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at regional and county levels.
Particularities, trends and challenges**

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**Financing the endogenous development at regional and county levels.
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Abstract. The paper focuses on the complex dialectics between endogenous and exogenous components of local and territorial economic development, emphasizing the idea of the particular consistency of internal growth factors and the importance, in this context, of financial means for activating the endogenous potential in the case of Romania. The county was considered as statistical observation unit for the period of analysis 2007-2013 and the data were disaggregated on bank loans, FDI, research and development expenditures, European structural and cohesion funds, local budgets expenditures. It was found that the more developed counties have better chances to achieve higher performances of endogenous development. The study highlighted the need of a policy mix that would support the development of counties with a relatively low development level, actually most of them, under the circumstances of a polycentric regional development. An optimal combination between top-down and bottom-up interventions may prove to be the most successful, offering an effective compatibility of decentralization with the coordination and monitoring requirements, supporting the smart specialization at county level, not excluding spillover effects at community and national levels.

Key words: regional economics; endogenous development; polycentric regional development; local development; endogenous financial factors.

JEL Classification: O18, P25, R10, R11, R50

Financing the Endogenous Development at Regional and County Levels. Particularities, trends and challenges

1. The working hypothesis of the study

Local development represents a *sui-generis* form of regional development, in which the endogenous factors take a core position. In approaching the issues of the present study, we start from the following working hypothesis:

- in the framework of endogenous regional development theories, the models of local development stages are conventionally grouped as follows:

Stage I: emergence of local entrepreneurship;

Stage II: start-up of local enterprises;

Stage III: expansion of local enterprises beyond the territorial limits of the region;

Stage IV: achieving an economic structure based on local initiatives and local comparative advantages;

- the theoretical and practical fundamentals of the endogenous regional development model are based on the importance of both the entrepreneurs and the human capital in the process of economic growth, and the spatial effects of expanding the local enterprises activities (see also Coffey and Polese, 1984);

- in broad outlines, the model of endogenous regional development (Aroca et al, 2011) analyses the direct effects of two large classes of quasi-independent and intervention variables on the dependent variables. Thus, quasi-independent variables (resources endowment and market conditions) together with the intervention ones (dynamic interrelations catalysing regional development and which, mainly, aim at the interdependent action between institutions – entrepreneurship – leadership), determine the dependent variable, representing the pursued outcome, based on which a region becomes competitive, entrepreneurial and sustainable. This outcome may constitute the object of study for special metrics, for evaluating the level and dynamics of changes over time, but also of some performances with benchmark value.

Taking into account the assumed working hypothesis, which are largely grounded on the analysis of various theories and opinions from the literature, we adopt a hypothesis right at the beginning of our analyse, as follows: the regional development, irrespective of the level where it might occur, transfers practically a series of influence factors considered exogenous to the growth process actually inside this process, revealing the way in which these factors generate internal development interferingly, self-sustaining the territorially delimited system.

This does not exclude the impact of the external environment, containing a series of exogenous influence factors which, by turning endogenous, may bring a specific contribution to the endogenous development.

Consequently, our working premises presuppose the complex dialectics between endogenous and exogenous components of local and territorial economic development, emphasizing actually the idea of the prevalence or particular consistency of internal growth factors, in the absence of their effectiveness, the external factors complementarity would practically fail to show their positive effects.

In the framework of the theoretic-methodological approach of the endogenous development models, the statistical observation unit for Romania is represented by the county, for the period of analysis 2007-2013, and as main endogenous factor was considered the one of inputs with a financial nature at the local level, disaggregated on banking loans, FDI, research and development expenditures.

Of course, the components of this factor, next to the already mentioned ones, include also local budgets expenditures, own financing sources of the economic agents, European structural and cohesion funds, the endowment with natural factors, and the educational-human capital, as well.

One of the endogenous factors with a significant impact on regional development is represented by the population. Yet, refining the analysis of this endogenous factor imposes an approach from the viewpoint of its potential and of its qualitative size (education level, training, studies, and entrepreneurial spirit).

Otherwise, the ambivalent character of several endogenous growth factors imposes an analytical division of the exploitable potential on one hand and of the actual exploitation on the other hand. In this sense, first of all, it is about the endowment degree with natural resources and the *de facto* use of these resources, the geopolitical and geo-strategic openness of the country, changing the resources into welfare and avoiding the resource curse.

2. The financial intermediation degree in Romania

The activation of the endogenous factors of development depends, sometimes to a decisive extent, both on the available own financial means and the attracted ones, among which the bank crediting of investments, economic activities and of population is essential.

From this point of view, it is worth mentioning that the reasons of bank profitability and the possibility of complying with the prudential norms in the field determine the orientation of the credits to viable projects/objectives,

sustainable and provable, that would provide for enough guarantees regarding the compliance with the due reimbursements of loans and would minimize the default risk.

As such, this financing mean is likely to favor the geographical areas with a relatively high development level. On the other hand, valuing the development potential and mitigating the increase of territorial imbalances need to be prevented by adequate policies of public investments – from the central budget and/or the local ones, and also by promoting foreign direct investments.

As compared with other countries, the financial intermediation (the ratio between the total bank assets and GDP) is much lower in Romania, being below 70% in 2012, i.e. the lowest among the EU countries (Zaman and Georgescu, 2014b, p. 3). In developed countries (Germany, France, Netherlands) bank assets exceed by 3 to 4 times the GDP level, the EU average of the financial intermediation degree being of over 350%. Even in other countries from Central and Eastern Europe a higher ratio is registered: the Czech Republic (over 125%), Hungary and Bulgaria (about 114%). In Poland and Slovakia the financial intermediation degree is lower, the bank assets representing 93%, respectively 84% from GDP, these levels, however, are superior against the one registered in our country.

And, as much more worrying fact, despite the increase of financing needs, in Romania, the financial intermediation degree is declining in the last years. In fact, because of the GDP decline by 6.7% in 2009 and by 1.1% in 2010, the bank assets-to-GDP ratio recorded a clear decreasing trend, representing 66% by mid-year 2013 compared to 67.4% in 2008. The ratio between bank credits and deposits deteriorated in the case of Romania, respectively from over 130% in the year 2008 to about 110% by the end of 2013, mainly due to the decreased share of credits in GDP from 39.3% to 37.1% during this period (Zaman and Georgescu, 2014b, p. 4).

The decrease in the financial intermediation degree reveals the under use of this factor for financing the economy and the population, both at Romania's level, and at the level of activating the potentials endogenous growth factors in territorial profile. The financial deleveraging, triggered by the prolonged economic crisis in Romania was generated by the increased risk aversion and by the policies for diminishing the exposures for the entire region of Central and Eastern Europe which were promoted by the parent-banks from EU member countries.

Unfortunately, Romania does not need disintermediation, but on contrary, financial intermediation which remained at very low level as compared with developed countries.

3. Bank loans' developments at the level of Romania's counties

The global crisis affected severely the financial system, including the banks from Romania, which are held, in a majority share of about 80% by the foreign capital. At the same time, the crisis negative effects have been more severe because of weaknesses of the economy that entered decline in the years 2009 and 2010, with a slight upturn during the last years.

From the data presented in Annex 1 results that lei-denominated loans to non-bank, non-governmental clients (comparable prices 2013) has diminished, respectively to lei 85.2 billion by the end of 2013, as compared with lei 97.5 billion as recorded by the end of the pre-crisis year 2008, representing a decrease of about 13%.

The phenomenon of financial disintermediation acted with varying intensity, affecting more the lei-denominated loans to population, mainly consumer loans, as compared to the ones for the corporate sector, respectively to economic agents, their share in total lei-denominated loans increasing from 48.9% in 2008 to 57.7% in 2013.

At territorial level, the analysis of the evolution of the bank crediting activity on counties has found major differences between Bucharest (including the county Ilfov) which concentrated about 30% of total lei-denominated loans and registered an increase of 6% by the end of 2013, against the year 2008.

The explanation for the dominant and favorable position of the region Bucharest-Ilfov consists in its higher attractiveness and economic potential, both at companies and at population levels, but also as the effect of the specific methodology, knowing that, above a certain threshold, irrespective of the location, the credits are approved by the headquarters of the bank, for the most part in Bucharest, thus figuring in its recordings.

The only county which recorded an increase of lei-denominated loans during the analyzed period is Gorj, with the mention that this is an atypical case, the increase being due exclusively to a loan of 120 million lei contracted in 2013 by the corporate sector, which contributed also to the rise of this sector's share in total loans of the county, respectively to 58.3%, as compared with 34.7% in 2008. In all other counties, decreases of lei-denominated loans were registered.

From the classification of the counties depending on the index of lei-denominated loans in 2013 against 2008 (Table 1) it was found out that in 5 counties the crediting contraction was somehow lower, of up to 10%, a bit above the national average. The majority of counties, respectively a number of 25 counties recorded sharp decreases of lei-denominated loans, i.e. between 10% and 30%, what severely affected their investment potential.

Table 1

**Classification of the counties depending on
the index of lei-denominated loans in 2013 against 2008***

Index ranges	Number of counties	Counties
over 1.0	2	Bucharest** (1.06), Gorj (1.07)
0.9 – 1.0	5	Bacau, Cluj, Constanta, Maramures, Satu Mare
0.7- 0.9	25	National average: 0.87 Alba, Arad, Argeş, Bihor, Braşov, Braila, Buzau, Calarasi, Covasna, Dolj, Galati, Hunedoara, Ialomita, Iasi, Mures, Neamt, Prahova, Salaj, Sibiu, Teleorman, Timis, Tulcea, Vaslui, Valcea, Vrancea
under 0.7	9	Bistriţa-Nasaud, Botosani, Caras-Severin, Dambovita, Giurgiu, Harghita, Mehedinti, Olt, Suceava

* (lei-denominated loans, constant prices 2013)

**including Ilfov

Source: calculations based on the data of Annex 1

In a number of 9 counties the crediting activity practically collapsed (a drop of over 30%), while in Bistrita-Nasaud, Botosani, Caras-Severin, Dambovita, Giurgiu, Harghita and Mehedinti the lowest absolute values of banking loans in lei, respectively under 900 million lei were recorded also.

It is important to underline that all these counties are found in the last half of the GDP/per capita classification (Annex 5), registering gaps of 20% up to 40% against the national average, which reveals the link between the evolution of bank crediting on one hand and the level of regional economic development on the other hand (the calculations revealed a correlation coefficient between credits and GDP of 0.799).

The reverse of crediting contraction during the post-crisis period consisted in the explosion of non-performing loans at the level of the banking system, their share in total loans increasing from 1.76% in 2008 to 14.4% by the end of the year 2013 (Table 2).

Table 2**Non-performing loans during the period 2008-2013**

- % of total loans -

2008	2009	2010	2011	2012	2013
1.76	3.99	7.83	10.77	12.38	14.40

Source: National Bank of Romania

The phenomenon of non-performing loans exponential amplification poses a threat to the health of the banking system, the constraints imposed by the NBR norms and by introducing the Basel II standards constituting barriers, as well, hindering the re-launch of crediting and the Romanian economy, including as factor of endogenous development financing.

In territory, as can be seen from the data presented in Annex 4, the highest increases of the non-performing loans, respectively of over 20 percentage points, were registered in the counties Salaj (from 1.9% to 27.6%), Suceava (from 2% to 23.3%), Sibiu (from 1.5% to 21.7%).

The bank crediting decline was reflected in the lower importance of this financing source for the economic development of the country. The share of domestic credits in total financing sources for investments in Romania has decreased from 9.73% in 2008 to 6.53% in 2012, and the share of external credits from 3.62% to 3.48%, after the latter reached a peak in the year 2010 (9.33%), as a result of drawing large installments of the loan contracted with IMF-EU (Table 3).

Table 3**The breakdown of financing sources for investments
in the period 2008-2012**

- % -

	2008	2009	2010	2011	2012
Total	100.00	100.00	100.00	100.00	100.00
Own sources	73.01	68.13	63.35	66.56	68.04
Domestic loans	9.73	7.34	6.07	6.22	6.53
External loans	3.62	5.33	9.33	3.24	3.48
State budget and local budgets	8.20	8.81	10.03	9.94	8.10
Foreign capital	0.58	1.77	2.08	2.28	2.50
Other sources	4.86	8.63	9.13	11.77	11.35

Source: Calculations based on National Institute of Statistics data

This unfavorable trend, of diminishing the share of financing investments through bank loans in the total volume of financing sources for investments was caused not only by the financial deleveraging policies from the part of the parent-banks from abroad but also by the very high level of loans' interest rates applied by their subsidiaries in Romania.

According to NBR data (Monthly Bulletin, December 2014) for lei-denominated loans to population for housing and, respectively consumption, the average interest rate of the outstanding amounts on 31 December 2014 was of 5.03% and 10.93% respectively, and the one corresponding to the loans to non-financial corporations (1 to 5 years) of 6.12%.

As concerns the euro-denominated loans, the average interest rates of the outstanding amounts on 31 December 2014 in the case of loans to population stood at 4.51% for housing and at 6.28% for consumption and other purposes, and respectively of 4.36% for loans to non-financial corporations (1 to 5 years).

Under the conditions of these high levels of interest rates, as compared with the ones applied by the banking systems in the developed countries (2-3%), the economic agents and population in Romania will attempt, and justifiably so, to resort to other – extra-banking – financing sources.

4. The Research & Development under-financing, a major hinder for activating the endogenous potential at territorial level

The diminishing of territorial disparities and the activation of endogenous development factors at regional level depend decisively on the Research & Development activity and on its potential to stimulate human capital, mainly by fostering innovation and technological diffusion, increasing competitiveness and total factor productivity. The total of expenditures allocated to Research & Development in Romania does not exceed 0.5% of GDP, being much below the EU average i.e. about 2% in 2012, which would also be a target very hard to reach from the perspective of the Europe 2020 Strategy goals.

From the viewpoint of innovation performances, in 2013, according to the EU classification – *Innovation Union Scoreboard* – Romania, together with Bulgaria and Latvia, was included in the last category, respectively as modest innovators. After a slight improvement of the composite index for assessing the performances of innovation, built up on the basis of 25 indicators reflecting the main factors of influence (human resources, research systems, financial support, intellectual assets, economic effects and other) and which was close to the half of the EU average in 2009, a deterioration of the abovementioned index has occurred further, so that Romania regressed to 43% against the EU average in 2013.

Weak performances of Romania in this field are registered for almost all indicators, including the ones regarding human capital and Research & Development expenditures, in particular for the business sector (*Innovation Union Scoreboard*, European Union, Brussels, 2014, p. 65).

We would like to highlight the poor contribution of private corporations to the Research & Development activity in Romania, respectively below 1/3 from the total R&D expenditures, while in the majority of the other European countries this is as high as 50% to 80% (see Sandu, 2014).

According to the Eurostat data, in 2011, as compared with an average of 323.5 EUR per capita at the level of the Euro Area countries, in Romania the expenditures of the private sector for R&D were of 8.7 EUR per capita, respectively about 40 times less.

This is explained firstly by the fact that the FDI enterprises in Romania, with a majority and even control position in several economic sectors, including *high-tech* are less interested in the knowledge transfer and in developing some R&D activities on the territory of the host country, the entire activity in this field remaining concentrated in the parent-companies from their states of origin.

On the other hand, the expenditures allocated to R&D were affected by the unfavorable impact of the global crisis, both in the private sector and in the public one, respectively by the austerity measures adopted after the year 2008, being on a decreasing path in relative and absolute terms, if we refer to the year 2012 against the year 2011.

At the county level, from the classification of counties depending on their share in total R&D expenditures (Table 4) results a high concentration degree of endogenous development potential from this viewpoint. Bucharest and Ilfov hold more than half of the total expenditures allocated to the Research & Development activity, only 3 counties (Arges, Cluj and Iasi) hold between 5% and 10% of these expenditures, and other 5 counties between 1% and 5%.

For the majority of counties, which hold the most part of the country's population, the share of R&D expenditures is not significant, standing below 1%, and in some of them (Bihor, Ialomita, Mehedinti, Valcea) the Research & Development activity is practically absent, which excludes this factor from contributing to the endogenous economic growth in the respective counties.

In the post-accession period, the imbalances in the territorial distribution of R&D expenditures increased, if we take into account that in the year 2007, at a similar level in real terms of the R&D expenditures on the whole economy, there was not even one county without R&D expenditures, even if of lesser significance (there was a number of 8 counties with a share below 0.1% in the total expenditures), or without employed persons in Research & Development activities (Annex 6).

Table 4

**Classification of counties depending on the share of
Research & Development expenditures in 2012**

Ranges (R&D expenditures - % of total)	Number of counties	Counties
Over 10%	2	Bucharest (38,22%), Ilfov (16,63%)
5-10%	3	Arges, Cluj, Iasi
1-5%	5	Brasov, Dolj, Prahova, Sibiu, Timis
0,5-1%	8	Arad, Constanta, Dambovita, Harghita, Hunedoara, Mures, Neamt, Suceava
0,1-0,5%	13	Alba, Bacau, Bistrita-Nasaud, Braila, Calarasi, Covasna, Galati, Giurgiu, Maramures, Salaj, Satu Mare, Tulcea, Vaslui
0,0-0,1%	7	Botosani, Buzau, Caras-Severin, Gorj, Olt, Teleorman, Vrancea
0,0%	4	Bihor, Ialomita, Mehedinti, Valcea

Source: calculations based on data presented in Annex 6

The persistence of some significant territorial gaps was found also by examining the expenditures for research-development in relationship to the population number for each county, as compared with the average registered for Romania on the whole.

Thus, the data presented in Annex 7 reveal that in the year 2012, the R&D expenditures per capita in the county Ilfov (about 1350 lei) exceeded by more than 10 times the national average (about 135 lei), and the ones corresponding to the Bucharest Municipality by over 4 times. A number of 4 counties (Arges, Cluj, Iasi, Timis) registered R&D expenditures /per capita by 1.5-3 times higher than the national average, and other 3 counties (Brasov, Dolj, Sibiu) were placed over the half of the national average.

All other 33 counties registered R&D expenditures per capita below the half of the national average, and in a number of 15 counties (including the ones without Research & Development activities) the gap against the average level of the R&D expenditures/per capita was of more than 1/10, and against the county Ilfov of more than 1/100. Most of these counties registered also significant gaps as regards the GDP per capita indicator.

From the viewpoint of the human capital as potential factor for endogenous development, the counties underfinanced or non-financed as regards R&D expenditures seem disconnected from the possibility of activating this

human (intellectual) capital by increasing the level of training, knowledge, know-how, as well as of the involvement in Research & Development activities that could contribute to the technological innovation and the improvement of the products' and services' competitiveness.

5. Foreign Direct Investments by counties: concentration and divergence

The contribution of foreign direct investments to the activating of endogenous growth potential is materialized in increasing the local companies competitiveness by technological transfers induced by FDI inflows, by increasing the qualification level of the human resources, by the integration into the global value added chains, to which spill over effects on the business environment development, as well as social ones at the local communities level are added.

Yet, due to the volatility of FDI flows, the risk of delocalization increases as the attractiveness and the competitive advantages for the area in which they are activating is diminishing.

The fact that, most often, foreign investors focus on areas better-positioned towards foreign markets, with adequate infrastructure and available and skilled labor force, that provide higher competitiveness gains, leads to an increase in their geographic concentration, which, as side-effect, deepens the territorial discrepancies.

According to NOTR data (National Office of Trade Register - see Methodological explanations) the FDI stock by the end of December 2013 breakdown on counties reveals its concentration in a proportion of almost 60% in Bucharest and Ilfov, where are operating almost half of the 190 thousand companies with a majority foreign capital participation (see Annex 7).

As results from Table 5, a number of 6 counties hold between 2% and 4% of the total FDI stock (cumulated, about 17%) and in a number of 10 counties between 1% and 2% (cumulated, about 15%) of the respective stock.

Most of Romania's counties, i.e. 24 of them, are deprived of significant foreign investments able to activate the local endogenous potential, holding each less than 1% of the total FDI stock, and cumulated, only about 8% of this stock. For some of these counties, situated on lower positions from the viewpoint of GDP per capita, the absolute values of the FDI stock are also at lowest levels.

Thus, the county Gorj is characterized by the lowest attractiveness for foreign investors, as for more than two decades it did not succeed to attract more than 10.8 million Euros (FDI stock by the end of 2013), that is an insignificant value as contribution to the local development financing.

Table 5**Classification of counties depending on their percentage share in total FDI***

Ranges (FDI - % of total)	Number of counties	Counties
Over 5%	2	Bucuresti (52,63%), Ilfov (7,07%)
2-4%	6	Bihor, Brasov, Timis, Constanta, Mures, Prahova
1-2%	10	Arad, Arges, Bacau, Calarasi, Cluj, Dolj, Galați, Olt, Sibiu, Suceava
0.5-1%	6	Alba, Buzau, Dambovita, Giurgiu, Hunedoara, Iasi
0.1-0.5%	15	Bistrita-Nasaud, Botosani, Braila, Caras- Severin, Covasna, Harghita, Ialomita, Maramures, Mehedinti, Neamt, Salaj, Satu Mare, Teleorman, Tulcea, Valcea
Under 0.1%	3	Gorj, Vaslui, Vrancea

*stock on 31.12.2013

Source: Calculations based on data presented in Annex 7

Other totally unattractive counties for foreign investors are localized in the Eastern part of Romania, respectively Vrancea (14.7 million Euros), Vaslui (33.5 million Euros) and Botosani (37.5 million Euros).

The FDI analysis at the county level reveals an unequal contribution of this external factor to strengthen the endogenous development, in many counties that are lacking attractiveness, the presence of foreign investors being insignificant.

On the other hand, the high degree of territorial concentration of FDI has adverse effects on the convergence process with the EU member-states, perpetuating and even deepening the discrepancies at NUTS 2 and NUTS 3 levels.

As regards the perspectives of this situation on medium- and short-term there are no major changes to be expected. According to the NBR-NIS reports, the FDI inflows entered a decreasing trend in the post-crisis period, their main component being represented by the reinvested profit of the foreign companies operating in Romania (developments, merger & acquisitions).

The *greenfield* investments, that could be eventually oriented towards less attractive countries, diminished to insignificant levels (112 million Euros, representing about 4% from the FDI inflows in 2013).

Methodological explanations

According to the **NBR-NIS Methodology**, foreign direct investments include the social capital paid by a non-resident investor who holds at least 10 percent from the subscribed social capital of a company registered in Romania, the credits of this investor or of the group to whom he belongs along with the enterprise for which the investment was made, as well as the reinvested profit of the investor. Thus, the components of the foreign direct investments are the own capital (subscribed and paid social capital, both in cash and contributions in kind), as well as the credits received from the part of the direct foreign investor.

According to the **NOTR**, foreign direct investments include the value of the subscribed foreign capital at registration, to which the subscriptions by increasing the foreign capital are added. The value of the total subscribed social capital, expressed in foreign exchange equivalent is computed first by changing into USD the foreign exchange and the national currency, at the exchange rate published by the NBR on the date of the constitutive act. Thereafter, the balances of each month, calculated in USD equivalent are changed into Euro at the exchange rate Euro/dollar communicated by NBR in the last working day of the respective month.

The differences between the total FDI stock from the NBR-NIS statistics (about 59.9 billion Euro on 31.12.2013) and, respectively NOTR (37.7 billion Euro on 31.12.2013) are explained, mainly, by the NBR-NIS inclusion in the total value of FDI of the credits from foreign investors (19.3 billion Euro on 31.12.2013) to which the influence of the exchange rate differences and, respectively, the ones regarding the subscribed/paid social capital is added.

6. EU Structural and cohesion funds: the situation at county level

In the context of some severe constraints of the financing sources for endogenous development, the accession of non-reimbursable European funds can be regarded as having a crucial importance.

For the financial exercise 2007-2013, from the 19.2 billion Euros representing structural and cohesion funds allocated to Romania, only about 7.1 billion Euros have been effectively absorbed (payments certified by the European Commission up to half-year 2014, under the condition of the n+2 rule), representing an absorption rate of about 37%, that is the lowest among the EU member countries.

Due to the lack of information about the funds absorption at region/county level from the Ministry of European Funds, respectively from the Management Authorities we substantiated our analysis based on the data of a study of the Institute for Public Policies which presents the situation of accessing these funds on counties, from the viewpoint of the value of the contracted projects.

We mention that, as it can be seen in Annex 8, the total amount of contracted projects up to mid-year 2013 was of 58.1 billion lei (11.5 billion Euro); assuming the implementation in due time of all these projects, without taking into account the conclusion of other contracts, an absorption rate up to 80% could be reached by the end of 2016.

As regards the distribution of structural and cohesion funds attracted by counties, we mention that almost 25% are concentrated in Bucharest, what is a source of inequalities and discrepancies as compared to other regions in Romania.

Other counties that succeed to attract to a larger extent the European funds are: Iasi (4.50% of total), Cluj (4.36%), Dolj (3.37%), Timis (3.20%), Brasov (2.88%), and Prahova (2.75%). On the other hand, counties like Vaslui, Salaj, Ialomita have a share below 1% out of total structural and cohesion funds attracted, being considered as deprived areas.

As regards the structural and cohesion funds per capita, against a national average of about 2.730 lei, if the Bucharest municipality registered an amount of over 7.000 lei, in counties as Cluj, Alba and Tulcea this reach over 3.500 lei.

At the opposite pole from this point of view are the counties Ialomita and Vaslui, with structural and cohesion funds per capita of only about 1.200 lei.

In Table 6 is presented the classification of counties according to financing gaps as ratio of structural and cohesion funds per capita against national average, from which it results that most of counties, that is 27, stood below the national average. The gap between the last ranked county (Ialomita) against Bucharest stood at 1:7.

Table 6**Classification of counties according to financing gaps as ratio of structural and cohesion funds per capita against national average**

Financing gaps (Romania=1.00)	Number of counties	Counties
over 2.0	1	Bucharest Municipality
1.0 – 2.0	14	Alba, Brasov, Caras-Severin, Cluj, Constanta, Covasna, Dambovita, Dolj, Hunedoara, Iasi, Ilfov, Timis, Tulcea, Valcea
0.5- 1.0	25	Arad, Arges, Bacau, Bihor, Bistrita-Nasaud, Botosani, Braila, Buzau, Calarasi, Galati, Giurgiu, Gorj, Harghita, Maramures, Mehedinti, Mures, Neamt, Olt, Prahova, Satu Mare, Salaj, Sibiu, Suceava, Teleorman, Vrancea
under 0.5	2	Ialomita, Vaslui

Source: calculations based on data presented in Annex 8

The reasons that explain the low degree of European funds accession as support for financing endogenous development refer to various dysfunctions occurred at the central level, respectively the Management Authorities and to the county level, respectively public authorities and local companies, including NGOs. To these, effects of the global crisis and of the Romania's economy recession between the years 2009 and 2010 have been added (Zaman and Georgescu, 2014a).

7. Local budgets: poor capacity for financing investments

An important source for financing endogenous development should be represented by local administrations budgets, which depends, to a large extent, on the revenues collected at local level, the subsidies received from the state central budget not exceeding in average 10% at national level. In counties with a low level of development this contribution is, commonly, higher (in the county Botosani, for instance, the subsidies received from the state budget represented 18.5% of total local revenues in 2012).

As regards the execution of local budgets in 2012 at the level of the economy (the Statistical Yearbook of Romania does not provide data at county level from this viewpoint) a ratio of more than 80% out of total expenditures had

as destination current funding needs (mainly staff expenditures) and only 17.4% of total being capital expenditures (decreasing as compared to 2011, when these expenditures represented 18.8% of total expenditures).

Even if at the county level the situation seems to be slightly different, it is obvious that the order of magnitude is maintained in the same parameters, which reveals the under-dimensioning of the financing capacity of consistent economic actions by the local public administrations, including investments and co-financing of European projects.

From the classification of counties according to financing gaps as local budgets expenditures per capita against Romania's average (Table 7), it was found that, in 2012, only 13 counties stood, from this viewpoint, over the national average (about 2.170 lei), excepting Bucharest (about 3.780 lei, higher by 74% to the national average).

Table 7
Classification of counties according to financing gaps as ratio of local budgets expenditures per capita against national average

Financing gaps (Romania=1.00)	Number of counties	Counties
over 1.5	2	Bucharest, Ilfov
1.0 – 1.5	11	Alba, Arad, Bistrita-Nasaud, Brasov, Cluj, Constanta, Hunedoara, Mehedinti, Satu Mare, Sibiu, Timis
0.8- 1.0	18	Argeş, Bacau, Bihor, Botosani, Braila, Caras-Severin, Covasna, Dolj, Giurgiu, Gorj, Harghita, Maramures, Mures, Olt, Prahova, Suceava, Tulcea, Valcea
under 0.8	11	Buzau, Calarasi, Dambovita, Galati, Ialomita, Iasi, Neamt, Salaj, Teleorman, Vaslui, Vrancea

Source: calculations based on data presented in Annex 9

Most counties, that is 29 of them, have registered budgetary expenditures per capita below the national average. In Ialomita county the local budget expenditures per capita represented less than 70% of the national average, while compared to Bucharest Municipality the gap being of more than 1:2.

Even though the territorial distribution of budgetary expenditures is relatively balanced as compared with the one from other financing sources for

endogenous development, also in this case a vicious circle emerged, meaning that counties with a lower development level and weak economic activities cannot generate incomes whose taxation would contribute significantly to the local budgets, which is diminishing the possibilities of local authorities to finance various economic actions or public enterprises able to improve the business environment in the respective area.

8. Conclusions and final remarks

The magnitude of the endogenous growth at regional and county levels is characterized by specific elements, depending on the economic-social development level, the endowment with human and natural capital, the capacity to invest and absorb structural and cohesion funds, as well as on the capacity to develop RDI activities.

The study highlighted that the relatively developed counties and regions from the economic and social viewpoints have the best chances to achieve higher performances of endogenous development, based on the contribution of the human capital, intangible assets and innovation.

These counties are proving also a higher level of economic and social resilience, as well as an increased capacity in preventing and mitigating various vulnerabilities.

The research has revealed a diversity of situations as regards the classification of counties depending on various categories of endogenous growth financing factors. In this context, it was highlighted the first position of Bucharest Municipality and of county Ilfov, followed, at a far distance, by counties with academic centers of significant sizes, respectively with more than 100 thousand inhabitants.

The study has emphasized the necessity of a policy mix that would support the development of counties with a relatively low development level, actually most of them, under the circumstances of a polycentric regional development and of the interface with other European regions, where a core position is hold by strengthening measures in order to support entrepreneurship and innovation. Concerning the regional policy mix that should be implemented, it seems that an optimal combination between top-down and bottom-up approaches could represent the most successful, offering an effective compatibility of decentralization with the requirements of coordination and monitoring supervision.

As show recently Crescenzi and Giua (2014, p. 30), the positive impact of the expenditures under various EU policies (Cohesion Policy, Regional Policy, Rural Development Policy, including CAP) is stronger in relatively better

performing regions, which is leading to growing regional discrepancies, contrary to the achievement of the assumed goals. Their analysis confirmed the findings of Barca Report (2009) arguing the importance of policy coordination and of synergic use of all EU funds. Crescenzi and Giua are concluding their research by stressing the need for assessing the best mix of bottom-up and top-down interventions in order to address the regional structural disadvantages and to channel resources toward the most deprived areas, reinforcing the local socio-economic environment and activating their pro-growth endogenous potential.

As regards the regions, focusing counties with a low endogenous development potential, the creation of a critical mass able to activate this potential depends decisively on supporting the technological diffusion and, based on this, the research-development-innovation process, as well. In this respect the cooperation with other EU countries can be considered a very important driving force.

Regional endogenous development presupposes the elaboration of smart specialization and innovation strategies at the level of each locality, by which the research-development-innovation activities would be promoted, depending on the endowment with production factors, human capital and possibilities of cooperation with university and research networks, as well as with the business environment, specific to each region or county.

This smart specialization, first of all, should cover the competitiveness and economic-social prosperity requirements of the respective locality, which obviously do not exclude spillover effects at community and national levels.

Consequently, the smart specialization of regional endogenous growth aims at any field of economic-social activities where micro and macro-innovations of process and product can be applied, in the context of succeeding in internalizing positive externalities (spillovers) of local, regional and national policies' mix, in particular of a remunerative system of subsidies, state aids or other means of financial-budgetary assistance.

Smart specialization is based, practically, on an entrepreneurial and emulation spirit that, to a large extent, represents the attribute of micro-enterprises, respectively of SMEs with innovative vocation and adjustment capacity to the new challenges of the European integration, of globalization, and of an increasingly more dynamic scientific and technological progress.

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Annex 1

Lei-denominated loans to non-financial corporations and population*

County	2008	2009	2010	2011	2012	2013	Index 2013/2008
ALBA	1340.42	1318.32	1162.73	1057.85	1052.38	1066.37	0.80
ARAD	1513.55	1444.98	1273.82	1225.13	1276.02	1255.55	0.83
ARGEŞ	2973.06	2907.76	2501.02	2240.66	2226.22	2227.71	0.75
BACĂU	2259.88	2282.37	2025.50	1910.87	1981.53	2127.56	0.94
BIHOR	2407.33	2349.09	2054.54	1861.16	1831.22	1892.45	0.79
BISTRIȚA-NĂSAUD	1233.26	1153.41	983.25	885.26	872.62	857.10	0.69
BOTOȘANI	1274.91	1241.53	1060.61	943.59	894.40	855.02	0.67
BRAȘOV	3351.19	3371.75	3144.89	3045.76	3136.28	2986.60	0.89
BRĂILA	1493.06	1490.95	1299.90	1169.45	1142.82	1140.95	0.76
BUZĂU	1681.84	1705.47	1487.21	1394.26	1432.85	1387.93	0.83
CARAȘ-SEVERIN	921.94	920.78	816.89	741.53	683.10	620.61	0.67
CĂLĂRAȘI	1065.31	1148.32	1035.54	937.83	927.30	901.86	0.85
CLUJ	3563.44	3592.50	3321.33	3197.88	3356.81	3480.89	0.98
CONSTANȚA	3625.57	3741.05	3396.34	3091.81	3125.12	3250.95	0.90
COVASNA	778.19	753.05	645.23	614.59	615.11	574.74	0.74
DĂMBOVIȚA	1360.28	1361.64	1154.37	1033.01	976.26	900.18	0.66
DOLJ	2924.70	3014.65	2822.21	2569.83	2496.71	2460.73	0.84
GALAȚI	2345.45	2326.51	1965.93	1745.17	1765.17	1664.45	0.71
GIURGIU	804.01	856.20	782.05	687.62	577.86	544.89	0.68
GORJ	1516.62	1575.77	1541.60	1529.60	1519.27	1637.19	1.08
HARGHITA	1086.11	1072.95	918.54	798.50	736.91	683.05	0.63
HUNEDOARA	1890.75	1924.35	1727.44	1558.79	1490.20	1397.01	0.74
IALOMIȚA	1133.11	1170.34	1048.90	968.61	939.97	892.50	0.79
IAȘI	2921.65	2886.73	2519.14	2289.14	2404.34	2314.44	0.79
MARAMUREȘ	1546.22	1592.74	1476.54	1424.28	1443.89	1445.78	0.94
MEHEDINȚI	1301.81	1310.94	1186.25	1072.47	954.73	830.37	0.64
MUREȘ	1947.15	1981.2	1636.33	1630.54	1719.55	1649.82	0.85
NEAMȚ	1616.08	1584.62	1347.00	1230.03	1231.59	1186.50	0.73
OLT	1548.48	1558.55	1300.01	1102.51	1059.47	1003.79	0.65
PRAHOVA	2857.37	2862.55	2603.06	2474.54	2516.12	2477.55	0.87
SATU-MARE	1235.23	1199.58	1065.35	998.215	1053.64	1110.00	0.90
SĂLAJ	889.25	972.17	880.57	816.38	788.35	746.75	0.84
SIBIU	1973.87	1926.09	1665.08	1540.34	1517.40	1662.89	0.84
SUCEAVA	2353.02	2323.53	2005.73	1795.31	1692.69	1625.34	0.69
TELEORMAN	1172.23	1124.56	931.92	830.00	836.11	817.75	0.70
TIMIȘ	3197.58	3066.28	2800.53	2678.11	2669.30	2698.42	0.84
TULCEA	960.59	1044.36	928.26	837.11	817.92	785.58	0.82
VASLUI	1398.97	1408.86	1277.42	1159.46	1158.25	1139.57	0.81
VÂLCEA	1887.38	1836.83	1554.05	1477.28	1461.72	1408.74	0.75
VRANCEA	1070.83	1071.78	991.81	869.13	859.14	863.56	0.81
BUCUREȘTI	25094.34	26209.78	25338.59	25911.26	26995.00	26622.94	1.06
ROMANIA	97516.04	98684.89	89677.64	85345.06	86235.52	85196.26	0.87

* loans to non-bank, non-government clients, million lei, constant prices 2013, annual average

Source: calculations based on NBR data

Annex 2

Foreign currencies-denominated loans to non-financial corporations and population*

County	2008	2009	2010	2011	2012	2013	Index 2013/2008
ALBA	1807.65	2033.19	1843.38	1822.72	1847.42	1677.71	0.93
ARAD	2221.66	2333.71	2075.66	1989.15	1925.10	1823.44	0.82
ARGEŞ	2551.49	2830.21	2610.65	2648.60	2709.99	2532.47	0.99
BACĂU	1845.19	2108.03	2036.01	2157.67	2104.26	1826.75	0.99
BIHOR	4492.51	5189.01	4958.69	4892.04	4878.26	4514.31	1.00
BISTRITA-NĂSAUD	1560.12	1727.14	1477.56	1388.31	1298.37	1172.29	0.75
BOTOŞANI	960.03	1070.56	976.58	937.85	923.48	827.76	0.86
BRAŞOV	3924.51	4654.55	4244.72	4117.82	4048.72	3783.69	0.96
BRĂILA	849.04	936.01	921.10	929.05	919.62	807.47	0.95
BUZĂU	1146.67	1322.42	1303.27	1544.53	1651.81	1433.22	1.25
CARAŞ-SEVERIN	548.20	629.72	609.71	587.95	558.98	512.18	0.93
CĂLĂRAŞI	413.98	448.84	456.65	535.37	526.96	422.36	1.02
CLUJ	6879.33	7971.97	7259.84	7143.33	7212.62	6815.34	0.99
CONSTANŢA	5132.00	5855.89	5327.36	5410.20	5415.26	4949.81	0.96
COVASNA	367.17	430.52	432.20	442.74	421.26	345.21	0.94
DĂMBOVIŢA	856.81	1021.83	1010.06	1083.31	1163.23	1096.90	1.28
DOLJ	2530.39	2905.67	2744.21	2839.45	2948.78	2882.75	1.14
GALAŢI	2243.64	2672.27	2601.91	2677.8	2543.14	2364.86	1.05
GIURGIU	398.89	486.43	457.50	432.78	402.57	386.72	0.97
GORJ	501.87	582.69	545.68	554.56	561.62	510.67	1.02
HARGHITA	846.94	803.17	742.32	707.48	667.38	593.96	0.70
HUNEDOARA	1110.67	1287.92	1220.78	1229.14	1213.08	1084.65	0.98
IALOMIŢA	417.08	496.53	498.40	533.47	556.76	514.22	1.23
IASI	3992.03	4937.49	4784.28	5043.11	5382.77	5213.91	1.31
MARAMUREŞ	1961.06	2236.61	2072.48	2006.09	1922.74	1744.45	0.89
MEHEDINŢI	750.22	858.16	810.70	809.43	803.00	729.16	0.97
MUREŞ	2095.70	2377.72	2164.05	2185.67	2170.28	2006.67	0.96
NEAMŢ	1368.63	1509.25	1375.94	1364.87	1345.57	1232.07	0.90
OLT	982.15	1050.78	913.03	955.20	1002.63	953.67	0.97
PRAHOVA	2471.16	2942.46	2804.38	2821.30	2772.02	2510.39	1.02
SATU-MARE	1727.65	1948.16	1913.10	1899.18	1873.79	1728.13	1.00
SĂLAJ	1075.07	1666.75	1615.51	1287.02	962.00	834.69	0.78
SIBIU	3219.96	3559.67	3183.43	3060.14	3078.14	3019.3	0.94
SUCEAVA	1581.80	1786.76	1693.82	1694.14	1645.75	1512.07	0.96
TELEORMAN	346.95	363.66	340.67	350.35	345.45	324.80	0.94
TIMIŞ	5572.21	6244.68	5936.49	6344.89	6647.50	6229.03	1.12
TULCEA	534.63	620.98	571.91	606.30	632.08	578.62	1.08
VASLUI	722.98	838.86	790.86	772.39	733.48	664.57	0.92
VÂLCEA	1377.17	1674.33	1636.88	1612.89	1595.91	1307.79	0.95
VRANCEA	824.05	949.12	904.52	949.90	995.29	902.64	1.10
BUCUREŞTI	53883.96	62356.5	64238.09	67741.17	68917.75	63328.20	1.18
ROMANIA	128093.2	147720.17	144104.36	148109.36	149324.82	137698.9	1.07

* loans to non-bank, non-government clients, million lei, constant prices 2013, annual average; loans in foreign currencies converted in lei at the exchange rates of every month.

Source: calculations based on NBR data

Annex 3

Total loans (in lei and foreign currencies) to non-financial corporations and population*

County	2008	2009	2010	2011	2012	2013	Index 2013/2008
ALBA	3148.07	3351.51	3006.11	2880.57	2899.80	2744.08	0.87
ARAD	3735.21	3778.69	3349.48	3214.28	3201.12	3078.99	0.82
ARGEŞ	5524.55	5737.97	5111.67	4889.26	4936.21	4760.18	0.86
BACĂU	4105.07	4390.4	4061.51	4068.54	4085.79	3954.31	0.96
BIHOR	6899.84	7538.10	7013.23	6753.20	6709.48	6406.76	0.93
BISTRIȚA-NĂSAUD	2793.38	2880.55	2460.81	2273.57	2170.99	2029.39	0.73
BOTOȘANI	2234.94	2312.09	2037.19	1881.44	1817.88	1682.78	0.75
BRAȘOV	7275.70	8026.30	7389.61	7163.58	7185.00	6770.29	0.93
BRĂILA	2342.10	2426.96	2221.00	2098.50	2062.44	1948.42	0.83
BUZĂU	2828.51	3027.89	2790.48	2938.79	3084.66	2821.15	1.00
CARAȘ-SEVERIN	1470.14	1550.50	1426.60	1329.48	1242.08	1132.79	0.77
CĂLĂRAȘI	1479.29	1597.16	1492.19	1473.20	1454.26	1324.22	0.90
CLUJ	10442.77	11564.47	10581.17	10341.21	10569.43	10296.23	0.99
CONSTANȚA	8757.57	9596.94	8723.70	8502.01	8540.38	8200.76	0.94
COVASNA	1145.36	1183.57	1077.43	1057.33	1036.37	919.95	0.80
DĂMBOVIȚA	2217.09	2383.47	2164.43	2116.32	2139.49	1997.08	0.90
DOLJ	5455.09	5920.32	5566.42	5409.28	5445.49	5343.48	0.98
GALAȚI	4589.09	4998.78	4567.84	4422.97	4308.31	4029.31	0.88
GIURGIU	1202.90	1342.63	1239.55	1120.40	980.43	931.61	0.77
GORJ	2018.49	2158.46	2087.28	2084.16	2080.89	2147.86	1.06
HARGHITA	1933.05	1876.12	1660.86	1505.98	1404.29	1277.01	0.66
HUNEDOARA	3001.42	3212.27	2948.22	2787.93	2703.28	2481.66	0.83
IALOMIȚA	1550.19	1666.87	1547.30	1502.08	1496.73	1406.72	0.91
IASI	6913.68	7824.22	7303.42	7332.25	7787.11	7528.35	1.09
MARAMUREȘ	3507.28	3829.35	3549.02	3430.37	3366.63	3190.23	0.91
MEHEDINȚI	2052.03	2169.10	1996.95	1881.90	1757.73	1559.53	0.76
MUREȘ	4042.85	4358.92	3800.38	3816.21	3889.83	3656.49	0.90
NEAMȚ	2984.71	3093.87	2722.94	2594.90	2577.16	2418.57	0.81
OLT	2530.63	2609.33	2213.04	2057.71	2062.10	1957.46	0.77
PRAHOVA	5328.53	5805.01	5407.44	5295.84	5288.14	4987.94	0.94
SATU-MARE	2962.88	3147.74	2978.45	2897.39	2927.43	2838.13	0.96
SĂLAJ	1964.32	2638.92	2496.08	2103.40	1750.35	1581.44	0.81
SIBIU	5193.83	5485.76	4848.51	4600.48	4595.54	4682.19	0.90
SUCEAVA	3934.82	4110.29	3699.55	3489.45	3338.44	3137.41	0.80
TELEORMAN	1519.18	1488.22	1272.59	1180.35	1181.56	1142.55	0.75
TIMIȘ	8769.79	9310.96	8737.02	9023.00	9316.80	8927.45	1.02
TULCEA	1495.22	1665.34	1500.17	1443.41	1450.00	1364.20	0.91
VASLUI	2121.95	2247.72	2068.28	1931.85	1891.73	1804.14	0.85
VĂLCEA	3264.55	3511.16	3190.93	3090.17	3057.63	2716.53	0.83
VRANCEA	1894.88	2020.90	1896.33	1819.03	1854.43	1766.20	0.93
BUCUREȘTI	78978.30	88566.28	89576.68	93652.43	95912.75	89951.14	1.14
ROMANIA	225609.24	246405.06	233782	233454.42	235560.34	222895.16	0.99

* loans to non-bank, non-government clients, million lei, constant prices 2013, annual average; loans in foreign currencies converted in lei at the exchange rates of every month.

Source: calculations based on NBR data

Annex 4

Non performing loans during the period 2008 – 2013

- % of total loans -

County	2008	2009	2010	2011	2012	2013	Differences 2013-2008 (pp)
ALBA	2.11	5.59	10.62	14.68	16.39	17.20	15.09
ARAD	2.73	5.81	11.33	13.73	16.49	18.94	16.21
ARGEŞ	1.26	4.12	8.72	11.56	12.59	15.11	13.85
BACĂU	1.55	4.04	7.61	10.37	11.40	11.22	9.67
BIHOR	2.28	4.75	9.80	13.04	13.13	13.68	11.40
BISTRIȚA-NĂSAUD	3.05	7.54	15.08	19.73	21.29	22.76	19.71
BOTOȘANI	1.20	5.18	12.15	16.61	17.20	19.10	17.90
BRAȘOV	2.67	5.03	10.15	11.48	12.46	18.18	15.51
BRĂILA	1.66	3.90	7.09	11.62	17.28	21.20	19.54
BUZĂU	1.50	3.69	7.33	9.78	10.43	13.45	11.94
CARAȘ-SEVERIN	1.99	4.07	5.97	8.34	9.70	11.94	9.95
CĂLĂRAȘI	1.40	4.33	7.22	9.36	11.22	12.94	11.55
CLUJ	1.65	3.32	7.12	10.88	11.81	12.08	10.42
CONSTANȚA	1.32	2.90	7.90	13.29	15.51	16.83	15.51
COVASNA	1.01	3.74	7.10	9.79	11.44	13.59	12.58
DĂMBOVIȚA	1.13	3.21	6.87	9.22	10.63	12.01	10.88
DOLJ	1.65	3.77	6.38	8.29	9.45	10.53	8.88
GALAȚI	1.36	4.55	12.58	17.82	17.31	19.20	17.84
GIURGIU	1.49	3.03	5.73	7.93	12.67	15.57	14.08
GORJ	0.87	2.09	4.00	5.29	5.66	5.74	4.87
HARGHITA	1.87	3.46	6.95	9.01	10.53	12.52	10.65
HUNEDOARA	1.99	5.29	9.68	12.13	12.75	14.36	12.36
IALOMIȚA	2.83	5.47	7.84	10.96	10.78	12.32	9.49
IAȘI	1.33	3.58	9.07	14.33	15.49	16.39	15.07
MARAMUREȘ	1.89	3.97	7.95	12.19	15.45	18.92	17.03
MEHEDINȚI	1.22	3.98	6.43	8.01	11.03	17.27	16.05
MUREȘ	2.22	3.67	7.42	9.48	10.15	10.49	8.28
NEAMȚ	1.83	4.94	10.95	14.62	15.57	16.74	14.92
OLT	2.42	6.30	10.28	12.28	14.49	15.57	13.15
PRAHOVA	1.69	3.96	7.18	11.07	12.73	14.67	12.98
SATU-MARE	1.28	3.11	6.40	9.45	11.65	13.59	12.31
SĂLAJ	1.90	3.75	7.72	17.98	24.30	27.58	25.68
SIBIU	1.44	3.54	8.35	12.70	14.64	21.71	20.27
SUCEAVA	1.97	6.11	12.03	18.79	21.24	23.34	21.38
TELEORMAN	2.69	3.43	6.13	7.59	7.93	10.74	8.05
TIMIȘ	2.27	4.86	9.36	12.20	16.77	19.98	17.71
TULCEA	0.73	4.17	6.42	8.58	9.24	12.13	11.40
VASLUI	1.49	3.12	6.46	8.49	8.91	9.71	8.22
VÂLCEA	2.05	3.77	6.69	10.11	13.10	19.42	17.37
VRANCEA	1.24	2.81	7.74	11.24	14.76	16.54	15.30
BUCUREȘTI	1.73	3.47	6.36	8.52	10.11	11.82	10.09
ROMANIA	1.76	3.99	7.83	10.77	12.38	14.40	12.64

Source: calculations based on NBR data

Annex 5

GDP per capita gaps by counties during the period 2007 – 2013

- Romania = 1.00 -

County	2007	2008	2009	2010	2011	2012	2013
ALBA	1.06	0.97	0.96	1.02	0.97	1.04	1.05
ARAD	1.05	1.01	1.01	1.04	1.05	1.04	1.03
ARGEŞ	1.13	1.09	1.17	1.06	1.01	1.06	1.12
BACĂU	0.70	0.70	0.70	0.69	0.63	0.71	0.71
BIHOR	1.03	0.95	0.92	0.92	0.83	0.93	0.92
BISTRIŢA-NĂSĂUD	0.80	0.79	0.81	0.73	0.72	0.73	0.73
BOTOŞANI	0.52	0.51	0.53	0.50	0.50	0.50	0.50
BRAŞOV	1.20	1.12	1.18	1.22	1.16	1.24	1.25
BRĂILA	0.78	0.77	0.82	0.71	0.76	0.67	0.66
BUZĂU	0.65	0.67	0.65	0.67	0.64	0.68	0.67
CARAŞ-SEVERIN	0.83	0.78	0.85	0.85	0.78	0.86	0.86
CĂLĂRAŞI	0.52	0.62	0.58	0.71	0.68	0.69	0.69
CLUJ	1.33	1.23	1.26	1.25	1.25	1.04	1.04
CONSTANŢA	1.20	1.12	1.16	1.20	1.18	1.20	1.19
COVASNA	0.81	0.76	0.78	0.71	0.74	0.69	0.69
DĂMBOVIŢA	0.78	0.73	0.74	0.79	0.75	0.76	0.75
DOLJ	0.76	0.79	0.81	0.78	0.78	0.83	0.90
GALAŢI	0.72	0.72	0.68	0.74	0.71	0.73	0.72
GIURGIU	0.49	0.54	0.59	0.77	0.74	0.76	0.75
GORJ	1.01	0.88	0.99	1.06	1.05	1.07	1.07
HARGHITA	0.82	0.77	0.79	0.74	0.74	0.75	0.74
HUNEDOARA	0.96	0.86	0.86	0.83	0.80	0.85	0.85
IALOMIŢA	0.59	0.67	0.68	0.69	0.72	0.70	0.70
IAŞI	0.77	0.77	0.77	0.80	0.77	0.82	0.81
MARAMUREŞ	0.70	0.66	0.69	0.68	0.66	0.69	0.70
MEHEDINŢI	0.64	0.62	0.64	0.60	0.59	0.58	0.59
MUREŞ	0.85	0.81	0.80	0.77	0.75	0.79	0.80
NEAMŢ	0.59	0.56	0.56	0.52	0.52	0.52	0.52
OLT	0.60	0.59	0.56	0.62	0.60	0.65	0.65
PRAHOVA	1.01	1.01	1.05	0.92	0.98	0.92	0.92
SĂTU-MARE	0.75	0.72	0.73	0.70	0.68	0.69	0.69
SĂLAJ	0.80	0.76	0.78	0.76	0.73	0.74	0.75
SIBIU	1.12	1.11	1.15	1.11	1.10	1.10	1.14
SUCEAVA	0.64	0.58	0.61	0.58	0.57	0.60	0.60
TELEORMAN	0.58	0.59	0.60	0.57	0.57	0.58	0.59
TIMIŞ	1.39	1.46	1.44	1.53	1.52	1.54	1.55
TULCEA	0.66	0.69	0.68	0.73	0.81	0.72	0.72
VASLUI	0.42	0.46	0.46	0.44	0.43	0.43	0.42
VĂLCEA	0.84	0.80	0.78	0.74	0.78	0.73	0.73
VRANCEA	0.60	0.59	0.59	0.60	0.57	0.60	0.60
BUCUREŞTI	2.39	2.60	2.46	2.50	2.65	2.54	2.50
ILFOV	1.78	1.85	1.79	1.66	1.68	1.53	1.46
ROMANIA	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: calculations based on NIS data. For 2012 and 2013, calculations based on NCP data.

Annex 6

Breakdown of R&D expenditures by counties in 2007 and 2012

- % -

County	2007	2012
ROMANIA	100.00	100.00
ALBA	0.17	0.16
ARAD	0.97	0.67
ARGEŞ	7.70	8.89
BACĂU	0.27	0.15
BIHOR	0.31	0.00
BISTRIŢA-NĂSAUD	1.25	0.17
BOTOŞANI	0.13	0.05
BRAŞOV	2.23	2.38
BRĂILA	0.15	0.47
BUZĂU	0.09	0.08
CARAŞ-SEVERIN	0.12	0.02
CĂLĂRAŞI	0.40	0.36
CLUJ	7.11	9.35
CONSTANŢA	0.91	0.62
COVASNA	0.11	0.14
DĂMBOVIŢA	0.52	0.61
DOLJ	1.77	1.93
GALAŢI	1.82	0.21
GIURGIU	0.01	0.28
GORJ	0.11	0.08
HARGHITA	0.02	0.70
HUNEDOARA	0.66	0.67
IALOMIŢA	0.01	0.00
IASI	5.98	7.02
MARAMUREŞ	0.15	0.37
MEHEDINŢI	0.05	0.00
MUREŞ	0.58	0.86
NEAMŢ	0.26	0.54
OLT	0.04	0.02
PRAHOVA	1.98	1.38
SATU-MARE	0.05	0.21
SĂLAJ	0.05	0.29
SIBIU	0.29	1.11
SUCEAVA	0.65	0.66
TELEORMAN	0.03	0.02
TIMIŞ	3.37	4.07
TULCEA	0.69	0.41
VASLUI	0.21	0.11
VĂLCEA	1.14	0.00
VRANCEA	0.04	0.08
BUCUREŞTI	44.34	38.22
ILFOV	13.26	16.63

Source: For 2012, calculations based on Statistical Yearbook of Romania, 2013, NIS. For 2007, Database Tempo Online, INS.

Annex 7

FDI and R&D expenditures per capita by counties, and gaps compared to the national average (Romania=100)

County	FDI (stock 31.12.2013)		R&D expenditures (2012)		County	FDI (stock 31.12.2013)		R&D expenditures (2012)	
	Euro/ capita	Gaps (Romania =100)	lei/ capita	Gaps (Romania =100)		Euro/ capita	Gaps (Romania =100)	lei/ capita	Gaps (Romania =100)
ALBA	868.63	49.10	12.40	9.20	HUNEDOARA	477.69	27.00	42.73	31.69
ARAD	1437.83	81.27	42.37	31.42	IALOMITA	159.99	9.04	0	0.00
ARGES	1047.45	59.21	403.82	299.48	IASI	214.78	12.14	239.25	177.43
BACAU	969.57	54.80	6.02	4.46	MARAMURES	138.16	7.81	21.22	15.74
BIHOR	1860.91	105.19	0	0.00	MEHEDINTI	190.90	10.79	0	0.00
BISTRITA- NASAUD	366.77	20.73	15.30	11.35	MURES	1819.18	102.83	42.99	31.88
BOTOSANI	85.22	4.82	3.58	2.66	NEAMT	178.76	10.10	27.86	20.66
BRASOV	1804.89	102.02	113.68	84.30	OLT	1132.21	64.00	1.57	1.17
BRAILA	168.71	9.54	38.45	28.52	PRAHOVA	939.00	53.08	49.51	36.71
BUZAU	596.63	33.72	5.00	3.71	SALAJ	489.07	27.64	25.84	19.17
CARAS- SEVERIN	493.45	27.89	2.27	1.69	SATU MARE	204.93	11.58	23.00	17.06
CALARASI	1228.25	69.43	33.39	24.77	SIBIU	1092.98	61.78	74.58	55.31
CLUJ	916.15	51.78	387.26	287.20	SUCEAVA	530.36	29.98	26.62	19.75
CONSTANTA	1152.67	65.15	24.66	18.29	TELEORMAN	161.92	9.15	1.44	1.07
COVASNA	462.89	26.16	18.52	13.74	TIMIS	1716.61	97.03	171.56	127.23
DAMBOVITA	424.89	24.02	33.47	24.82	TULCEA	508.88	28.76	48.83	36.21
DOLJ	724.40	40.95	79.92	59.27	VASLUI	75.07	4.24	7.24	5.37
GALATI	993.97	56.18	10.24	7.59	VALCEA	142.70	8.07	0	0.00
GIURGIU	749.87	42.39	28.98	21.49	VRANCEA	38.08	2.15	6.13	4.54
GORJ	29.04	1.64	5.92	4.39	BUCURESTI	9672.71	546.74	571.66	423.95
HARGHITA	304.09	17.19	61.82	45.84	ILFOV	7052.13	398.61	1349.87	1001.09
					ROMANIA	1769.17	100.00	134.84	100.00

Source: calculations based on NOTR and NIS data

Annex 8 Structural and cohesion funds attracted at county level*

County**	Structural and cohesion funds		SCF per capita (lei)	Gaps (Romania=1.00)
	mill. lei	% of total		
ALBA	1340.46	2.31	3639.0	1.33
ARAD	1031.66	1.77	2280.5	0.84
ARGEȘ	1369.61	2.36	2166.7	0.79
BACĂU	1171.77	2.01	1654.0	0.61
BIHOR	1143.31	1.97	1933.6	0.71
BISTRIȚA-NĂȘĂUD	731.36	1.26	2316.4	0.85
BOTOȘANI	951.78	1.64	2160.5	0.79
BRAȘOV	1675.36	2.88	2790.6	1.02
BRĂILA	911.8	1.57	2600.2	0.95
BUZĂU	705.42	1.21	1493.5	0.55
CARAȘ-SEVERIN	994.21	1.71	3150.9	1.15
CĂLĂRAȘI	705.44	1.21	2285.5	0.84
CLUJ	2536.78	4.36	3658.4	1.34
CONSTANȚA	1454.86	2.50	2008.1	0.74
COVASNA	658.18	1.13	2978.7	1.09
DĂMBOVIȚA	1458.76	2.51	2765.3	1.01
DOLJ	1960.12	3.37	2829.6	1.04
GALAȚI	882.9	1.52	1465.3	0.54
GIURGIU	644.97	1.11	2308.7	0.85
GORJ	613.89	1.06	1650.5	0.60
HARGHITA	600.79	1.03	1858.2	0.68
HUNEDOARA	1454.72	2.50	3216.4	1.18
IALOMIȚA	317.61	0.55	1120.2	0.41
IASI	2614.5	4.50	3102.9	1.14
MARAMUREȘ	943.77	1.62	1861.0	0.68
MEHEDINȚI	636.88	1.10	2225.0	0.82
MUREȘ	1109.38	1.91	1922.5	0.70
NEAMȚ	1052.92	1.81	1894.7	0.69
OLT	894.31	1.54	1978.2	0.72
PRAHOVA	1599.89	2.75	1994.3	0.73
SATU-MARE	711.68	1.22	1967.3	0.72
SĂLAJ	506.41	0.87	2122.5	0.78
SIBIU	1126.42	1.94	2642.4	0.97
SUCEAVA	1074.74	1.85	1516.4	0.56
TELEORMAN	767.89	1.32	1989.5	0.73
TIMIȘ	1861.15	3.20	2733.3	1.00
TULCEA	875.89	1.51	3623.9	1.33
VASLUI	559.38	0.96	1254.6	0.46
VÂLCEA	1132.45	1.95	2813.6	1.03
VRANCEA	875.67	1.51	2264.2	0.83
BUCUREȘTI	13500.4	23.21	7029.2	2.58
ILFOV	994.41	1.71	2810.1	1.03
ROMANIA	58153.9	100.00	2729.6	1.00

* total value of projects contracted during 1.01.2007-30.06.2013** joint projects of counties Brașov-Sibiu, Cluj-Sălaj, Constanța-Ialomița, cumulating lei 1.48 billion, shared out depending of the ratio between the population of these pairs of counties

Source: Calculations based on IPP Report annexes, Bucharest, 2013.

Annex 9

Local budget expenditures by counties in 2012

County**	Local budgets expenditures		Local budget expenditures per capita (lei)	Gaps (Romania=1.00)
	mill. lei	% of total		
ALBA	811.8	1.75	2203.8	1.01
ARAD	1050.6	2.27	2322.4	1.07
ARGEŞ	1262.1	2.72	1996.6	0.92
BACĂU	1287.1	2.78	1816.8	0.84
BIHOR	1271.5	2.74	2150.4	0.99
BISTRIŢA-NĂSĂUD	772.8	1.67	2447.6	1.13
BOTOŞANI	863.1	1.86	1959.2	0.90
BRAŞOV	1320.7	2.85	2199.9	1.01
BRĂILA	677.5	1.46	1932.1	0.89
BUZĂU	746.9	1.61	1581.4	0.73
CARAŞ-SEVERIN	689.6	1.49	2185.5	1.00
CĂLĂRAŞI	531.8	1.15	1723.0	0.79
CLUJ	1618.6	3.49	2334.2	1.07
CONSTANŢA	1680.2	3.63	2319.1	1.07
COVASNA	418.8	0.90	1895.3	0.87
DĂMBOVIŢA	910.3	1.96	1725.6	0.79
DOLJ	1281.1	2.76	1849.4	0.85
GALAŢI	1038.6	2.24	1723.7	0.79
GIURGIU	496.4	1.07	1776.9	0.82
GORJ	716.4	1.55	1926.1	0.89
HARGHITA	646.1	1.39	1998.3	0.92
HUNEDOARA	1039.4	2.24	2298.1	1.06
IALOMIŢA	421.5	0.91	1486.7	0.68
IASI	1452.4	3.13	1723.7	0.79
MARAMUREŞ	916.4	1.98	1807.0	0.83
MEHEDINŢI	668.8	1.44	2336.5	1.07
MUREŞ	1163.0	2.51	2015.4	0.93
NEAMŢ	943.0	2.04	1696.9	0.78
OLT	818.9	1.77	1811.4	0.83
PRAHOVA	1537.0	3.32	1915.9	0.88
SATU-MARE	708.9	1.53	2971.2	1.37
SĂLAJ	551.5	1.19	1524.5	0.70
SIBIU	967.3	2.09	2269.1	1.04
SUCEAVA	1423.9	3.07	2009.0	0.92
TELEORMAN	601.7	1.30	1558.9	0.72
TIMIŞ	1852.8	4.00	2721.0	1.25
TULCEA	478.2	1.03	1978.5	0.91
VASLUI	741.9	1.60	1663.9	0.77
VÂLCEA	872.9	1.88	2168.7	1.00
VRANCEA	641.0	1.38	1657.4	0.76
BUCUREŞTI	7258.0	15.66	3779.0	1.74
ILFOV	1182.9	2.55	3342.8	1.54
ROMANIA	46333.4	100.00	2174.8	1.00

Source: Calculations based on Statistical Yearbook of Romania 2013, Table 21.13