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## **Summary of the Partnership Agreement for Romania, 2014-2020**

### **Overall information**

The Partnership Agreement (PA) covers five European Structural and Investment Funds (ESIF): the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

The PA focusses on the following challenges and corresponding priorities:

- Promoting competitiveness and local development, with a view to reinforcing the sustainability of economic operators and improving regional attractiveness;
- Developing human capital, by increasing the employment rate and tertiary education attainment, but also tackling the severe social challenges and poverty levels, in particular for deprived or marginalised communities and in rural areas;
- Developing physical infrastructure, both in ICT and the transport sector, in order to increase the accessibility of Romanian regions and their attractiveness for investments;
- Encouraging sustainable and efficient use of natural resources through promotion of energy efficiency and a low carbon economy, protection of the environment and adaptation to climate change;
- Building a modern and professional public administration by means of a systemic reform aimed at overcoming the structural governance shortcomings.

These funds are the cornerstone of Romania's ability to address medium and long-term development challenges. They will mobilise additional public national and private funding for growth and job creation and will reduce regional and social disparities in Romania. Investments will focus on enhancing innovation activity and competitiveness of enterprises in order to increase their added value, stimulate growth, job creation and improve the performance of the research and innovation system, including the quality of higher education, cooperation with the business sector and increased private investment. One of the key challenges for Romania is to develop and upgrade its significant agricultural potential, currently too concentrated in low added value activities, while at the same time accompanying the farm restructuring process and releasing labour force needed by other competitive sectors.

Investing in human capital and helping people enter the labour market and improve their skills will be a top priority in Romania with a focus on issues highlighted in the country-specific recommendations. A strong emphasis is placed on combating youth unemployment. The funds will finance initiatives to improve education and training systems with a view to better matching the labour force skills with the market needs, in particular for tertiary education and vocational education, but also focusing on early

childhood education and care, primary and secondary education, especially for deprived communities, including Roma minority. The health sector will also be strongly supported, focussing on deprived communities and promoting an alternative to hospitals, like primary and ambulatory care or e-health services. Romania's efforts to shift from institutionalised structures to community-based solutions for children, the elderly and persons with disabilities will also be supported by the ESIF. The ESF will also support Romania's efforts to improve the quality of its public administration through structural reforms, together with tailored support to the most critical public institutions, building on the action plans prepared with the support of the World Bank.

Investments in these areas will be instrumental in helping Romania to respond to the priorities of the Europe 2020 Strategy and country-specific recommendations and the corresponding policy reforms in education, employment, social inclusion and public administration.

A substantial share of the ESIF funding will be devoted to extending and upgrading Romania's transport infrastructure, along the future master plan which will shape the future network at the horizon 2030. In parallel, investments will be continued in waste, water and wastewater sectors, in order to comply with the environmental requirements.

As regards Romania's rural areas, EAFRD funding will promote a more innovative and competitive agri-food sector, and an increase in the added value of products. Farmers will be assisted to develop or restructure their businesses, and the diversification of economic activities will reduce the current over-dependence on agriculture and improve job prospects in rural areas. This will go hand in hand with a careful management of natural resources, focused on preserving Romania's rich natural biodiversity and promoting sustainable management of agricultural and forestry land. Rural poverty will be targeted by investments to upgrade basic infrastructure and access to services, in order to improve quality of life in rural communities and create the pre-conditions for local development.

As regards Romania's fisheries and aquaculture sector, the EMFF will contribute to support the Common Fisheries Policy objectives for sustainable development. To achieve these objectives, investments will be targeted to projects limiting the impact of fishing to the marine environment together with new forms of income, as well as diversifying and adding value on fisheries and aquaculture products.

Territorial challenges and disparities will also be addressed through the local development instruments. Community Led Local Development (CLLD) will be implemented in rural areas (LEADER), deprived areas within urban centers and fisheries and coastal areas where there are fisheries activities and aquaculture farms, while dedicated Integrated Territorial Investment (ITI) will support the Danube Delta. Metropolitan growth poles and urban centres will also be supported through integrated strategies and Romania will continue to actively support the development of the Danube Strategy.

Romania has chosen to finance investment under all 11 thematic objectives defined in the Regulations. Details on thematic objectives are presented in Table 1.

### **Chosen expected results**

ESIF support will substantially contribute to promoting Romania's ability to achieve key EU and national development priorities including, *inter alia*:

- Europe 2020 objectives:
  - More than €1 billion allocated to R&D and innovation (TO1), supporting the national target of 2% of GDP invested in R&D (against 0.49% in 2012);

- More energy efficient economy, with €3.9 billion to be invested to support the shift to low carbon economy (TO4), including the further expansion of renewable energy (24% target);
- Substantial effort on social inclusion (TO9), with €3.4 billion, tackling the severe social challenges faced by Romania and contributing to the objective of reducing by 580 000 the number of people at risk of poverty or exclusion (compared to 2008);
- Increase labour market participation (TO8), with a particular focus on young people, with the aim of reaching the 70% national employment target (benefiting of €2.2 million);
- Contribute to reducing the early school leaving to 11.3% and increasing the participation in tertiary education to 26.7% (TO10), by investing an amount of EUR 1.65 bn.
- Obligations from the Accession Treaty
  - Pursue the development of water and waste water services, with more than €3 billion under TO6, completing the compliance of agglomerations above 10,000 inhabitants and substantially contributing to the equipment of agglomerations above 2,000 inhabitants;
- Boosting national competitiveness:
  - Further develop the national coverage for broadband and NGA, through TO2 and via LEADER, with at least 30 Mbps, in particular in rural areas, while tackling in parallel the low take up through dedicated measures (training, e-services and e-government) across all priorities;
  - Increase the productivity and added value of agriculture, fisheries and aquaculture,, fostering the set-up of young farmers and fishermen;
  - Increase the competitiveness of economic operators and the survival rates of young SMEs, through direct support and financial engineering schemes, under TO3;
  - Further develop the endowment and reliability of transport network, benefiting from 20% of the ESIF allocation under TO7, for improving the accessibility of regions and their attractiveness for industrial investments;
  - Tackle the administrative deficiencies, through systemic governance and administrative reforms, benefiting from €800 million.

## **Budget**

In 2014-2020 the allocation for Romania is around €22.4 billion for Cohesion Policy (ERDF, ESF, Cohesion Fund) with additional resources of €106 million from the Youth Employment Initiative (matched by the same amount from ESF). A further €8 billion will be devoted to development of the agricultural sector and rural areas from the European Agricultural Fund for Rural Development (EAFRD). The allocation for European Maritime and Fisheries Fund (EMFF) amounts to some €168 million. Details on the allocation are given in a table below.

Given the wide scope of challenges faced by Romania, all thematic objectives will be supported. Nonetheless, Romania is concentrating 51.2% of ERDF funding in favour of R&D (TO1), ICT (TO2), competitiveness (TO3) and low carbon economy (TO4), with € 5.5 billion, above the minimum requirement. Similarly, significant concentration of resources benefits to the TO4, with €3.25 billion amounting for 30% of ERDF allocation and well above the minimum requirement, largely stemming from the envisaged support for thermal rehabilitation of buildings.

The share of ESF in the allocation of Structural Funds (ERDF and ESF) amounts to 30.8%, at around €4.8 billion, in line with the required minimum share, with a share of 23% for social inclusion and fight against poverty, above the minimum required of 20%.

There is a strong focus of EAFRD resources (39% of allocation) on biodiversity, sustainable land management, and mitigation & adaption to climate change in agriculture & forestry (under TO's 4, 5 & 6), and to competitiveness in agricultural & food processing sector (29% under TO3).

The whole territory of Romania, except for the capital region of Bucharest Ilfov, belongs to less developed regions. Given Bucharest's important development needs, and in particular its importance especially in R&D activities in the country, Romania decided to increase the allocation for Bucharest Ilfov to €893 million through a transfer of the maximum 3% from less developed regions.

### **Programme architecture**

Cohesion policy will be delivered by 8 operational programmes (OPs), so 1 less compared to 2007-13 period:

- Programme for competitiveness (ERDF), focussing on thematic objectives 1 and 2;
- Programme for large infrastructure (transport, environment and energy), financed by ERDF and Cohesion Fund, under thematic objectives 6 and 7;
- Regional programme (ERDF), addressing regional and local needs (under thematic objectives 1, 3, 4, 6, 8 and 9);
- Programme for technical assistance (ERDF), supporting the management of ESIF;
- Programme for human capital (ESF), under thematic objectives 8, 9 and 10, tackling employment, education and social inclusion priorities;
- Programme for administrative capacity (ESF), under thematic objective 11, tackling administrative reform and support to public institutions;

As for the 2007-13 period, there will be one national-level Rural Development Programme (financed by EAFRD) and one Maritime and Fisheries programme (financed by EMFF).

Details on allocations to programmes are presented in table 2.

**Table 1: Allocation: breakdown by thematic objective and by fund (except territorial cooperation).**

	<b>ERDF</b>	<b>ESF</b>	<b>CF</b>	<b>EAFRD</b>	<b>EMFF</b>	<b>TOTAL</b>
1.Strengthening research, technological development and innovation	973,404,255	-	-	93,523,400	-	1,066,927,655
2. Enhancing access to, and use and quality of, information and communication technologies	531,914,894	-	-	-	-	531,914,894
3. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	744,680,851	-	-	2,287,993,961	84,210,685	3,116,885,497
4. Supporting the shift towards a low-carbon economy in all sectors	3,248,063,830	-	159,574,468	486,179,372	3,368,427	3,897,186,096
5. Promoting climate change adaptation, risk prevention and management	-	-	478,723,404	1,536,222,695	-	2,014,946,099
6. Preserving and protecting the environment and promoting resource efficiency	926,404,255	-	2,892,443,785	1,115,224,800	37,052,701	4,971,125,541
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures	2,728,208,359	-	3,404,255,320	-	-	6,132,463,679
8. Promoting sustainable and quality employment and supporting labour mobility	101,063,830	1,563,930,485	-	529,921,367	33,684,278	2,228,599,960
9. Promoting social inclusion and, combating poverty and any discrimination	521,276,596	1,133,855,426	-	1,752,959,222	-	3,408,091,244
10. Investing in education, training and vocational training for skills and lifelong learning	361,702,128	1,257,101,071	-	35,270,500	-	1,654,073,699
11. Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration	265,957,447	531,063,830	-	-	-	797,021,277
Technical assistance	323,404,255	288,085,106	-	178,368,085	10,105,280	799,962,726
<b>TOTAL</b>	<b>10,726,080,699</b>	<b>4,774,035,918</b>	<b>6,934,996,977</b>	<b>8,015,663,402</b>	<b>168,421,371</b>	<b>30,619,198,367</b>

The allocation to Youth Employment Initiative accounts for €212million (half from YEI special allocation and half from ESF).

**Table 2: Allocation to programmes**

<b>Programme</b>	<b>ESI Funds</b>	<b>allocation</b>
<b>Large Infrastructure OP</b>	<b>ERDF</b>	2.483.527.507
	<b>CF</b>	6.934.996.977
<b>Human Capital OP</b>	<b>ESF+YEI</b>	4.326.838.744
<b>Administrative Capacity OP</b>	<b>ESF</b>	553.191.489
<b>Competitiveness OP</b>	<b>ERDF</b>	1.329.787.234
<b>Technical Assistance OP</b>	<b>ERDF</b>	212.765.960
<b>Regional OP</b>	<b>ERDF</b>	6.700.000.000
<b>NRDP</b>	<b>EARDF</b>	8.015.663.402
<b>FMAOP</b>	<b>EMFF</b>	168.421.371
<b>Total</b>		<b>30.725.192.684</b>