

Infrastructure Investments: Need for a Higher Territorial Cohesion in Bucharest-Ilfov Region

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Abstract: This paper is going to present the current situation and some predictions regarding the development of Bucharest Ilfov region infrastructure, the most developed Romanian regions from economical point of view. The cohesion policy investments must be closely aligned to the objectives of Europe 2020 (there should be a balanced approach to investment, a right balance between different types of investments). For this reason, the development opportunities through infrastructure investments using the EU funds is one of the main priority in order to increase Bucharest-Ilfov attractiveness, accessibility and mobility across the region. The paper will present the regional development trends and the present regional policy implementation practice and first results regarding the infrastructure investments financed through EU funds in order to increase the capital city functions as an engine for development.

Keywords: territorial cohesion; region; regional infrastructure analysis

JEL Classification: R5; R11

The Cohesion Policy

European cohesion policy, strong focused on social, economic and environmental development, is an expression of Europe's commitment to solidarity. In this context, a strong European Union needs policies that facilitate integration and that ensure everyone can benefit from integration. Funding from cohesion policy has brought benefits to millions of EU citizens, not only by creating jobs and fostering the right conditions for growth, but also by investing in infrastructure modernization, environmental improvements, support to business, and in people's skills, education and training.

All these substantial funds still available under the current Cohesion Policy are reasons for Regional Policy stakeholders to act without delay, invest more in

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sustainable growth, and use funds more effectively. Investments for urban transport, sustainable energy, urban and rural regeneration, climate change adaptation and eco-innovation in SME's are financed through Cohesion Policy 2007-2013 allocations in order to contribute to sustainable growth. Regional Policy has consistently co-financed also the provision of environmental infrastructure for water and waste management helping regions meet the stringent framework set out in EU directives. This has also been an opportunity to facilitate improvements in competitiveness while preserving their environment and creating jobs.

The main issues of this topic are: the strengths of each territory to contribute to the sustainable and balanced development of the EU, a better connect of territories where people are able to live wherever they want, with access to public services, efficient transport, energy networks and broadband internet. Since 1986, the objective of cohesion policy has been to strengthen economic and social cohesion. The Lisbon Treaty and the EU's new high-level strategy introduce a third dimension: territorial cohesion. People should be able to live wherever they want, with access to public services, efficient transport, reliable energy networks and broadband internet throughout the territory.

The cohesion policy improves territorial cohesion in future: by promoting approach to integrated development of territories as spaces where citizens live their lives, by encouraging cooperation between territories to strengthen European integration, funds for cohesion policy account for 30 per cent of the EU's budget, which clearly reflects the importance of the matter that's why is important though that in the future, funds should support sustainable projects, instead of only being spent. Sustainable projects are important to build economically sustainable communities, this is the future for a strong cohesion policy. In all the EU development regions must be developed projects with EU financial assistance that support communities to become more economically sustainable.

So the regions must have an essential role to play in the success of Europe 2020, for the creation of a stable and prosperous future for European citizens. It is very important to be proposed a close partnership contract between the Commission, the Member States and the regions to better define development and investment priorities on the basis of the reform programmes. It is a crucial building block for creating consensus over a common vision among the stakeholders that drive the strategy and programme implementation for a better governance in the next period after 2013.

The financial crisis has revealed structural weaknesses in many countries and regions in Europe regarding their level of economic and social development. It will be essential to find the right strategies to exit from the crisis in order to ensure that the full benefits of economic integration are recaptured. This is the mission of European Cohesion Policy and the goals of this policy are regarding the changing

social, economic and environmental new context. The new context presents opportunities to implement structural reforms, identify new sources of growth and design development strategies. Member states and regions are essential actors in providing structural responses to these challenges.

The economic and financial crisis has underlined the need for a policy that invests in the competitiveness of all regions as well as continuing to support development. So, the cohesion policy will continue to play an important role as a pillar of European integration. The most important role will be to promote harmonious development which will be more relevant than ever in the post crisis period. In particular, cohesion policy can help by: supporting the development of regions through investments through the European Regional Development Fund; improving employment opportunities and fighting social exclusion through the European Social Fund and improving environmental sustainability through the Cohesion Fund.

Regions represent resources that could be contributed to achieve EU growth. To achieve their full potential they need EU support to create the conditions for growth, to favor the full potential of SMEs and the development of transport infrastructure, ICT, environment, energy, human capital, education and research. The preparation of the next generation of programmes will provide the opportunity to increase the effectiveness and the quality of delivery of cohesion policy in order to increase its focus on results and impact in all EU regions.

An example is **Bucharest-Ilfov region**, one of the EU regions, a special region, as it is the smaller (1821 sq km) from all eight development regions of Romania, but also the most developed from the economical point of view. Bucharest-Ilfov is the capital region of Romania. It is formed by the capital city Bucharest and the surrounding county Ilfov. The Capital Bucharest gives to the Bucharest-Ilfov region a superior economical force, a higher GDP, and a social and professional structure with a higher standard. The Bucharest Region is undoubtedly the main administrative, financial, cultural, educational and research centre of Romania.

Through its activity for more than 12 years in the field of regional development policy, **Bucharest-Ilfov Regional Development Agency (BIRDA)** is the principal actor which contributes to the implementation of cohesion policy in Bucharest-Ilfov region. BIRDA proposes itself to contribute to reach BIRDA's objective, to transform Bucharest – Ilfov region in a European level region, with a competitive economy on the unique European market.

BIRDA must continue to pay attention to develop its capacity of building regional strategy development adapted to specific Bucharest-Ilfov regional context in order to improve the investments financed through EU Structural funds. One of these funds, The European Regional Development Fund –ERDF finances **Regio-Regional Operational Programme**, one of the Romanian Operational

Programme, agreed with the EU, and an important tool for implementing the national strategy and policies for Regional Development.

Regio supports and promotes a sustainable balanced economic and social development of the Romanian regions by improving business environment and infrastructure for economic growth. This means Regio aims to diminish the gaps in economic and social development between more and less developed regions of the country. One of the main important objectives of this programme is the improving the regional and local transportation infrastructure. The key area of intervention 2.1 of Regio focuses on **the rehabilitation and modernization of the county roads, urban streets as well as on the construction/rehabilitation of the beltways with county road status.**

The objectives¹ of the key area 2.1 are:

- Connecting the county roads to the national road and to the TEN (Trans-European transportation) network;
- Urban streets rehabilitation and modernization;
- Building and modernizing the beltways.

The categories of **eligible beneficiaries** are:

- Local public administration authorities;
- Intra-Community Development Associations established in accordance with the provisions of Law 215 of 2001, with its subsequent amendments;
- Partnerships between the authorities of the local public administration.

The eligible **informative activities** within the project are:

- Rehabilitation and modernization of the county road network;
- Rehabilitation and modernization of the urban streets (category 1, 2 and 3);
- Construction/rehabilitation/modernization of beltways with county road status;
- Construction/modernization/rehabilitation of bridges and small bridges;
- Construction/modernization/rehabilitation of roadways and walkways;
- Land release and management;
- Diverge of water, electricity, gas and sewerage, phone networks;
- Facilities for the environmental protection;

¹ The Applicant's Guide 2.1 key area of intervention of Regio "Rehabilitation and modernization of county roads, urban streets -construction / rehabilitation of beltways included".

- Modernizing and extending the existing utility networks in the road structure (water, electricity, gas and sewerage, phones).

The approximate financial allocation for this key intervention area for Bucharest-Ilfov Region is of 77.68 million Euros during 2007-2013.

As concrete results until now, regarding this key intervention area, in Bucharest-Ilfov region we have 16 projects for rehabilitation of the Ilfov county roads and of urban streets from Chitila, Magurele and Bucharest. The full list of the projects can be consulted online on the site of ADRBI dedicated to Regio in Bucharest-Ilfov region www.regioadrbi.ro at the section Projects.

The changes in Europe due to the economic crisis over the past time have presented great challenges to the sustainability of the Union's current economic model. There is still a great responsibility for Romania as a state member and also for the eight Romanian development regions, including Bucharest-Ilfov region to illustrate its maturity and capabilities in developing and implementation of cohesion policy and to provide a strong regional development strategies.

The Bucharest-Ilfov Regional Development Plan BI RDP is a working tool for all stakeholders from the private and public sector concerned with socio-economic development of our region, at both national, regional and local level. "Its purpose is to provide a solid background to our regional development strategy, that stimulate a public debate on the strategic vision, the objectives and the development options and priorities for our region, so that regional priorities are confirmed, and programming proposals may turn into ready-to-market projects."¹

Improving accessibility and mobility is an utmost regional priority of BIRDP. The Bucharest region needs to ensure efficient transport infrastructure linkages to the Pan European Transport Corridors. Bucharest is an important railway centre. Improving accessibility and inter-operability may lead to reduce dependence on road transport, and increase multi-modality and interoperability for both transport of passengers and goods. Improving mobility within the region and with neighbouring regions is needed for reducing travel time, as well as traffic congestion, associated noise and road accidents. Investment in this priority is coherent with both the Lisbon strategy and with sectoral EU and national policies. The impact shall be reduced costs, higher quality of environment and an overall increase of regional attractiveness. This priority is consistent with the other regional priorities. Quality of the environment could be improved by reducing dependence on road transport, thus reducing traffic and cars emissions. Decreasing travel time may provide new job opportunities. Finally, higher attractiveness is a pre-condition for sustained investment in economic activities, and is also essential for improving regional image.

¹ Bucharest-Ilfov Regional Development Plan, Regional Strategic Reference Framework 2007-2013.

Accessibility and Mobility SWOT Analysis for Bucharest-Ilfov Region ¹

“Strengths

The most important road-railways-air transport node of Romania, at the heart of the two planned Pan-European Transport Corridors 4 and 9, with good accessibility by air and multi-modal transport. Bucharest-Ilfov region has the highest density of railways per 1000 km² of territory, amounting to 188,4 km/km², meaning more than four times the national average (46,5 km/km²). Bucharest has two airports: Henri Coanda-Otopeni the largest international airport of Romania with a growing flow of passengers and Bucharest-Baneasa Aurel Vlaicu airport. Both airports shall be connected to the city metro network.

High speed connection to Corridor 7 (Danube), to both Constanta and Giurgiu.

Increasing road safety.

Weaknesses

Low accessibility by road and railway.

Traffic congestion of the urban area

Low modernisation degree of roads. Insufficient road and bus connections within Bucharest-Ilfov and between the region and neighbouring regions.

Opportunities

Increased accessibility and attractiveness following large flow of investment on major transport infrastructure already planned in region

Transport storage (warehouse and cargo) and tourism are growing sectors within the region

Threats

Traffic congestion increasing urban pollution and associated diseases.

Raising production and distribution costs.”

The capital region has a peripheral location within Europe. The concentration of the population in the peripheral neighborhoods and the growth of residential areas within and nearby Bucharest contribute to increase of deficiencies in public transport, water supply, sewerage, heating network, waste management and, in general, the all range of municipal services. Territorial unbalances relating to transport infrastructure and public utilities, whilst reducing territorial cohesion and accessibility, endanger the development of an efficient and functional metropolitan area in the Bucharest region. Bucharest is affected by severe traffic problems, for

¹ Bucharest-Ilfov Regional Development Plan Regional Strategic Reference Framework 2007-2013.

two main reasons: the spectacular growth of vehicles circulating in the city, estimated at daily 1,500,000, was not matched by a consistent development of the road network; the incompleteness of the ring road around the city implies that traffic from south to north and/or east-west is to cross the city centre. The situation is aggravated by lack of parking sites at the city access gates. The pressure created by the increase in car circulation requires two sets of measures: on the one side, an increase in the road network capacity, on the other side investment in the extension of the public transportation system.

In line with the above, the main goal of transport strategy is to improve accessibility of, and mobility across, our region. This goal is articulated into the following three main objectives:

- Moving safely and efficiently a growing number of peoples and volumes of goods.
- Reduce travel distances with both neighboring regions and the EU.
- Reduce the share of road transport on total transport supply, thus reducing, *inter alia*, traffic congestion.

The achievement of the above three objectives shall increase regional competitiveness, in that:

“1. Within a context of growing international demand for transport and storage, more efficient management of passengers and goods shall reduce consumption of non-renewable energy, therefore reducing costs as well as environmental pressure; it can also improve the attractiveness of the region as investment location and tourism destination.

2. The modernization of transport infrastructure is also intended to increase transport safety, especially road safety, thus again reducing economic and social costs associated to road accidents.

3. Better infra and inter-regional connections, including by public transport, by reinforcing exchanges between the urban area of Bucharest and the bordering counties, thus contributing to achieve the objective of territorial cohesion.”¹

Final Remarks

The problems associated to accessibility, mobility and the environment are of vital importance for the eco-sustainable development of the region and the welfare of the population. This is why regional public investment shall mainly concentrate on

¹ Bucharest-Ilfov Regional Development Plan, Regional Strategic Reference Framework 2007-2013.

transport and environmental infrastructure. **Improving accessibility and mobility** it is important to access to basic services, jobs and goods for local development of the Bucharest-Ilfov region. The availability, as well as the needs, varies enormously. This priority of improving accessibility and mobility is consistent with the other regional priorities. Quality of the environment could be improved by reducing dependence on road transport, thus reducing traffic, car emissions and travel costs, negative impacts on human health. Decreasing travel time may provide new job opportunities for residents in neighboring regions. Finally, higher attractiveness is a pre-condition for sustained investment in economic activities, and is also essential for improving the regional image.

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