# **Briefing**



## **RESEARCH FOR REGI COMMITTEE:**

## The economic, social and territorial situation of Romania - North-West Region

This briefing was prepared to provide information for the visit to Romania's North-West (Nord-Vest) Region (Cluj-Napoca and Turda) of 18 to 20 September 2017 by a delegation of the European Parliament's Committee on Regional Development.

## 1. Introduction to and political-administrative system of Romania

The largest of the Balkan countries, Romania is located in south-eastern Europe, bordering the Black Sea, Bulgaria, Hungary, Moldova, Serbia and Ukraine. The north and centre of the country are dominated by the Carpathian mountains, while in the south the main features are the vast Danube valley and Danube Delta. Romania joined the EU on 1 January 2007. The official language is Romanian, and the currency in use is the leu (RON).<sup>1</sup>

Table: Key data

	Romania	North-West Region
Flag		n.a.
Total area:	238 390.7 km²	34 160.5 km²
Population (2011 Census)	20 121 641 Men: 48.65 %; Women: 51.35 %	2 600 132 (12.9 % of the country's population)
Population (2016)	19 760 314	2 576 777
Population density (2015) EU-28 estimated data: 117.1	86.1 inhabitants per km²	76.6 inhabitants per km²

Sources: Eurostat

The North-West Region is a multiethnic region with various different communities, 74.9 % being Romanians, 18.3 % Hungarians, 4.6 % Roma, 1.3 % Ukrainians and 0.3 % Germans. Its land surface is as follows: mountains 28 %, hills 30 % and plains and valleys 42 %; 85.73 % of the Region's territory consists of rural areas (accounting for 47.4 % of the population), but there are some important cities as well. The most economically important cities are Cluj-Napoca, Baia Mare, Oradea, Zalău, Satu Mare and Bistrița. Cluj-Napoca is the second largest city in Romania (with 324 576 inhabitants according to the 2011 census), and thus the biggest in the Region (and in Cluj County). The second biggest city in Cluj County is Turda, with 47 744 inhabitants (2011 census).<sup>2</sup>

Source: <a href="https://europa.eu/european-union/about-eu/countries/member-countries/romania\_en">https://europa.eu/european-union/about-eu/countries/member-countries/romania\_en</a>

<sup>&</sup>lt;sup>2</sup> Source of data in this paragraph: <u>All the Facts you should know about Northern Transylvania</u>, North-West Regional Development Agency; and Interreg Europe website (<u>introduction to the North-West Region</u>)

Romania<sup>3</sup> is a parliamentary republic with a **semi-presidential regime and a bicameral parliament** (Chamber of Deputies - Camera Deputaţilor and Senate - Senatul). The territory of Romania is divided into the following entities: communes (comune), towns (orașe) and counties (judeţe), with bigger cities being categorised as municipalities (municipii). There are 42 counties including Bucharest (which holds both municipality and county competences). A prefect is appointed by the central government at the county level, while local public affairs are overseen by the County Council (Consiliul Judeţean) and the Local Councils (Consiliul Local), which are elected bodies.

Romania is divided into 8 NUTS 2 level or so called development regions, one of them being the **North-West** (**Nord-Vest**) **Region, which includes Cluj-Napoca and Turda**. This region is situated in northern Transylvania and consists of 6 counties (the latter being classified at NUTS 3 level): Bihor, Bistriţa-Năsăud, Cluj, Maramureş, Satu Mare and Sălaj. Cluj-Napoca is the capital of Cluj County.

## Map: NUTS 2 regions in Romania



Source: Shutterstock

In Romania the development regions form part of the administrative division, under which the Regional Development Councils (composed of the County Council presidents and one representative from each municipality) coordinate regional development tasks, with the Regional Development Agencies being the executive bodies. The North-West Regional Development Agency (NWRDA) was established in 1998 and is governed by the North-West Regional Development Council; its main office is in Cluj-Napoca.

**Table: Political summary** 

Head of State	Klaus Werner Iohannis (Partidul Naţional Liberal - National Liberal Party, PNL)
Head of Government - Prime Minister	Mihai Tudose (Partidul Social Democrat - Social Democratic Party, PSD)
Ministers responsible for Cohesion Policy	Sevil Shhaideh, Deputy Prime Minister, Minister for Regional Development, Public Administration and European Funds (PSD)
	Rovana Plumb, Minister-Delegate for European Funds (PSD)
Prefect, Cluj County	Gheorghe Vuscan (PSD)
Presidential elections	Most recent: November 2014 Next: 2019
Legislative elections	Most recent: December 2016  Next: late 2020 or early 2021
Local elections	Most recent: June 2016 Next: 2020

References: https://portal.cor.europa.eu/divisionpowers/countries/MembersNLP/Romania/Pages/default.aspx.

#### 2. Socio-economic situation

After growth in the early 2000s, the economic and financial crisis led to a sharp fall of GDP in 2009 and an absence of growth until 2011, mainly owing to the time needed for fiscal adjustment coupled with the less favourable international environment. Signs of recovery became evident from 2011 on, but Romania remains one of the least developed Member States of the EU in terms of GDP per capita. However, the main findings of the Country Report Romania 2017<sup>4</sup> show that: the economy is on an upward cycle fuelled by strong domestic demand and backed by pro-cyclical fiscal policies. Growth is expected to remain robust in the coming years. Low interest rates and stable investor confidence have been beneficial to private investment levels. According to the Country report, Romania has one of the highest investment ratios in the EU (24.8 % of GDP in 2015, whereas the EU average was 19.7 %). The quality of public investment has its shortcomings, such as weakness in terms of management and difficulties in absorbing EU funds. Despite the fact that Romania has the highest rate of public investment in the EU in the last decade, the quality of infrastructure remains low, in particular in the transport sector.

The Romanian labour market was not affected by the crisis as much as in other European countries: a certain stability was kept throughout the recession. According to the above-mentioned Country Report, unemployment is steadily decreasing in the country. Nevertheless, poverty levels and income inequality remain among the highest in the EU, with Roma, children and inactive people being particularly at risk of poverty or social exclusion. There is a territorial imbalance as regards poverty and income distribution between regions, as well as a deep urban-rural divide, with average income in rural areas being only 67 % of that in urban areas (the second widest divide in the EU, the Union-wide average being 80 %). In terms of regional disparities, there is a significant gap between the capital region (Bucharest-Ilfov) and the rest.

Continuing **structural challenges** may have a negative impact on the medium-term outlook of the country: the progress made (in particular regarding governance, employment policies and poverty reduction) is not yet anchored in a sustainable way. When it comes to progress towards the national targets set under the Europe 2020 strategy, good performance is recorded in the areas of national greenhouse gas emissions, renewable energy, energy efficiency, tertiary education and reducing the numbers of people at risk of poverty or social exclusion. However, weaker performance is to be found in the areas of employment rates, research and development intensity, and early school leaving.

Other key findings of the Country Report are:

- Comprehensive reforms began in 2016, but unused labour potential is limiting growth;
- Poverty is declining, but high income inequality persists;
- Measures to improve healthcare are in place, but the system suffers from inefficiencies, limited accessibility and corruption;
- The unequal provision of quality education weakens human capital potential;
- Public investment spending is at high levels, but low infrastructure efficiency is constraining growth;
- Public administration reform accelerated in 2016, but is not yet complete.

#### Table: Key socio-economic data

	Romania	North-West Region
GDP per inhabitant at current market prices, 2015 (% of EU average)	8 100 (28 %)	7 100 (25 %)
GDP per inhabitant in PPS, 2015 (% of EU average)	16 500 (57 %)	14 400 (50 %)
GDP at current market prices (million euro, 2015)	159 964	18 267
Unemployment rate (EU-28 = 8.6 %)	5.9 % (men: 6.6 %, women: 5 %)	4.3 % (men: 4.8 %, women: 3.5 %)

<sup>&</sup>lt;sup>4</sup> European Commission, SWD(2017)0088, 22 February 2017.

	Romania	North-West Region
Employment rate, 2016 (EU-28: 66.6 %)	61.6 % (men: 69.7 %, women: 53.3 %)	64 % (men: 72.1 %, women: 55.8 %)
Early leavers from education and training, 2016, % of 18-24 years age group, (EU-28 = 10.7 %))	18.5 % (men: 18.4 %, women: 18.7 %)	18.3 % (men: 17.3 %, women: 19.4 %)

Sources: Eurostat

The North-West Region ranks as the fourth region in Romania in terms of GDP/capita. Typical competitive regional products include electrical machinery and equipment, wood, textiles, footwear, and animal and vegetable fats and oils. Regarding the main economic sectors, **services** are dominant, with both proportion of employees per sector and turnover per sector being over 50 %. The distribution of enterprises among the main sectors of the economy show a predominance of services (72.5 %, 33.51% in commerce), Industry accounts for 12.8 % of enterprises (11.75 % in construction), and agriculture for 2.9 %. The Region has Romania's second highest **concentration of IT companies** after Bucharest. Nevertheless, investment in **industry** accounts for the highest share in total regional investment (more than half). Finally, employment in agriculture is less than 5 % of the regional total.<sup>5</sup>

There are eight accredited public **higher education** institutions/universities in the Region (one being a faculty of a Bucharest-based institution), most of them based in Cluj-Napoca; the disciplines taught include humanities, law, science, economics, agricultural and veterinary sciences, medicine, arts, music and communication. In addition, several private higher education institutions also exist (in economics, law, sports, social and political sciences, arts, engineering and computer science, natural sciences, theology, humanities and social sciences), mostly based in Cluj-Napoca and Oradea. The Region is home to **five Technology Transfer Centres,** active in a broad range of sectors from biomass and alternative fuels to ICT technology and construction machinery, and eight clusters (in the areas of water, ITC, furniture, energy, agriculture, cosmetics). **Business support structures** include 15 industrial parks, as well as technology and science parks:<sup>6</sup>

Figure: Business support structures in the North-West Region



Source: All the Facts you should know about Northern Transylvania, North-West Regional Development Agency

Source of data in this paragraph: <u>All the Facts you should know about Northern Transylvania</u>, North-West Regional Development Agency and Interreg Europe website (introduction to the North-West Region)

<sup>&</sup>lt;sup>6</sup> Source of data in this paragraph: All the Facts you should know about Northern Transylvania, North-West Regional Development Agency.

The latest **Regional Competitiveness Index Scoreboard** reveals the following about the North-West Region:

Table: RCI 2016 - North-West Region, Romania

Basic dimensi	on 256/263	Efficiency dimens	ion 220/263	Innovation din	nension 254/263
Category	Rank	Category	Rank	Category	Rank
Institutions	254/263	Higher Education and lifelong learning	245/263	Technological readiness	247/263
Macroeconomic stability	15/28	Labour market efficiency	144/263	Business sophistication	259/263
Infrastructure	241/263	Market size	241/263	Innovation	251/263
Health	248/263				
Basic Education	26/28				

Source: European Commission, Regional Competitiveness Index Scoreboard, 2016

Comparison relative to the regions with most similar GDP per capita reveals that the North-West Region has advantages as regards labour market efficiency, and weaknesses in the field of institutions and basic education.

Concerning **infrastructure and resource endowment**, the Region has 12 865 km of roads, of which 52 km are highways, and 1 668 km of railways, of which 312 km are electrified. Four international airports are located in the Region: the Avram lancu international airport, which serves Cluj-Napoca, is the second largest in Romania. Finally, the Region is rich in natural resources (e.g. geothermal resources, biodiversity). There are several natural protected areas of national, European and international importance, including a biosphere reserve.<sup>7</sup>

According to the **Digital Economy and Society Index 2017** published by the European Commission, Romania ranks 28th in the EU. There is good fast broadband coverage in urban areas (the country has the second highest proportion of broadband subscriptions in the EU). Nevertheless, the rate of digitisation of the economy and public services and the levels of digital skills remain low.<sup>8</sup>

As mentioned earlier, **Cluj-Napoca** (Kolozsvár in Hungarian and Klausenburg in German) is the biggest city in the North-West Region; it is also a city with a rich history, dating from the first century. It is the economic centre of the Region and at the same time a home to rich academic life with 12 higher education institutions (totalling about 80 000 students). According to the Development Strategy of Cluj-Napoca for 2014-2020, the creative industries and universities play a major role in the urban economy, and there are more than 15 000 people employed in the local IT sector, with 1 300 IT businesses active in the city. The Development Strategy also underlines the important link between tourism and the development of the cultural, arts and entertainment sector in Cluj-Napoca, stating: 'Studies by the Research and Consultancy Centre in the Field of Culture constantly place Cluj as the top city in Romania in terms of Urban Cultural Vitality (not including the capital, Bucharest).' Cluj-Napoca has road, air and rail connections to major cities in Romania and Europe: it is linked to European routes E60, E81 and E576. The airport is located 9 km to the east of the city centre.<sup>9</sup>

**Turda** (Torda in Hungarian and Thorenburg in German) is located in the southern part of Cluj county, in the Aries valley, less than 30 km away from Cluj-Napoca, to which it has good road connections. The Turda Salt Mine is a historical site and significant touristic attraction in the city, with its modernized salt mining sites and modern health and wellness services (the modernisation was supported by PHARE 2005 - EUR 5.8 million,

<sup>&</sup>lt;sup>7</sup> Source of data: <u>All the Facts you should know about Northern Transylvania</u>, North-West Regional Development Agency.

<sup>8</sup> Source: https://ec.europa.eu/digital-single-market/en/news/digital-economy-and-society-index-desi-2017

Sources: <a href="http://www.visitclujnapoca.ro">http://clujbusiness.ro/</a> and <a href="http://clujbusiness.ro/">http://clujbusiness.ro/market-overview/business-support/cluj-napoca-fostering-creativity-innovation-for-a-smart-city/</a>

63 % covered by European funds, national cofinancing provided by the local council in Turda and Cluj County Council).<sup>10</sup>

## 3. EU cohesion policy in Romania 2007-2013<sup>11</sup>

#### 3.1. Overview 2007-2013

The **whole territory of Romania** was eligible for funding under the **Convergence Objective** over the 2007-2013 period. The **five priorities of the National Strategic Reference Framework** were as follows:

- to develop basic infrastructure in line with EU standards;
- to increase the long-term competitiveness of the Romanian economy;
- to develop human capital and use it more efficiently;
- to build effective administrative capacity;
- to promote balanced territorial development.

The country had **five national operational programmes (OPs) under the ERDF and the Cohesion Fund.** The **total support** from the ERDF and Cohesion Fund amounted to EUR 15.4 billion in this programming period, with funding per head of around EUR 102 a year (the lowest level (along with Bulgaria) among the EU-12). These two funds were mainly used to support projects in the field of **transport and the environment**, as well as **enterprises.** For the sake of facilitating absorption and effectiveness of spending, funding had to be shifted during the period between a number of policy areas: for example, investment in enterprises and culture and social infrastructure was increased, whereas spending in the fields of environmental infrastructure, urban development and tourism was reduced. Rail and other transport infrastructure also show a reduced level of spending in favour of road transport infrastructure. The **ESF was implemented through two OPs** with a focus on **human resources and administrative capacity development**, respectively. The **total financial allocation** amounted to EUR 4.3 billion (ESF contribution: EUR 3.684 billion, 85 %). The planned interventions focused on job creation, in particular for vulnerable groups, participation in education and training, improving competence and accessibility of social services, and administrative capacity.

It should be noted that one of the OPs, the 'Regional Operational Programme 2007-2013', was addressed to all of Romania's 8 development regions. Nevertheless, the role of Managing Authority was attributed to the former Ministry of European Integration (later renamed the Ministry of Regional Development and Public Administration). The eight RDAs, including the NWRDA, were appointed as Intermediate Bodies (the NWRDA also acted as intermediate body for sectoral OPs). 12

The **ex-post evaluation of ERDF and Cohesion Fund** in this period have shown that overall spending resulted in:

- the creation of over 35 000 jobs, over 13 000 in full-time equivalent terms in SMEs and over 1 000 research posts;
- the construction of 368 km of new roads, 314 km of them part of the TEN-T network, and 22 km of new railway lines;
- the improvement of 1 893 km of roads and 122 km of railway lines.

In total there were 1 423 443 participations in the interventions funded by the ESF OPs. The **ex-post evaluation of ESF** includes the following aggregation of results:

- People in employment: 43 725;
- People gaining qualifications: 344 893;

<sup>&</sup>lt;sup>10</sup> Source: <a href="http://en.cluj.com/turda/">http://en.cluj.com/turda/</a> and <a href="http://salinaturda.eu/?lang=en">http://en.cluj.com/turda/</a> and <a href="http://salinaturda.eu/?lang=en">http://en.cluj.com/turda/</a> and <a href="http://salinaturda.eu/?lang=en">http://salinaturda.eu/?lang=en</a>

Sources used in this chapter: (1) European Commission, Romania Country Report - Ex Post Evaluation of Cohesion Policy Programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF), September 2016 - authors: Applica, Ismeri Europa and Cambridge Economic Associates Cambridge Economic Associates; (2) European Commission, Country Synthesis Report - Romania, ESF Ex-post Evaluation Synthesis 2007-2013, October 2016 - authors: Metis GmbH, Fondazione Brodolini and Panteia.

<sup>&</sup>lt;sup>12</sup> Source: Successful projects in Northern Transylvania, North-West Regional Development Agency.

- Products: 182 (e.g. cost and quality standards, reorganised or newly set-up operational structures, etc);
- Entities: 2 643 (e.g. schools, employment agencies, social partners, etc).

The country faced **several difficulties during implementation** of the programmes; to facilitate progress, the EU cofinancing rate was increased from 82 % to 85 %. Further measures included the above-mentioned shifts of funding between policy areas, as well as the temporary extension of the decommitment period and a so-called 'top-up' mechanism (introduced as one of the EU responses to the crisis) that enabled a temporary increase of 10% in reimbursements to countries with special fiscal problems. The Romanian authorities have had to make significant efforts to improve the quality and effectiveness of programme implementation, and have received support in this process from the Commission, for example through the Task Force for Better Implementation.

The ex post evaluations found that together with rural development spending, investment cofinanced under cohesion policy is estimated to have increased GDP in Romania (in 2015) by **almost 4** % above what it would have been without the EU funding provided.

#### 3.2 Project examples from the 2007-2013 programming period

On its website the NWRDA lists 'successful' projects cofinanced under EU cohesion policy that were implemented in the target area of the REGI delegation:

Table: Successful projects in Northern Transylvania (Cluj County), 2007-2013

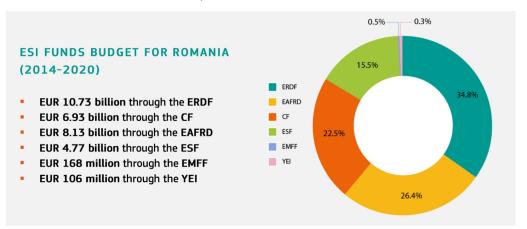
Project(s)	Project summary
Improvement of the equipment of the operational basis for intervention in emergency situations in Northern Transylvania	Three projects supported under the Regional OP, aiming at equipping the emergency intervention units (vehicles, including specialised intervention units, e.g. for biological or chemical emergencies, ambulances, etc). The main results expected are the reduction of average response time of mobile intervention unit to the location of accidents.
Social services for children and families in Cluj County	Renovation and transformation of an old building to create a County Community Centre. The project created more than 50 jobs and has served almost 500 people.
Modernisation of tramline in Cluj- Napoca municipality	Modernisation of 11 km of tramline, with new trams and stations having access ramps for disabled persons. Both travel time and noise pollution have been reduced as a result of the project.
Restoration of historical monuments (Casino and Central Park) in Cluj Napoca	Restoration of historic buildings and creation of an urban culture centre.
Ciucea - Crasna - Virsolt road rehabilitation	The projects of Salaj County Council in cooperation with Cluj County Council included the rehabilitation and modernisation of 37.62 km of road allowing for a faster connection between the two counties and the western border of Romania.

**Source:** <u>Successful projects in Northern Transylvania</u>, North-West Regional Development Agency, and <u>Panorama Magazine Spring 201 7/ No 60 - Bulgaria and Romania celebrate 10 years in the EU, European Commission, DG for Regional and Urban Policy</u>

### 4. EU cohesion policy in Romania and in the North-West Region 2014-2020

Over the 2014-2020 programming period, Romania has an **allocation from the ESI Funds** of EUR 30.84 billion, which together with a national contribution of EUR 5.63 billion adds up to a total of EUR 36.47 billion available to support the socio-economic development of the country<sup>13</sup>.

Figure: ESI Funds allocations in Romania, 2014-20



Source: European Commission, European Structural and Investment Funds - Romania: Country Factsheet, 2016

The **Partnership Agreement** for Romania identified the following challenges and priorities for investment:

- People and society, through improved employment, social inclusion and education policies;
- Infrastructure, especially in transport;
- Economic competitiveness;
- Resources, through the shift towards a low-carbon economy;
- Administration and government.

The whole territory of Romania, except for the capital region of Bucharest Ilfov (which is a so-called more developed region), belongs to the category of less developed regions.

Table: ESI Funds programmes in Romania, 2014-20

Programme	Fund(s)/Thematic Objectives (TO)
Operational Programme for competitiveness	ERDF, TO 1 and 2
Operational Programme for large infrastructure (transport, environment and energy)	ERDF and Cohesion Fund, TO 6 and 7
Regional operational programme	ERDF, TO 1, 3, 4, 6, 8 and 9
Operational Programme 'SME Initiative' Romania	ERDF, TO 3
Operational Programme for technical assistance	ERDF
Operational Programme for human capital	ESF, TO 8, 9 and 10
Operational Programme for administrative capacity	ESF, TO 11
Rural Development Programme	EAFRD, national level
Maritime and Fisheries Programme	EMFF

Source: EC, Summary of the Partnership Agreement for Romania, 2014-2020, August 2014 and Inforegio

Besides the above-mentioned programmes, Romania also participates in **8 European Territorial Cooperation Programmes** (i.e. 3 cross-border cooperation programmes - Romania-Bulgaria, Romania-Hungary, and the programme under the Instrument for Pre-Accession Assistance for Romania-Serbia; one transnational cooperation programme (Danube) and all 4 interregional cooperation programmes). In addition,

<sup>&</sup>lt;sup>3</sup> European Commission, <u>European Structural and Investment Funds - Romania: Country Factsheet</u>, 2016.

<sup>&</sup>lt;sup>14</sup> Source: Inforegio and https://cohesiondata.ec.europa.eu/countries/RO.

Romania is also part of 4 cross-border cooperation programmes under the European Neighbourhood Instrument: Romania-Ukraine, Romania-Republic of Moldova, Black Sea Basin (Romania, Bulgaria, Greece, Turkey, Ukraine, Russia, Moldova, Georgia, Armenia) and Hungary-Slovakia-Romania-Ukraine programmes. Romania is also part of the **EU Strategy for the Danube Region.** 

For most of the operational programmes, the Romanian **Ministry of Regional Development, Public Administration and European Funds** has been designated as Managing Authority, including for the Interreg V-A Romania-Hungary and Romania-Bulgaria programmes. The governance aspects of the macro-regional strategy for the Danube Region are dealt with by the Ministry of Foreign Affairs. The **NWRDA is involved in management of programmes, as Intermediate Body** for the Regional Operational Programme and a sectoral operational programme.<sup>15</sup>

The North-West Region (together with the West Region and two Hungarian regions) participates in the Interreg V-A - Romania-Hungary cross-border cooperation programme. The overall budget national cofinancing included is to the sum of EUR 232 million (EUR 189 million from the ERDF) with an EU cofinancing rate of 81.57 %.

The programme allocates non-refundable funding, in a competitive manner, in the framework of public calls for proposals, for joint cross-border projects aimed at:

- Joint protection and efficient use of common values and resources (cooperating on common values and resources) – EUR 48.50 million;
- Improve sustainable cross-border mobility and remove bottlenecks (cooperating on accessibility) EUR 34.99 million;
- Improve employment and promote cross-border labour market (cooperating on employment) EUR 55.07 million:
- Improving health-care services (cooperating on healthcare and prevention) EUR 57.03 million;
- Improve risk-prevention and disaster management (cooperating on risk prevention and disaster management) EUR 9.55 million;
- Promoting cross-border cooperation between institutions and citizens (institutional and community cooperation) EUR 4.01 million.

Source: http://interreg-rohu.eu/en/programme-overview/

Several calls for proposals have been launched under this Interreg V-A programme, but information on financed projects was not yet available at the time of writing.

Finally, as regards **investment needs on the local level**, according to the Development Strategy of Cluj-Napoca for 2014-2020 projects in Cluj-Napoca will have to address energy and the environment, urban mobility and transport, citizens' safety, and various services provided to residents and tourists (e.g. electric buses and charging stations, modernisation and extension of the public lighting network, improvement of energy efficiency of residential and other buildings, renovation of schools, digitalisation of traffic management and transport services (real-time flows), improving monitoring of air and noise pollution, improving egovernment services, etc).<sup>16</sup>

## 4.1 Lagging regions initiative and the North-West Region

The North-West and North-East regions of Romania (together with the Swietokrzyskie and Podkarpackie regions in Poland) were the **first regions to pilot** the so-called 'lagging regions initiative' (launched by the Commission on the request of the European Parliament). The declared aim of this initiative is to 'analyse what holds back growth in less developed regions and to provide recommendations and assistance on how to unlock their growth potential. In other words, the less developed regions will be helped to better identify

<sup>&</sup>lt;sup>5</sup> Source: All the Facts you should know about Northern Transylvania, North-West Regional Development Agency.

Source: http://clujbusiness.ro/market-overview/business-support/cluj-napoca-fostering-creativity-innovation-for-a-smart-city/

and respond their concrete needs and maximise the impact of the investment on the ground.'<sup>17</sup> On the basis of what could be learnt through such pilot projects, this model of cooperation between EU, national and regional actors could be implemented in other lagging regions in the EU.

The Commission's 'lagging regions report'<sup>18</sup> includes the following comments regarding the North-West Region (considered as a low-income region in the analysis):

'As part of the implementation strand of the lagging regions initiative, the smart specialisation strategies of the Nord-Est and Nord-Vest regions in Romania were further developed. A more systematic cooperation between key national, regional and local partners is being promoted to allow for more regional adjustment of the national sectoral policies. The support provided to the two regional development agencies by the European Commission has facilitated the dialogue between firms, researchers and civil society through workshops, conferences, and in particular a series of dedicated focus groups. This has already resulted in several concrete projects.'

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<sup>&</sup>lt;sup>17</sup> Source: Inforegio.

<sup>&</sup>lt;sup>18</sup> Commission Staff Working Document, 'Competitiveness in low-income and low-growth regions - the lagging regions report', SWD(2017)0132, 10 April 2017.