

# Distribution of Projects Financed through the Regional Operational Programme in the Development Regions: South-West, West, North-West and Centre

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## Abstract

EU funded projects represent some of the most important tools that can be used in the development regions to improve their activity. They contribute to a high extent to the development of economic sectors where they are implemented and to the creation of new jobs. For the results to be as good as possible, it is elementary to correlate project objectives with the ones existing in the development regions and those identified nationally. This paper aims to analyze the projects financed through the Regional Operational Programme in the following development regions: South-West, West, North-West and Centre. The study will give us important information that will help us further analyze the impact of these projects in the areas in which they are implemented.

**Keywords:** European Funds, Tourism Marketing, Regional Development, Online Marketing, Services Marketing.

**JEL CODES:** M31;

## Introduction

Projects financed from EU funds represent an opportunity for each development region existing in the country. They provide opportunities for investments aimed at developing various fields. If we look from the perspective of projects financed through the Regional Operational Programme (ROP), we note that its existing priority axes allow attracting funds intended to improve the work carried out in various fields. Priority axis 5 aims to improve tourist activity in an area. Thus, the projects submitted at its level aim, on the one hand, the development of the cultural heritage, the improvement of the tourism infrastructure and the promotion of the tourism potential. For results from implementing these projects to be as good as possible, their objectives must be correlated with the ones existing at regional and national level. Therefore it is very important that the allocation of these European funds to be achieved according to a planned process.

Viewed from the marketing perspective, this is a complex area that emerged in the second half of the twentieth century (Balaure, 2002). According to Kotler, it is seen as a social and managerial process by which individuals and groups are able to obtain what they want and what they need through the exchange. It began to be applied in services since the 1970s due to the changes that have occurred in this area (Kotler, Kartajaya & Setiawan, 2010). Characteristics of services have led some to peculiarities as regards the application of marketing in this area. Thus, we encounter some changes both in the marketing mix and in the other concepts (Cetina, 2009). Marketing planning is an important concept that helps improve the work at the enterprise level. It comprises five stages, namely (Stăncioiu, 2005): “setting general marketing goals; analyzing the current situation; setting marketing goals and strategies; marketing budgeting and marketing program design, monitoring and possible corrections”. The concept of marketing planning is of particular importance in terms of accessing European funds. Its application can contribute to a great extent to the improvement of the absorption rate and the effectiveness of results obtained. Thus, after determining the general objectives, the existing situation can be analyzed. The results can then be used in drawing up marketing objectives and strategies in this area.

### **The allocation of European funds through the Regional Operational Programme for the South-West development region**

Analyzing projects financed from European funds through the Regional Operational Programme for the South-West development region in the period 2007 – 2013 (until 04.30.2015), we can mention the following (por.adroltenia.ro):

- In **Priority Axis 1** (Urban Development), there are currently 113 projects of which 10 are rejected/withdrawn and 93 are contracted. For projects submitted, the refund amount (ERDF + state budget) is EUR 92.6 million. The degree of contracting for this axis is 134.23%. Compared with other axes, it is the highest after that recorded in the Priority Axis 2 (143.31%). The extent of absorption reached 53.89%.
- In **Priority Axis 2** (Road Infrastructure), there are a number of 49 projects submitted, 16 rejected/withdrawn and 22 contracted. The refund amount (ERDF + state budget) is EUR 69.80 million. On this axis, the level of contracting reached 143.31%. This is the highest compared with those across other priority axes. At this level, we find the highest absorption rate of 78.39%.
- Regarding **Priority Axis 3** (Social Infrastructure), a total of 170 projects are submitted, of which 33 projects are rejected/withdrawn and 122 are contracted. The refund amount (ERDF + state budget) at this level is EUR 15.43 million. The degree of contracting is 115.82%, and the absorption is 54.77%.
- Analyzing the activity for the **Priority Axis 4** (Businesses), we note that 572 projects are submitted, of which 285 were rejected/withdrawn and 287 contracted. The refund amount (ERDF + state budget) at this level is EUR 44.21 million. At the level of this axis, the lowest degree of contracting of 100.26% was recorded, with the absorption reaching 65.95%.
- In **Priority Axis 5** (Tourism – 5.1 and 5.2.), there are 70 projects of which 23 are rejected/withdrawn and 41 contracted. The refund amount (ERDF + state budget) is EUR 30.04 million. The degree of contracting for this axis is 132.95%, and the absorption is the lowest compared to that recorded in the other axes, reaching 51.52%.

If we look at the overall status of implementation of the Regional Operational Programme (ROP), we note that the amount allocated (ERDF + state budget) is EUR 604.97

million. In total, until April 2015, 974 projects were submitted with a value of EUR 1,206.21 million. Projects withdrawn/rejected were 367 in number, their value being EUR 278.12 million. There are 565 contracted projects, amounting to EUR 775.34 million. The overall degree of contracting is 128.16% and the degree of absorption is 60.54%. Pre-financing paid for these is EUR 81.99 million, while deducted pre-financing amounted to EUR 77.67 million. Overall payments accumulate a total of EUR 370.57 million. In terms of promoting tourism potential and creating the necessary infrastructure, no information has been provided yet.

If we analyze the distribution by counties of projects funded through the Regional Operational Programme (Priority Axis 5), we can mention the following ([harta.adroltenia.ro](http://harta.adroltenia.ro)): in Dolj County there are 8 projects of which 5 projects aimed at improving the cultural heritage, and 3 aimed at creating and upgrading the tourism infrastructure (Craiova Water Park, the development of a recreational area in Dolj – Rojiște, the development of a recreational structures in Dolj – Podari). In Mehedinți, there are 2 projects aimed at the restoration and capitalization of cultural heritage (Rehabilitation of the Iron Gates Museum and Rehabilitation of the Cultural Palace: Costescu and Severin Fortress) and two projects aimed at upgrading the tourism infrastructure (Arrangement of the tourism esplanade in the city of Orșova – Stage II, and the development of a public tourism infrastructure that aims to develop tourism functionalities in Baia de Aramă). In Gorj County, there are 5 projects that aim the modernization of the tourism infrastructure: Modernization of Gorj Hotel Complex, Development of a mountain rescue system in the county, Arrangement of a recreational area in the city of Motru, Modernization of the leisure infrastructure for a public pool in Târgu-Jiu, and building a regional center for leisure in Baia de Fier, Gorj. In Vâlcea County, there are 12 projects aimed at developing the tourism infrastructure and a project aimed at the rehabilitation of the cultural heritage. They aim mainly the improvement of the tourism infrastructure in the spas in the area. In Olt County, there are 2 projects. One aims to restore the cultural heritage (Rehabilitation of the Sucidava Fortress monument), while the other aims to improve the tourism infrastructure (construction of a nautical club in Slatina). In addition to these projects, there are others that have not yet been updated on the interactive map on the South-West Oltenia Development Region website.

### **The allocation of European funds through the Regional Operational Programme for the of West development region**

If we analyze the situation of projects developed through the Regional Operational Programme 2007 – 2013 in the West Development Region, we note that a total of 788 projects were submitted. Of these, 429 projects are currently contracted, and 398 are completed or under implementation. Of the total, 31 projects were canceled ([adrvest.ro](http://adrvest.ro)). In May 2015, the degree of contracting was 134.25%. Looking at the distribution of priority axes, we can mention the following ([adrvest.ro](http://adrvest.ro)):

- In **Priority Axis 1**, 97 projects are submitted with a non-refundable value of approximately EUR 238.37 million.
- In **Priority Axis 2**, 52 projects are submitted with a non-refundable value of EUR 323.02 million. Of these, 21 projects are contracted, 20 are on hold and 11 are rejected.
- In **Priority Axis 3**, 182 projects are submitted, of which 96 are contracted/completed, 53 are rejected/withdrawn, one is under evaluation and 32 are on hold. The total non-refundable value of the projects submitted is EUR 252.36 million.

- In **Priority Axis 4**, 409 projects are submitted. Their non-refundable value is EUR 150.6 million. Of these projects, 188 are contracted, 26 are terminated and 195 are rejected/terminated.
- In **Priority Axis 5** (5.1 and 5.2), there are a total of 48 projects whose non-refundable value reaches EUR 154.85 million. Of these projects, 13 are contracted and completed or under implementation, 2 contracts are terminated, 4 are on hold and 29 are rejected.

If we analyze the distribution of projects submitted through the Regional Operational Programme (Priority Axis 5), according to objective and county in which were implemented, we note the following: in total, there are 18 projects aimed at improving the cultural heritage. Of these, 3 are in Arad, 4 in Hunedoara, 2 in Caraş Severin and 9 in Timiș. Regarding the creation and modernization of the tourism infrastructure, there are 30 projects. Of these, 10 are in Caraş Severin, 4 in Timiș, 15 in Hunedoara, and one in Arad. Regarding the promotion of the tourism potential and creating the necessary infrastructure, no information has been provided yet.

### **The allocation of European funds through the Regional Operational Programme for the North-West development region**

According to the currently existing data on the North-West development region, we note that 15 projects had so far the objective of human infrastructure rehabilitation and 21 of them were aimed at equality. Over 200 km of roads were rehabilitated and 9 health centers were upgraded through projects financed by foreign funds. In terms of tourism activity, about 7 sights were rehabilitated and 6 tourism infrastructure-related projects have been completed (nord-vest.ro).

Looking at the implementation of the Regional Operational Programme 2007 – 2013 for the North-West development region, we note that the overall amount allocated (ERDF + state budget) is EUR 522.19 million. There are a total of 1,611 projects submitted, their total value reaching EUR 1139.73 million. Of these, 601 projects are rejected/withdrawn, 648 are contracted and 412 are completed. The degree of overall contracting is 124.63% while the absorption rate reached 56.80%. If we analyze the situation in each priority axis, we can mention the following (nord-vest.ro):

- In **Priority Axis 1** that aims the urban development, the amount allocated (ERDF + state budget) is the highest, worth a total of EUR 170.49 million. In total, 181 projects are submitted, the value requested being EUR 296.24 million. Of these, 113 projects are contracted, 32 are rejected/withdrawn, and 36 are completed. The refund amount (authorized ERDF + state budget) is EUR 78.98 million, which is the highest compared to other priority axes. The degree of contracting was 124.40%, and absorption reached 46.33%.
- In **Priority Axis 2**, the amount allocated (ERDF + state budget) is EUR 112.81 million. At this level, a total of 23 projects are submitted, their value being EUR 241.84 million. Of these, 4 are rejected/withdrawn, 14 are contracted and 8 are completed. The refund value (authorized ERDF + state budget) is slightly lower than the one for the Priority Axis 1, being EUR 77.23 million. The degree of contracting is 128.01% and absorption is 68.46%, ranking second after absorption recorded for Priority Axis 4.
- In **Priority Axis 3**, the amount allocated (ERDF + state budget) is lower, reaching EUR 104.35 million. The number of projects submitted is higher, this value reaching 251. The amount requested in their case is EUR 240.28 million. Of all the projects submitted, 61 are withdrawn, 122 are contracted, and 66 are completed. The refund amount

(authorized ERDF + state budget) is lower compared to those previously presented, reaching EUR 57.17 million. The degree of contracting for this axis is higher, reaching 146.24%, while the absorption rate is 54.79%.

- In **Priority Axis 4**, the amount allocated (ERDF + state budget) is EUR 70.80 million. The number of projects submitted is the highest compared to that recorded in the other axes, reaching 1111. Their value was EUR 222.29 million. Of these, 482 are rejected, 379 are contracted and 291 are completed. Analyzing from the perspective of the refund amount (authorized ERDF + state budget), it is EUR 54.93 million. The degree of contracting reaches 112.50%, and absorption is highest, reaching 77.58%.
- In **Priority Axis 5**, the amount allocated (ERDF + state budget) is EUR 63.74 million. The number of submitted projects is lower than that existing in the other axes, reaching 45. The requested amount is EUR 139.09 million. Of all the projects submitted, 22 are rejected/withdrawn, 20 are contracted and 11 are completed. The refund amount (ERDF + state budget) is EUR 28.27 million. The level of funding is lower than that existing in the other axes, reaching 97.34%, with an absorption of 44.35%.

If we analyze in detail the work carried out at the Regional Operational Programme (Axis 5), we note that there are 21 projects submitted aimed at cultural heritage, of which 12 are contracted and 5 completed. In terms of tourist accommodation and leisure, there are 24 projects submitted, of which 8 are contracted and 6 are completed. If we analyze the distribution of projects funded through the Regional Operational Programme in the counties where they have been implemented (based on the existing interactive map on the website), we see that in Bihor there is a project which aims to strengthen cultural heritage: the revitalization of Oradea citadel. With regard to tourism infrastructure, there are 3 projects aimed at the expansion of the President Hotel in Băile Felix, the development of a wellness spa and the expansion of the Nevis Hotel in Oradea. Regarding the promotion of tourism, there 6 projects identified. In Satu Mare, there are 2 projects aimed at the rehabilitation of cultural heritage (medieval fair circuit in Northern Transylvania, Restoration and sustainable capitalization of the Calvaria Church). With regard to tourism infrastructure, there is a project that aims to develop a water park – Aquastar. In terms of tourism promotion, there are 4 projects. In Maramureș, there are 2 projects aimed at improving the cultural heritage: Circuit of wooden churches in Northern Transylvania and the restoration of the wooden Church in Buzești. In terms of tourism infrastructure, there is no project recorded, and in terms of promoting tourism, there are 7 projects. In Sălaj, in terms of cultural heritage, there are 3 projects registered aimed at the Circuit of wooden churches in Northern Transylvania, the Circuit of Roman camps and the restoration of historical and cultural heritage of the County Council. The tourist infrastructure is not registered with any project, and in terms of promoting tourism, there are 2 projects. Looking at the implementation of the Priority Axis 5 in Bistrița Năsăud County, we note that there are 2 projects aiming the rehabilitation of cultural heritage: the development of the German Centre in Bistrița through the rehabilitation of the historic building, and the rehabilitation of the wooden Church of Rebrîșoara for its introduction in the tourist circuit; 3 projects aiming the tourism infrastructure and 5 projects aiming the promotion of tourism. In Cluj, in terms of cultural heritage, there are 2 projects for the rehabilitation of Reformed Churches. With regard to tourism infrastructure, there are 2 projects identified, and concerning tourist promotion, there are 9 projects registered (nord-vest.ro).

From the above, we see that significant investments were made in this region which focused largely on the development of areas in which they have been implemented. In addition, they have helped to create new jobs and boost tourism in the area.

### **The allocation of European funds through the Regional Operational Programme for the Central development region**

If we look at the overall European funded projects through the Regional Operational Programme 2007 – 2013 in the Central Development Region, we can mention that until April 2015 a total of 1,192 projects were submitted. Of these, 491 are contracted, 76 are currently on hold and 304 projects are completed. Analyzing them in each priority axis, we can mention the following (regio-adrcentru.ro):

- In **Priority Axis 1**, a total of 91 projects were submitted, of which 69 are contracted, and 33 completed. The refund amount is EUR 74.22 million.
- In **Priority Axis 2**, there is a smaller number of projects submitted, totaling 46. Of these, 20 are contracted, 11 are completed and 8 are on hold. The total refund amount is EUR 80.48 million.
- In **Priority Axis 3**, there are 231 projects submitted. Of these, 106 are contracted, 47 are completed, and 54 are on hold. The total refund amount is EUR 43.775 million.
- Regarding **Priority Axis 4**, there are 704 projects submitted. Of these, 261 are contracted and 198 are completed. The total refund amount is EUR 46.3 million.
- In **Priority Axis 5** (5.1 and 5.2), there are a total of 120 projects submitted. Of these, 35 are contracted, 14 are on hold and 10 are completed. The total refund amount is EUR 37.69 million.

If we look from the perspective of benefits obtained in counties where they are implemented, we can mention that in terms of cultural heritage rehabilitation, projects undertaken are aimed at the rehabilitation of 4 citadels found in Alba Iulia, Mediaş, Rupea and Târgu Mureş; the restoration of 18 churches that are located in the counties of Mureş, Braşov, Cluj and Sibiu; the rehabilitation of an evangelical church in Sibiu; the rehabilitation of the Agnita Historical Center and the Museum of Traditional Folk Civilization in Sibiu. Looking from the perspective of tourism infrastructure, projects are aimed at the rehabilitation of certain resorts such as: Borsec, Harghita Băi, Biborţeni-Baraolt and Şugaş; the modernization of 10 accommodation units; the development of mountain rescue points in Harghita; the development of a ski slope in Sibiu (Jina); the arrangement of parks located in Râşnov, Târgu Mureş, Alba Iulia and Sovata (regio-adrcentru.ro). We see from the above that considerable efforts have been made in this development region to develop and implement the projects financed by external funds.

### **Conclusions**

In the development regions analyzed (South-West, North-West and Centre), a number of projects have been developed, financed under the Regional Operational Programme, that aimed, on the one hand, the improvement of work carried out at city level, the improvement of the infrastructure, the development of the social infrastructure, the improvement of microenterprises, and the sustainable development and improvement of work in tourism. As we have noted in the previously conducted study, a lot of projects were submitted in these regions, many of which being contracted. The results obtained in this paper can be considered a starting point in assessing the results obtained from their implementation.

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