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Territorial Development - Disparities between the Developed and the least Developed Areas of Romania

Florina BRAN^{1*}, Cristina ALPOPI², Sorin BURLACU³

Abstract

Spatial development refers to developed areas and least developed, how it can be done better link between them and the manner in which less developed areas can catch up with the former. Every country that has reached the stage of development was faced, first, with differences of procedure. The fact that some regions grow faster is a good thing because it allows a faster global growth, a challenge for lagging regions and generate resources for solving the problems facing the country. For a more extensive development, attention should move from region to citizens.

Decision makers should not focus on poorly developed areas, but on people living in these areas. Regions and economies are as strong as the people who live in them, and if these people will have access to opportunities and regions have. Generally, people are more productive when they are involved in activities that make them happy. Most often, underdeveloped regions cannot offer such opportunities. The role of public institutions is to facilitate citizens' access to opportunities, both at home and abroad and to support disadvantaged groups who lack access to opportunities like the rest of the population.

This paper provides an overview of poorly developed regions in Romania and shows how residents of these areas can move closer to living standards and opportunities for those in developed areas.

Keywords:

Territorial development, Regions, Living standards.

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1. Introduction

One of the key functions of public institutions is to help citizens in underdeveloped areas to fulfil their goals that they propose, specifically by:

Ensuring quality institutions that enable them to benefit from a solid foundation for professional development

Facilitating access to opportunities for people, both inside and outside the country;

Aimed at supporting disadvantaged groups (eg. discriminated people who do not have access to opportunities just like the rest of the population).

First, it is necessary to understand the peak areas and the least developed. In the following we give an overview on the less developed regions of Romania and will show how citizens can approach their living standards and opportunities enjoyed by local resident's peak.

Figure 1. Development Regions of Romania

2. Analysis of the Disparity between the Developed and the Least Developed Areas

The low-developed region, defined by the EU, is that region whose GDP per capita is below 75% of the EU average.

In Romania, the GDP per region recorded increases over the whole period 2012-2017 from an average of total regions from 65.2 billion lei in 2012 to 85.7 billion lei in 2017, as follows Table 1 below.

Table 1. Average GDP per total development regions

	2012	2013	2014	2015	2016	2017
Average GDP per total region	65,2	69,5	73,1	76,9	81,1	85,7

Source: National Institute of Statistics, 2017

Analysis of the data for the year 2012 found that the least developed region of Romania was the South-West Oltenia, registering a GDP well below the region, followed by a number of regions with comparable values of GDP acquis per capita, i.e. the West, Northwest, Southeast, Northeast. Higher values were registered by the Central and South Muntenia regions, and Bucharest-Ilfov dealt net by reaching an equivalent value of the double highest value raised at the level of that year, as shown in Table 2.

In 2013, the evolution of the analyzed indicator remained about the same, with the lowest value recorded all in the South-West Oltenia (25% lower than the average total regions), followed by the West, Southeast, Northwest and Northeast. Higher values were also registered in the Central and Southern Muntenia regions. Also, Bucharest-Ilfov was blatantly reaching a value close to twice the value of the large high that year. In 2012 and 2013 Bucharest-Ilfov region achieved a GDP value representing just 25% of Romania's GDP in both 2013 and 2014.

Table 2. GDP values by development regions by 2017

GDP per region in the period 2012-2017 (billions)						
Region \ Year	2012	2013	2014	2015	2016	2017
Nord-Est	63,9	67,6	71,1	74,6	78,7	83,1
Sud-Est	62,8	66,1	69,5	73,2	77,3	81,6
Sud Muntenia	73,4	79,1	83,3	87,4	92,3	97,5
Sud-Vest Oltenia	47,8	52,3	55,1	58,0	61,2	64,7
Vest	59,9	63,9	67,2	70,5	74,3	78,5
Nord-Vest	62,6	66,7	70,1	73,7	77,7	82,1
Centru	67,5	72,6	76,5	80,4	84,7	89,6
Bucuresti-Ilfov	148,8	156,4	165,0	173,6	183,2	193,6
Extra-regions	0,7	0,7	0,7	0,8	0,8	0,9
Total by regions	587,5	625,6	658,6	692,2	730,3	771,6

Source: National Institute of Statistics, 2017

In the years 2014, 2015, 2016 and 2017, the ranking of the development regions of Romania remained the same, with the lowest value of the GDP indicator registered in the South-West Oltenia region, followed

by the West, South-East, North-West, North -Est, with small changes in their position. Intermediate values were obtained by the Central and South-Muntenia regions, while at the level of each year the Bucharest-Ilfov region maintained its leader position (see Table 2).

Throughout the six years in which to study the evolution of this indicator, it has seen an increase from one year to another value at the level of each development region, but the increases were not substantial.

Given the population of each development region of Romania, for a deeper analysis in Table 3 are shown the values of disparity in GDP / capita between 2012-2017. Considering the national average of 100%, it is observed that the Northeast region ranks last, with the lowest level of development, and less than two thirds of the overall average (62.2%) in recent years until 2017 inclusive. Values representing 80-85% of the national average were recorded in the past six years the South-East, South-Muntenia, South-West Oltenia and North-West.

Only two regions of the country are above the national level: The Western region, which outperformed the seventh average of the national value and Bucharest-Ilfov, which is at a very large distance from the rest of the country. If we report the value of 49% of GDP per capita to the European Union average for this indicator and the 230% recorded by Bucharest, it can be seen that Bucharest has been in the last years and will certainly remain above the EU average.

Table 3. Indices of disparity indices at GDP per capita by 2017

Indices of disparity in GDP per capita (national average = 100%)						
Region \ Year	2012	2013	2014	2015	2016	2017
Nord-Est	62,7	62,3	62,2	62,2	62,2	62,2
Sud-Est	81,0	80,9	80,8	81,0	81,1	81,1
Sud Muntenia	82,4	83,6	83,8	83,8	84,0	84,1
Sud-Vest Oltenia	78,4	80,7	81,0	81,3	81,5	81,7
Vest	114,2	114,4	114,3	114,1	114,0	114,0
Nord-Vest	83,9	83,9	83,7	83,7	83,6	83,6
Centru	97,3	98,2	98,1	97,9	97,8	97,8
Bucuresti-Ilfov	238,8	234,9	234,5	233,8	233,0	232,1

Source: National Institute of Statistics, 2017

In terms of investments, foreign direct investments have doubled in only three of the eight development regions of Romania over the past ten years. In the South-West Oltenia region, the foreign direct investment balance at the end of 2015 was only 2 billion Euros, the value of which

ranked 7th out of the eight development regions of the country, with only 3% of the total foreign investments direct.

Compared to the situation in the South-West region in terms of investment, the West region of the country has doubled the balance of foreign direct investment over the last decade, accounting for 8% of the total. With a value of 5.6 billion Euro investment, Western Region became the third most important region for foreign investors, after Bucharest-Ilfov and Center. Connecting to Western Europe by highways was the decision of large foreign companies to invest in the Western region of the country. Infrastructure also attracted investors in the Northwest region, where the foreign direct investment balance was 4.1 billion euros in 2015, compared with only 1.9 billion euros a decade ago.

Thus, the West and Northwest regions of the country benefited in 2015 investments worth 9.7 billion Euro, compared to only 4.25 billion Euros 10 years ago.

The Bucharest-Ilfov region, the most developed country in the country, had at the end of 2016 a foreign direct investment balance of 42 billion euros, accounting for almost 60% of the total foreign direct investment allocated to the eight development regions [1].

Table 4. Evolution of total revenues (monthly lei / household)

Region \ Year	Total Income (Monthly Lei / Household)		
	2013	2014	2015
Nord-Vest	2609,73	2641,90	2896,30
Centru	2740,38	2522,63	2912,49
Nord-Est	2303,47	2122,56	2176,76
Sud-Est	2206,90	2138,82	2373,20
Sud Muntenia	2431,04	2442,60	2466,29
Bucuresti-Ilfov	3327,46	3420,17	3671,59
Sud-Vest Oltenia	2363,22	2285,38	2448,02
Vest	2702,69	2587,56	2795,02

Source: National Institute of Statistics, 2017

Another indicator whose value indicates how much the area is developed is the total monthly income per household. Its evolution on the eight development regions can be seen in Table 4. It is noticed that the evolution is fluctuating in the two timeframes, 2013-2014 and 2014-2015. Thus, there were regions where total revenues increased in both periods, for example: Northwest, South Muntenia and Bucharest-Ilfov and others where there were decreases in the first period, followed by increases in revenues in the second period: Center, North-East, South-East, South-West Oltenia and

West [2]. It is noted that the highest level of income is registered in Bucharest-Ilfov, followed by the Center and West region.

Total household expenditure, which also shows the level of development by region, is illustrated in Table 5, below. It is noted that, as in the case of total revenues, a fluctuating evolution in the two intervals: 2013-2014, respectively 2014-2015. Thus, in some regions there have been increases in household expenditure in both periods, for example in the North-West and Bucharest-Ilfov regions, as well as decreases in both periods in the North-East region, as well as decreases, followed by increases in the Central, South-East, South-West Oltenia and West regions. It finds that the highest expenditure was registered in Bucharest-Ilfov, but the largest increase them, while the lowest level of expenditure was noted in South-East and South-West Oltenia [3].

Table 5. Evolution of total expenditures (monthly lei / household)

Total expenditures (monthly lei / household)			
Region \ Year	2013	2014	2015
Nord-Vest	2393,23	2401,77	2626,58
Centru	2470,59	2277,20	2565,58
Nord-Est	2175,40	2029,93	1994,25
Sud-Est	2005,35	1922,03	2068,35
Sud Muntenia	2189,64	2240,33	2180,10
Bucuresti-Ilfov	2817,54	2908,32	3020,21
Sud-Vest Oltenia	2131,63	2053,45	2079,08
Vest	2512,43	2437,50	2440,26

Source: National Institute of Statistics, 2017

The National Prognosis Commission, in 2017, made a projection of the main economic and social development region for the period 2015 to 2020, forecasting an average net monthly gain, as shown in Table 6 below. As seen, the evolution of net monthly salary was to be increasing in all regions, but the highest value of average earning was provided, as expected, the Bucharest-Ilfov, followed by the West and South Muntenia. The lowest values are forecast for the Northeast region.

In fact, according to the data provided by the National Institute of Statistics, the national net earnings were in July 2017 of 2.391 lei and in November 2017 by 2.464 lei, slightly higher than forecasted, followed by the trend [4], [6]. The lowest levels of net average wage in 2017 were recorded in the regions: South-East, Center, South Muntenia and North-East.

Table 6. Net average monthly earnings per development regions (projected) in 2015-2020

Average net monthly wage costs by regions, between 2015-2020 (lei/employee)						
Region \ Year	2015	2016	2017	2018	2019	2020
Total economies	1859	2047	2274	2476	2674	2864
Nord-Est	1562	1746	1978	2151	2334	2497
Sud-Est	1600	1762	1974	2145	2319	2479
Sud Muntenia	1708	1892	2133	2323	2509	2687
Sud-Vest Oltenia	1622	1768	1980	2132	2280	2442
Vest	1787	1964	2168	2373	2563	2750
Nord-Vest	1618	1810	2031	2218	2398	2576
Centru	1661	1838	2052	2237	2413	2587
Bucuresti-Ilfov	2645	2880	3139	3425	3706	3969

Source: National Commission for Prognosis, 2017

Another indicator showing the level of development of the area is the unemployment rate. Also, the National Prognosis Commission, in early 2017, made a forecast of this indicator, the results of which are presented in Table 7 [5]. As we can see, the prognosis is the drop in the unemployment rate for all 8 development regions of Romania, with only a small exception for the North-East region, where it was predicted a slight increase in 2016 compared to 2015, followed by a continuous decline. The lowest unemployment rate was set in 2017 that it will be registered in the following years in Bucharest-Ilfov, followed by the West and Northwest.

Table 7. Registered unemployment rate (%)

Registered unemployment rate (%)						
Region \ Year	2015	2016	2017	2018	2019	2020
Nord-Est	6,3	6,4	5,8	5,5	5,3	5,0
Sud-Est	6,6	6,5	6,1	5,9	5,7	5,2
Sud Muntenia	6,6	6,2	6,0	5,6	5,4	5,1
Sud-Vest Oltenia	8,2	8,1	7,4	6,9	6,5	6,3
Vest	3,0	2,6	2,4	2,3	2,2	2,1
Nord-Vest	3,4	3,2	3,0	2,8	2,6	2,4
Centru	4,7	4,4	4,2	4,0	3,8	3,6
Bucuresti-Ilfov	1,8	1,6	1,5	1,4	1,4	1,3
Total economy	5,0	4,8	4,3	4,0	3,7	3,4

Source: National Commission for Prognosis, 2017

In terms of regional disparities, according to the National Prognosis Commission, following projections made in 2017, the situation would be presented in Table 8. The differences are expressed to the West Region ranked second in terms of economic development (Bucharest-Ilfov region was not taken as the basis because of its specificity). The table below summarizes the key information on developing regions. Around 2020 is expected to reduce disparities in terms of earnings, except for South-West Oltenia will be situated further down in terms of this indicator [7]. In terms of GDP per capita, there will be more accentuated disparities, lower values of this indicator are expected in Nord East and South-West Oltenia.

Table 8. Regional disparities (%)

	Gross Domestic Product per capita			Net average earning		
	2008	2014	2020	2008	2014	2020
Nord-Est	55,2	60,7	60,6	95,7	89,8	90,8
Sud-Est	71,0	89,0	88,7	98,6	92,0	90,1
Sud Muntenia	73,1	83,6	82,9	101,1	98,8	97,7
Sud-Vest Oltenia	66,7	70,6	74,1	104,4	96,1	88,8
Nord-Vest	80,7	87,6	88,0	92,7	92,5	93,7
Centru	85,3	92,1	92,5	95,3	93,8	94,1
Bucuresti-Ilfov	229,0	231,8	224,2	150,0	149,9	144,3

Source: National Commission for Prognosis, 2017

3. Conclusions

At the beginning of the transition process, Romania had a relatively low level of regional disparities compared to other Member States or candidate countries [8]. But these disparities have grown rapidly, especially between Bucharest and other regions of the country [9].

A comparison of regional disparities in Romania, shows that the most developed region of the country is the capital, followed by the Western region of the country, of which are above the national average GDP per capita.

The statistics show some fluctuations over time, been a number of local factors, but it can be seen that economic growth had a geographic dimension important, underdeveloped area are in the North-East, South Muntenia and South-West Oltenia.

The reason for these gaps is the location and scale of foreign and domestic investments that have favoured the western half of the country, and infrastructure has grown more in the southern half of the country than in the north. The result was that the western region of the country benefited both from investment and infrastructure development, much higher than the rest of the country, while in the North East almost no investors came, nor did the infrastructure develop. Thus, the consequences of these developments can be seen in the statistics of today, but also in the forecasts for the near future [10].

The most recent analysis of National Commission of Prognosis in territorial, it appears that half the regions with living below the national average will continue to decrease over the next three years, while the other three regions of Romania, already a level of high living standards, will approach the national average indicators [11].

The conclusion is that even more pronounced development of regions is a challenge for the regions lagging behind for policy makers is a priority imbalance between west and east of the country and support economic growth in the northeast and the south.

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