free market economy, due to its low productivity and economic efficiency.

As consequence, the region deals hardly the new economic conditions, the reform process and the free competition. More, the population of the region (of whom 98% Romanians against 89,4% the national mean) is characterised by a certain conservatory feeling than by openness to change and modernising.

The border neighbours, Ukraine and the Republic of Moldova (both former USSR) are connected to the region by road and rail lines, but the transport and all the various possible changes between them are deep under traditional and historical links.

South-East Development Region

This region has a very irregular form and includes 6 counties: Buzau, Brăila, Constanța, Galați, Tulcea, and Vrancea. It covers a large area from the tops of the mountains in the west to the Black Sea littoral to the East.

The region is composed of different historical areas including part of Moldova (to the North), Muntenia (to the South) and Dobrogea (to the East). It is probably the most heterogeneous region among the eight. It may also be described as a composition of several specific areas: the Western side is closer to the mountainous and hilly areas (especially Vrancea county) with a medium low level of urbanisation, Brăila is a typical traditional agricultural area and Dobrogea is famous for its tourist attractions – the Danube Delta and the Black Sea littoral. There are two major agglomerations, Galați, well known as a metallurgic centre of the country and Constanța, the maritime gate of Romania and one of the biggest harbours at the black Sea.

The region appears to be a medium developed region of the country to most of the indicators. It is a region, which is very much based on some high-developed areas and on a few industrial branches located in some gigantic complexes. As a consequence the region faces high discrepancies between the urban agglomeration and the much broader rural zones. Practically, the region has to support and develops around the double polarity of the Constanța and Brăila-Galați areas.

Also, the weak connection of Dobrogea to the rest of the country and to foreign neighbours, together with its environmental issues represent the critical issue of the region.

In the end, the region as a whole has a medium low-level of participation rate (268/1000), a rate of unemployment (11%) slightly higher than the national average and a dynamic participation 1995/1990 quite equal to the national mean.

South Development Region – Muntenia

A cluster of seven counties totalling 34,400 km² forms the region. Five of them – Giurgiu, Călărași, Ialomița, Prahova and Dâmbovița are direct neighbours to the capital city of București and two others – Arges and Teleorman – even they are not its direct neighbours, they are close to it.

The whole South region is included into the historical region of Muntenia. (Only two counties of Muntenia – Brăila and Buzău – are out of this development region.)

Teleorman, Giurgiu, Călărași and Ialomita are located in the Central Romanian Plain and are bordered by Danube and Bulgaria.

The South region is clearly divided into two sub-regions. The North part (Arges, Dâmbovita and Prahova) is a rich area (oil and coal industry, big potential for tourism). The South part (Teleorman, Ialomita, Giurgiu and Călărași) is predominantly agricultural and very deep attracted by București area.

In spite of this break of development, the two sub-regions could function as a development or project region. Their geographic location and the communication network are the key factors favouring this potential for regional development.

The potential for co-operation and common actions of development are especially high for the plain poor communes, which are located at the border.

The region has the largest disparities in terms of level of living, participation rate, communication infrastructure and human capital. These disparities could be reduced to a large degree by fostering local co-operation between South agriculture and North industry, by improving communication infrastructure, by developing private agriculture.

South-West Development Region – Oltenia

The region is formed by all the five counties of the historical region of Oltenia: Dolj, Gorj, Mehedinti, Olt and Vâlcea. It is situated between the Carpathian Mountains and Danube. In the Southwest part of the country. Yugoslavia and Bulgaria are its South neighbours. Location and natural resources are favourable conditions for a high potential of development of the region.

The region could be affected by the development of transport infrastructure, due to its geographical potential. That's why, the option for a future bridge over Danube will have implications on the future development of the entire South region.

For a long period, this region was a reservoir of labour force for other regions (mostly București and Banat areas). As an outcome of lasting long distance out-migration, the region has a high degree of population ageing, especially in its Southwest part and in isolated rural areas. A demographic revival of the central part of the region started three decades ago with the occasion of the beginning the exploitation of lignite and the construction of some of the greatest hydro-energetic plants.

Considering the resources of the region, its economy might be characterised by its rural trait in the most part of the territory, character on which the point-like character of the processing industry in the big and medium-sized urban centre is built. An important trait, on the whole region level is the energetic

dominant of the economy, defined on the one hand by the exploitation of coal and oil resources, and on the other hand, by the presence of the biggest hydro-electrical plants in the country.

Complex and complicated problems could be the ones of reintegration in the economic circuit of spaces. Again, the favourable geographical position, the real possibilities of cross-border co-operation, and also the agricultural resources this space has, can constitute advantages in economical revitalising, overcoming the crisis period generated by restructuring of economic activities.

West-Romanian Development Region

The west region of Romania, formed by the association of four counties: Arad, Timis, Hunedoara and Caras-Severin, is based on cultural identity, with obvious influences from its German population and on complementary resources, that represents a groundwork for co-operation. The region's geographical position individualises it, and, moreover, provides opportunities for cross-border co-operation, too.

The *natural background* is dominated by highlands and lowlands – with the whole range of variegated and specific elements almost equally divided. There are few hills, so that the mountain often edges the plain. The relatively sudden transition from one natural unit to the other, usually divided by a large intermediary area, proves to be an asset for communication and co-operation of distinct zones that have complementary resources.

The total *population* of the West Region numbers 2.2 million people. Densities of about 67 inhabit./km², place it far behind other macro-regions of Romania. Their entire counties lists below the national average value of 96 inhabit./km²: Timiș (81 inhabit./km²), Hunedoara (75 inhabit./km²), Arad (67 inhabit./km²) and Caraș-Severin (46 inhabitants/km²). Looking at the geographical conditions of these counties, it seems unrealistic to judge them by the population density criterion. Paradoxically, Hunedoara has a lower potential for settlement development (over 80% mountains, 20% high mountain zone; 55% woodland and alpine pasture land), yet it stays ahead of Arad county. The fact is that Hunedoara has massive concentrations of population in depressions and valley corridors, being one of the highest urbanised counties of Romania.

The main demographic indicators are notably influenced by the one-child family pattern customary in Banat, which makes the overall natural increase rate to be negative. However, demographic behaviour has been optimised by the influx of a young labour force coming from other regions, especially from the northeast, where the large-family pattern is the rule. Hunedoara county, dominated by the mining sector, improved its natural demographic indicators in

the way shown above and also by the great many newcomers from the coal basin of Petrosani (the Jiu Valley), in particular.

The *settlement system* has 1,338 villages grouped into 269 communes, 36 towns of which only two have over 100,000 inhabitants, and notable density disparities between the Banat proper and Hunedoara county attached to the region. In Hunedoara, village density is 65/1,000 km², while the other three counties score nearly half that percentage (Caraş-Severin – 34; Arad – 36; Timiş – 37). The same goes for the average number of villages/commune: from 8 in Hunedoara to 4.1 in Arad, and 4.2 in Timiş and Caraş-Severin each. Hence, distinct problems of infrastructure and ways of access to it.

Settlements in the plain are usually large-sized, while in the mountains they are small and medium-sized. These disparities are reinforced at county level. With its 661 inhabitants/village Caraş-Severin is transitional from Hunedoara (309 inhabitants/village) to Arad and Timiş counties (914 and 1,006 inhabitants/village, respectively). Although the living standard in the region's countryside is fairly high, nevertheless depopulation is a reality. Before 1989, it was the attraction of the city, after that date it was the mass migration of the German people. However, a few plain villages, with a population of over 10,000 inhabitants (Pecica – 12,000; Sântana – 13,000) are the largest in Romania.

The urban system has a fairly good structure at the upper ranks of the hierarchy, but very disproportionate in the territory. Prominent is Timişoara city with nearly 350,000 inhabitants, next in line standing Arad (approx. 200,000 inhabit) and Resica with a population of 100,000. Although there are lots of towns (and their number seems to be sufficient) with a population of 20,000–100,000 they are very unevenly spread. Out of the eleven towns in this group, eight are in Hunedoara county only. Disproportion is particularly striking in Arad county, where the 15/1 ratios between the capital and the second-ranking town are suggestive.

Unlike Hunedoara, where small towns represent 38% of the total, this urban category is very numerous in Arad (86%), Timiş (715) and Caraş-Severin even (62%).

The *economy* is distinctively different, but complementary. The fact that there is certain symmetry of dominant economies is due to a specialised industry, based on almost similar subsoil resources. Looking at the similarity of the economy of Caras-Severin and Hunedoara counties, on the one hand, and of Arad and Timiş, on the other, the idea emerged of a joint co-operation in using their complementary resources.

In Caraş-Severin and Hunedoara there is coke, ferrous and non-ferrous ores, so extractive and metallurgical industries developed in both counties. Despite a two-hundred-year tradition, today they stand restructured. The large forest stock, only partially put to use, is another important resource. Part of the wood

is processed in the big manufacturing units of Caransebeş, or in the small and medium-large enterprises of either county. Some of it goes to the big processing units in Arad and Timiș. The very diverse mountainous landscapes, the host of natural tourist sites, the opportunities for practising specific sports, and the recreational advantages of a highland environment represent an important economic asset that has good prospects of future development.

The economy of Arad and Timiș counties is far more complex. There is a wider range of processing industries, including also agricultural products. The two prominent cities – Timișoara and Arad, have a wide-ranging industrial profile (machine-building, light industry and chemical industries in the main). Agriculture is an efficient sector with highly productive lands, and a lively animal breeding sector. The related industries processing agricultural products have good prospects for development. The two counties have a nation-wide fame for swine herding in particular, with very high pork meat productions and processing capacities.

Two transnational corridors represent major transportation network: the national highways (E15A and E94), and two electric railways that link Romania to Central and Western Europe. The traffic is highest through the Mureș Corridor, which is also a transcontinental transit route used especially by trailers from Central and Western Europe heading to the SE of the Continent and the Near East.

The *environment* is deteriorated in places by the high polluting industries. Frequently located in depressions or valley corridors, they have detrimental effects on the near-by human agglomerations. Highest pollution levels are registered in Petrosani Basin, where beside industrial activities there is much household consumption of coal; in Hunedoara–Deva (from the siderurgical works in Hunedoara, the thermos-electrical power station at Mintia); in the depression of Resica (centre of the siderurgical industry). In addition, there is surface pollution from chemical fertilisers and from the large animal farms located in the Timiș and in the Mureș Plains.

In conclusion it can be said that the “West” Region is one of the best-developed territories in Romania. It is a fairly complex multicultural space that has lots of varied natural resources and a favourable geographical position for cross-border co-operation. There is a marked distinction between the lowland and the highland counties, the former have a complex economic structure, with concentrations of population in one large city, and a higher living standard. The economy of the latter is focused on mining and metallurgy, on connected and complementary branches.

The lowland countryside has been revitalised by a new Land Law that provides for the reinstatement of private property in agriculture. This helped farmers increase their revenues, develop local services and intensify the vil-

lage/town relationship. As the big urban industry in Timiș and Arad counties undergoes restructuring, the number of commuters dropped to 1/7, people are returning to work in their places of origin, where the development of small and medium-large manufacturers absorbed many of the lay-offs.

The restructuring of the mining and metallurgical sectors in Hunedoara and Caraș-Severin counties has a significant impact on each settlement, because there are very few chances for people to find a job at local level. Many requested to be laid off and they would go back to where they had come from. However, this drain of young labour force may create serious long-term development problems to these counties.

The Regional Development Agency of West Romania Region was set-up in Timiș county, in Timișoara. It is very important to mention that, for the moment, this is the single region having an experience related to the strategic development. On the basis of each county development agency (ADAR-Arad, ADETIM-Timiș, ADECS-Caraș Severin and ADEH-Hunedoara), supported by each County Council and North Rhein Westfallen Land, they issued a common development strategy in 1998, elaborating objectives and priorities for the region and measures and actions according to these.

North-West Development Region

The northwest region includes 6 counties from the northwestern part of Romania: Maramureș, Sălaj, Cluj, Bistrița-Năsăud, Bihor and Satu-Mare. These Counties are interrelated from a viewpoint of natural resources and economic activities. Hills and low mountains dominate the landscape of the northwest Region; there are, as well, few plains.

The total area of the N-W Region are 34,000 km², being characterised by a large variety of *natural conditions*. In the N-E (the North part of the Oriental Carpathian Mountains) and the S-E (the North of the Apuseni Mountains) there is a mountain area with mineral resources, forests and agriculture (in special pastures, meadows and livestock). Between the two mountainous areas there is an important hilly area, crossed by the Somes River and its affluent. In the Western part there are the Somes and Cris plains, which are low plains with a dominant agriculture profile.

The region is *highly populated*, owing to a special living potential; one important characteristic to be mentioned is the relative uniform diffusion of the localities. From a demographic viewpoint the negative natural increase rate is noticed (in Bihor and Cluj there are the lowest values: -3.5‰ and -3.2‰). In Maramures county and in Bistrița-Năsăud the situation is different: there are

positive natural increase rates due to the fact that in these areas the dominant family pattern is a family with many children.

The *settlement system* confines 1,500 villages, grouped in 386 communes and 35 towns. Large rural areas (more than 7000 inhabitants) are located in plains (Diosig, Secuieni and Maramureş county). The urban system is dominated by Cluj-Napoca (330,000 inhabitants) followed by Oradea (2,230,00 inhabitants). On the second level there are two towns with 150,000 inhabitants (Baia Mare and Satu Mare).

The economy of the region is balanced, but there are some discrepancies between the six counties. The Counties from the Southern and Western part of the region (Cluj, Bihor and Satu Mare) are more industrialised. In these Counties manufacturing industry is more developed while in Maramureş mining industry and metallurgy are the major industrial branches. In the Central and Eastern part of the region agriculture is dominant as well as livestock, orchards and nurseries. The tourist potential and landscape enhance the economic potential as well.

Environmental situation could be considered acceptable with some notable exception. There are some polluted areas near Baia Mare and Zalău. In Baia Mare pollution is due to the mining activities and non-ferrous processing activities. Air and water pollution is important in this area.

Despite the major diversity of the counties from the North-west Region it is worth noticing the divers co-operation possibilities, due to complementary resources. The unity of this region is created by the powerful polarisation of the city Cluj-Napoca.

The privatisation and restructuring of the of the hard industry, and in particular the mining industry are the key problems of the region. The future of the industry and the prospects for SME's development, are supported by the variety and richness of local resources.

The Regional Development Agency of North West Region was set-up in Cluj-Napoca, Cluj county. The difficulty of this location of the North West RDA is that Cluj county is a "central" county and does not have an external frontier. However, the CBC issue is well and deep understood in terms of strong local interests of the Hungarian population of Cluj county itself. They are well known some important Romanian-Hungarian or Hungarian Institutions, such as the Babeş-Bolyai University, the Magyar Theatre, and a.s.o. There is, as well, a strong interest of Hungarian businesses investments in the region, and good perspective for the economic and cultural joint development.

The Romanian–Hungarian border region

Since 1994, the Phare Programme has provided support to facilitate cross-border co-operation (CBC) along the borders of Central and Eastern European Countries with adjacent regions in the EU Member States. The continuation of the Phare CBC Programme beyond 1994 to 1999 in order to coincide with the Interreg IIA initiative has been supported by the countries of central and Eastern Europe and by the European Commission, which regards cross-border co-operation as an important tool for the pre-accession strategy of both Romania and Hungary into the European Union. In addition, the European Council at its Essen summit supported the continuation of the Phare CBC programme in December 1994.

The 1996 CBC programme includes an allocation to support activities, which promote cross-border co-operation on the border between Hungary and Romania. Projects selected for funding in the framework of the Romanian programme include infrastructure projects as well as the preparation of a Regional Development Strategy for the eligible border region, which consists of the four counties of (from south to north) Timișoara, Arad, Bihor and Satu-Mare. The Hungarian counterpart programme also includes, inter alia, the preparation of a “Regional Development Concept” for the border counties concerned. These are the counties of Békés, Csongrád, Hajdú-Bihar and Szabolcs-Szatmár-Bereg.

The Romanian counties on the border with Hungary, have been parts of distinct historic provinces:

- Banat (the Timiș county and some areas of the Arad county);
- Crișana (some areas of the Arad county and the Bihor county);
- Maramureș (the Satu-Mare county).

For social, economic and other reasons, the cross-border region is a coherent economic and geographic area. A considerable amount of inter-regional co-operation between individual counties or groups of counties already exists, although there is equally a strong element of competition.

Although the four counties belong to the more prosperous ones in Romania, there are a number of issues, which affect economic development. In parts of the border region (for example Timiș county) agriculture retains an important share of GDP and the production system is in need of modernisation. The privatisation process is underway and traditional industries are in need of restructuring. Although small and medium sized enterprises are gradually emerging, this process needs to be supported. Economic restructuring has led to a rise in unemployment in all of the four counties which is comparatively low in Timiș (3.8%) but rising in the northern part of the border region, (e.g. 6.2% in Satu Mare) which is generally less developed. The border region has relatively poor

infrastructure and communications (e.g. rail and road network) but is well placed within a broader European and central European context. Hungarian minorities have a strong presence in the border region.

The regional study project comprises a systematic approach to the production of a comprehensive strategy for the cross-border region. The importance of the strategy should be seen in terms of both a process, which will enhance the capacity of the region in terms of regional development, and a final output comprising a document, which will identify priorities and measures for the development of the border region.

The Regional Study will build the regional strategy on the basis of consolidating strategies, which are to be developed for each of the Romanian counties. The final document will provide a strategy for the development of the cross-border region on both sides of the Romanian and Hungarian border.

All counties have developed cross-border activities with Hungarian partners in different sectors. Examples are co-operation activities between businesses, universities and other actors. The presence of Hungarian/Romanian minorities on either side of the border has led to various cross-border activities in the cultural sphere. In some cases this has led to the signing of co-operation protocols between neighbouring counties, e.g. Arad, Timiș and Békés, Csongrád.

On the Hungarian side, the 1996 *Act on Regional Development and Physical Planning* states the regional development is to be co-ordinated at the level of the counties. The Act also introduces the concept of *regions* as a policy element for planning and development purposes, and for the financial development of projects that go beyond the concerns of one county. County Development Councils have been set up in the four counties participating in the project and were actively involved in programme preparation and project selection. County Development Strategies in accordance with the Hungarian Regional Development Concept have been developed in some of these counties. The Hungarian counterpart project started this April.

Since the start of this process (considered as such and not a project having a beginning and an end) a number of significant aspects could be underlined, in order to identify the strategic priorities, the crucial objectives, the specific policies and the key actors and networks able to put in place a (functioning) system of cross-border economic development in the region.

Local administration

As it is the case for most of Central and East European Countries, in Romania, as well, the decentralisation meant in most cases the transfer of responsibilities toward the lower levels of the system. However, the legislative framework is still incomplete and often the missing part is the democratic mechanism

for the management of public affairs (based on the nearest territoriality concept and the direct contact between the elected and the inhabitants).

As a general consequence, the major problem in the field is the establishment of an adequate policy making capacity at local and regional level.

In Romania (in the border region too) there is present the lack of an efficient management and the existence of pressures /tensions related to the reform (the reform implementation process in a diffuse framework by an incomplete full-fledge administration).

Raising awareness and dialogue

During the start of this Phare CBC Regional Study project (April 1998) every of its work-phrases were pointed by often working meetings in each of the four involved Romanian counties: Timiș, Arad, Bihor and Satu Mare. These meetings, including workshops and counties conferences among them, were meant to bring together in broader forums or restraint working groups the key actors (decision-makers, business-persons, specialists, managers, media, a.s.o.), to discuss and share their views regarding the topic.

It was clear even from the very beginning that step-by-step, the issue was understood, bringing to the crystallisation of some important priorities. However, another observation is that it is very difficult to enlarge a strategic perspective beyond the county territorial limits. If, the cross-border co-operation with the Hungarian is welcome, the acceptance of a regional priority in the three other counties is very difficult. The most successful aspect related to the raising awareness and the dialogue is the real involvement and huge perspectives opened by this diverse participation.

Tradition and modernity

Sixty-seventy years ago, a fair in the Romanian-Hungarian border region in Timiș county area, was naturally bringing together farmers and people from an important neighbouring area having different ethnic background (Germans, Hungarians, Romanians, Serbs, Croats). Administrative national borders have not hampered this event.

For at least fifty years, this (and not only) kind of manifestations was forbidden. Today, the network of "links" should be rebuilt on the basis of this common tradition and history. However, the new emerged idea of new possibilities offered by the new age of Information and new technologies should be implemented as well in order to attract investments and young well qualified labour force in the region.

Projects, projects, projects

The CBC process is and will be supported by specific projects in the fields and sectors identified by the strategy as priorities (e.g. infrastructure, environ-

ment, human resources...). In order to attract these funds for development, the region will face a strong competition between Romania and Hungary, but among the Romanian and Hungarian counties as well.

The crucial issues for proposal and selection of projects should take into consideration some criterias such as:

- CBC impact/or mirrored effect;
- Facilities and local/regional support;
- Management at local/regional level;
- Costs;
- Number of people affected;
- Effectiveness and efficiency;
- Use of local/regional resources.

The Regional Study will propose a set of criteria (agreed with the Hungarian partners), for the use of the projects included in the Small Projects Funds (1999), having a lump sum of 500.000 EURO, and preparing the frame for all the projects starting with 2000.

An important aspect is that a Joint Ro/Hu Committee will carry the selection process up.

SME's and NGO's

It is obvious in the restructuring of the society (in itself) and the regional economy that both SME's and NGO's represent key factors for the development. The potential dynamism, flexibility and (a relative) independence of this kind of organisation will facilitate the process of CBC and its quick spread and better understanding in the region.

Another important element is represented by the diversity of sectors covered: from agriculture and tourism, to industry and culture.

Region/Sub-regions/counties?

As mentioned before, the four Romanian involved counties are parts of two development regions:

- Arad and Timiș in the West Development Region;
- Bihor and Satu Mare in the Northwest Development Region.

This situation faces the same image in the Hungarian part of the CBC Ro/Hu region. It will be of crucial importance to identify specific priorities at these different levels:

- Between 2 counties (one Romanian and one Hungarian);
- Between 2 sub-regions (2 Romanian and 2 Hungarian counties);

- Between the Romanian and the Hungarian border regions (4 counties each);
- At all CBC region (8 counties).

I really think that a correct distribution and selection of these priorities/levels will be one of the key success factors for the entire process of co-operation and development.

EU interface

This issue should be seen in the following perspectives/activities:

- Providing technical assistance for the SWOT analyses, diagnoses and elaboration of the joint CBC strategy;
- Enabling and creating a frame for a dialogue between the interested actors;
- Getting involved in the co-operation process, as direct partner for both Romanian and Hungarian local and regional authorities;
- Providing know-how, best practices and support to the regional beneficiaries;
- Generating a framework for debates for the target groups of the CBC process and for the potential financing organisations;
- Becoming actively involved as partners in the process.

Institutionalisation

One of the tasks of the Regional Study is the proposal of a joint Ro/Hu structure able to carry out the CBC process in the region. Problems like different legislation systems and financing can be overcome by setting-up – in an inception phrase – an institution having as major task the management of a common agreed problem. However, this issue should be discussed with Hungarian partners in detail and linked to existing CBC organisations in the region.

Synergy

Another crucial issue of the CBC process is the creation of synergy of activities, projects and programmes included, in order to avoid overlapping. A key issue is to co-ordinate CBC activities in the large frame of different organisations and movements, regions and CBC institutions (e.g. Eurocarpathian Region Danube–Mures–Cris Euroregion, RO/HU CBC Region).

Partnership and priorities

In the end, the most important challenge is the capacity of building and the creation of a real partnership in the Romanian–Hungarian region. More and

more (and the potential and existing conflict area show this), the partnership is the most important frame for every positive development.

The Ro/Hu region has an impressive potential: natural and human resources, a strategic location, common traditions and history... Priorities for intervention should be identified on the basis of partnership if we want for this potential to be sustainably developed.

Some mistakes are inevitable. But, even so, a partnership approach is the single one to be realistically taken into consideration.

Conclusions

At this stage of the implementation of CBC Regional Study I think that the most important challenge in the co-operation process is the border area(s) is related to possible difficulties.

Finally no matter how promising the opportunities could be, it is realistic to take into consideration major risks such as:

- The uncertainty of funding from central and regional local funds for programmes/projects;
- The involvement of towns with county rights in the implementation- as a result of awkward legislation – may be insufficient;
- As a competition between counties and institutions may make the implementation of the reform and the CBC process harder than expected;
- Undesirable political changes may end up again in difficulties;
- The group of counties will both be able to form regions (having a voice) and operate with the necessary efficiency in the regional framework.

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