



Upgrading Romanian cities with the EU Financial Assistance

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Abstract: Romania can make a huge leap in development in the coming years using EU financial assistance, which is around 80 billion euros over the next 7 years. These funds will come through Cohesion Policy, the National Recovery and Resilience Plan and other European instruments. This paper highlights the funding opportunities for the 2021-2027 programming period, that a city benefits from, the aim of the paper being to create an integrated vision on the type of investments and actions that are needed in order to build a smart future for Romanian cities. The transition to a clean, circular economy and the stimulation of the efficient use of resources in urban areas in the long run can only be achieved through strong cooperation between local public actors and other urban actors, from the private or non-profit environment. Thus, this paper offers a long-term development vision on how to transform the Romanian cities in accordance with the current requirements of society, the intended implication being to raise awareness of all the stakeholders about their potential involvement in developing successful projects for their community so as not to miss any chance of development.

Keywords: smart cities; green and digital transition; structural reforms.

JEL Classification: R51; R58; O20.

1. Introduction

European cities are confronted with new challenges emerged from the Covid-19 pandemic and also from the Russian-Ukraine war. In addition to the 'traditional' global challenges (e.g. climate change, demographic change, globalization, etc.) the pandemic has drastically changed the economies throughout Europe, and the war at the East border of the EU created unexpected migration movements. These global challenges have a direct and local impact on European cities, intensifying disparities in our societies. Moreover, the twin-transition is drastically transforming European

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urban areas, creating potential political, social, ecological and economic benefits but also triggering new forms of social, economic, environmental and territorial inequalities.

Finding a proper balance for making cities inclusive, safe, resilient and sustainable, requires *good leadership*, *solid urban governance* and *resources* (especially financial resources).

This article aims to increase the *knowledge* of all key actors, both governmental and non-governmental, about the EU financial assistance available in the programming period 2021-2027, which supports the sustainable transformation of Romanian cities, the ultimate goal being to increase their *awareness of their strong responsibility*, as well as *their collective capacity to ensure and guarantee a high quality of life for citizens*, through the implementation of European and global agreements such as: the 2030 Agenda for Sustainable Development (especially SDG 11), the New Urban Agenda, the Paris Agreement and the European Commission's Green Pact, at the urban scale.

2. The Transformative Power of Cities for the Common Good

The New Leipzig Charter which was adopted at the Informal Ministerial Meeting on Urban Matters on 30 November 2020 provides a strong framework for good and sustainable urban governance by emphasising the transformative power of cities for the common good through *key principles*, *key dimensions* and *specific fields of action*.

2.1. Key Principles of a Good Governance

Urban policy for the common good: "Public authorities should act in the interest of public welfare, providing services and infrastructure for the common good." (Public services include: healthcare, social services, education, cultural services, housing, water and energy supply, waste management, public transport, digital networks and information systems. The infrastructure refers to the quality of public spaces including green and blue infrastructure as well as the preservation and revitalisation of the built cultural heritage. All of this should be *inclusive*, *affordable*, *safe* and *accessible to all residents*, including the weakest and most vulnerable groups in society.)

Integrated approach: "All areas of urban policy have to be coordinated in a spatial, sectoral and temporal manner" (The integrated approach means that local authorities' decision-makers *establish integrated and sustainable urban development strategies* and *ensure their implementation* for the city as a whole, taking into account all concerns and interests relevant to urban development.)

Participation and co-creation: “Public participation in urban development processes should engage all urban actors.” (Public participation is essential to ensure a high-quality built environment and implies the involvement of the general public and relevant stakeholders to take into account their concerns and knowledge and to find innovative solutions, cooperation between residents, civil society networks, community organizations and private enterprises being the key for reshaping and maintaining urban spaces in line with people’s needs and desires.)

Multi-level governance: “Vertical and horizontal multi-level and multi-stakeholder cooperation, both bottom-up and top-down, is key to good urban governance.”

Each level of government has a specific responsibility for the future of urban development, based on the principles of subsidiarity and proportionality. This requires cooperation and coordination between all actors in society, including civil society and the private sector, in order to reshape urban and space policy in the light of the complex challenges of today’s society.

Place-based approach: “Urban strategies and urban funding instruments should be based on sound analysis of the specific local situation, especially potential benefits and risks, stakeholders and restrictions, while following place-based development.”

In order to enable endogenous urban transformation and reduce local socio-economic inequalities, the most appropriate formal and informal tools are needed, and this implies an integrated horizontal and vertical approach in urban development design, covering all spatial, sectoral and temporal levels.

2.2. Key Dimensions of EU Cities

Addressing social, economic and environmental challenges while providing a high quality of life for residents implies *flexible urban governance* for the common good, as well as the balanced implementation of *just, green and productive cities*. These dimensions combined with *digitization* will contribute to the development of a ‘resilient’ city that has the capacity to respond to disruptive external events and chronic stress.

Just city refers primarily to equal access to services of general interest, such as education, social services, health and culture, for all residents. A fair city also takes into account the needs of different groups in society (e.g. the elderly, persons with disabilities, young people and families, ethnic groups, migrants, etc.) providing adequate, accessible, safe and affordable housing and energy supply, promoting a comprehensive integration and anti-segregation policy.

Green city defines the urban environment characterized by a high-quality of air, water, soil and land use. A well-design green city requires a very compact and dense polycentric settlement structure, that supports multiple uses including housing, retail,

production and transportation. Consequently, there is a need for investments in innovative and efficient technologies for the development of the urban transport and mobility systems in an efficient, carbon-neutral, safe and multi-modal manner, together with investments for establishing a circular economy, which changes fundamentally the production and consumption patterns, in order to provide for all inhabitants adequate healthy living environments, adapted to climate change.

Productive city is a favourable innovative urban environment for business locations, which is characterized by social, technical and logistical infrastructure, affordable and accessible working-spaces as well as skilled workforce.

Digitalization is a cross-cutting trend of sustainable urban development. Digital solutions can deliver innovative and high-quality services to the public and businesses, transforming central urban areas into attractive multifunctional spaces, that offer new opportunities for urban development through smart urban mobility, energy efficiency, sustainable housing, public services, retail, supply of daily goods and civic-led governance.

2.3. Specific Fields of Action

Local authorities play a crucial role in guaranteeing and representing the general interest of the public.

In these circumstances there are two main directions for providing a high quality of life for citizens:

→ *to strengthen the urban governance, which implies:*

→ an active and strategic land policy and land use planning;

→ an active shaping of digital transformation.

→ *to use of appropriate policies and funding, which requires:*

→ a strong framework for national urban policy and financing;

→ coherent national and local regulation and funding instruments, coordinated with the EU financial support for urban development.

Therefore, an efficient governance should be active in spatial planning and effective in establishing collaboration processes among multiple actors.

3. Financial Opportunities for Romanian Urban Development

EU funding, financial instruments and programmes concerning urban issues provided by European institutions play a valuable role in a sustainable urban development, stimulating integrated, innovative and participatory approaches, supporting the development of polycentric settlement structures and, consequently, promoting socio-economic and territorial cohesion.

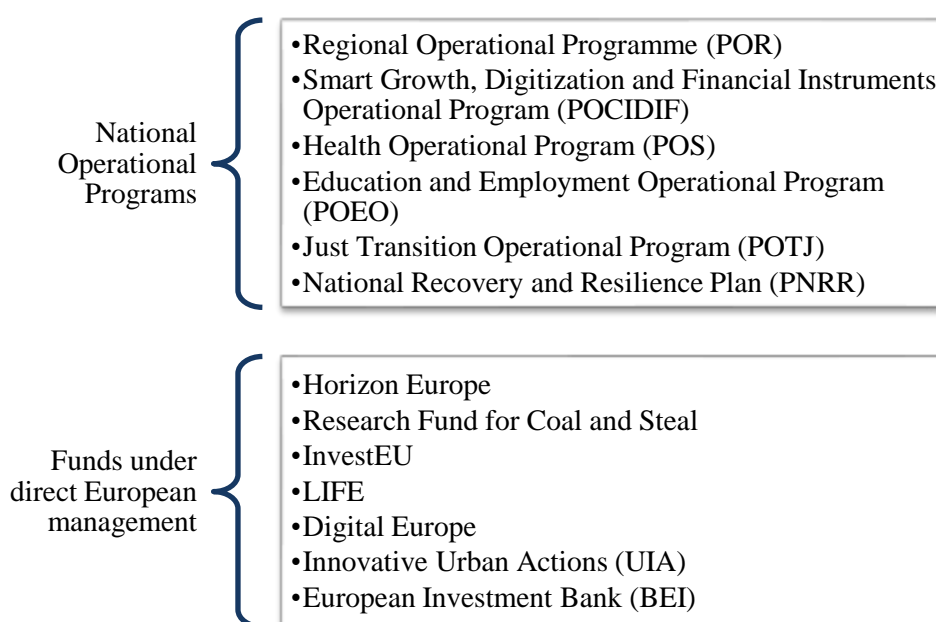
For 2021-2027 programming period there are 10 major domains, split into 42 sub-domains that can be funded in a city. For each sub-domain, there are two possible sources of funding, such as: national operational programs and funds under direct European management.

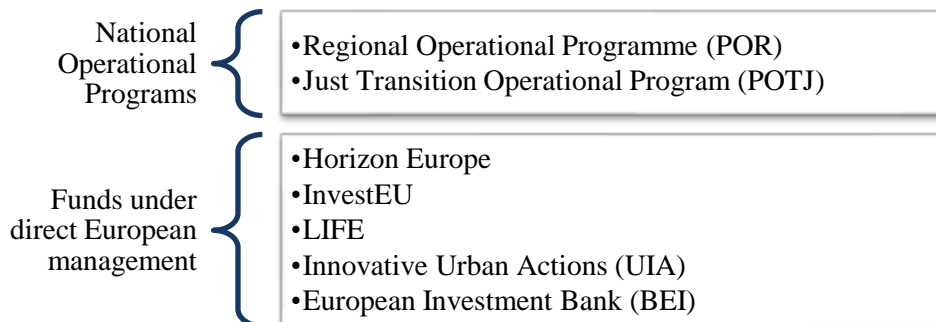
The next sections will briefly present different sources of funding available for each sub-domain.

3.1. Economy

Under this domain there are 4 sub-domains that can be funded in a city:

- ✓ *Research and innovation*

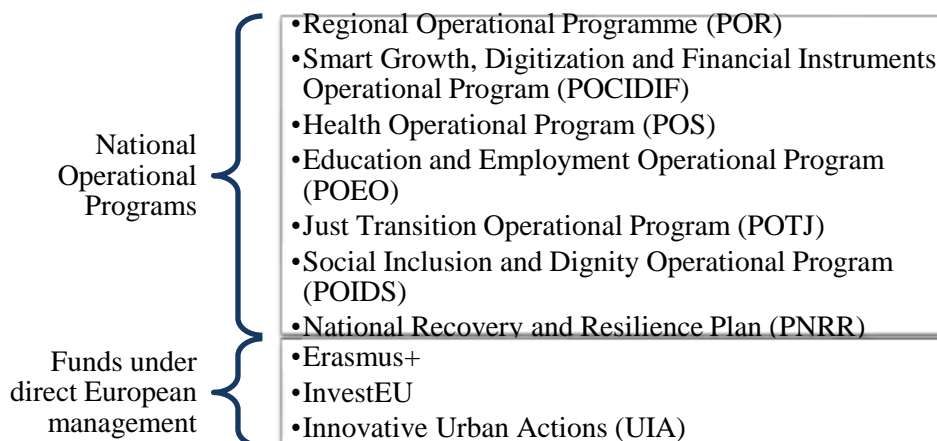


✓ *Circular economy*✓ *Business development*✓ *Multimodal logistics centres*

3.2. Human Capital

Under this domain there are 2 sub-domains that can be funded in a city:

✓ *Training, education and counselling*



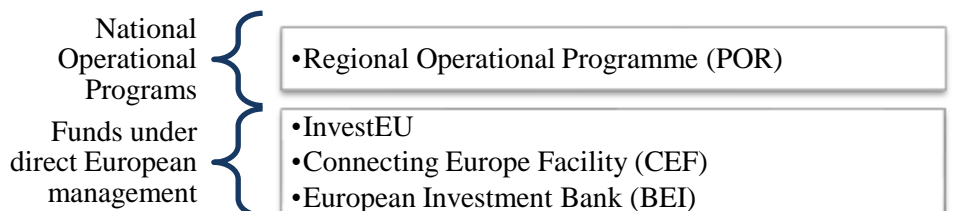
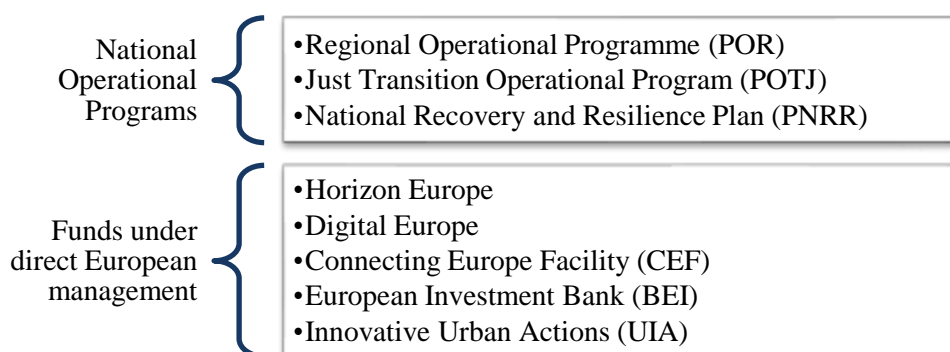
✓ *Youth measures*

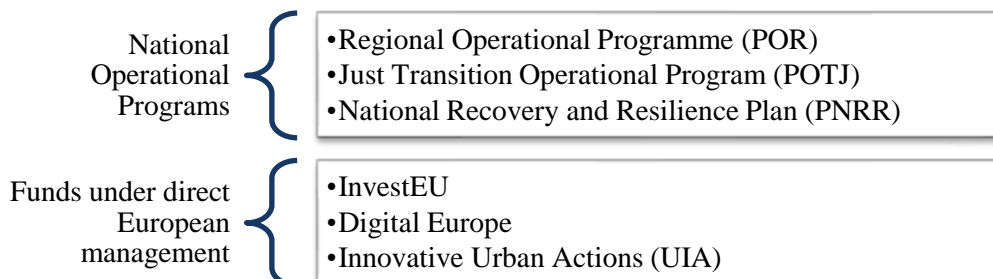


3.3. Digitalization

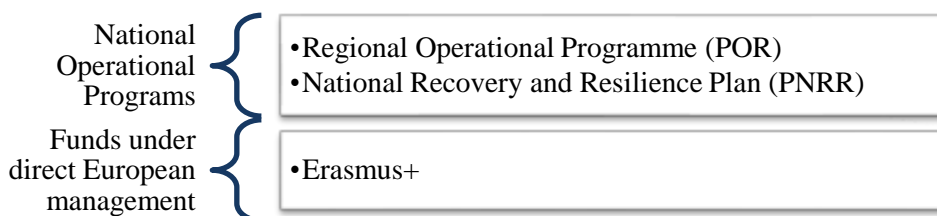
Under this domain there are 7 sub-domains that can be funded in a city:

✓ *Smart City*

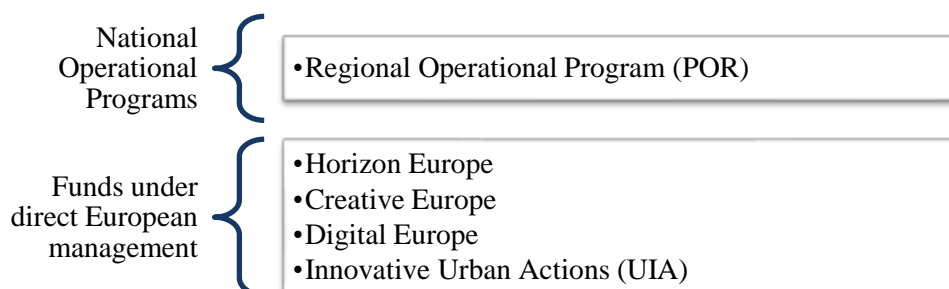
✓ *Internet infrastructure*✓ *Business digitalization*✓ *Digitization of public services*



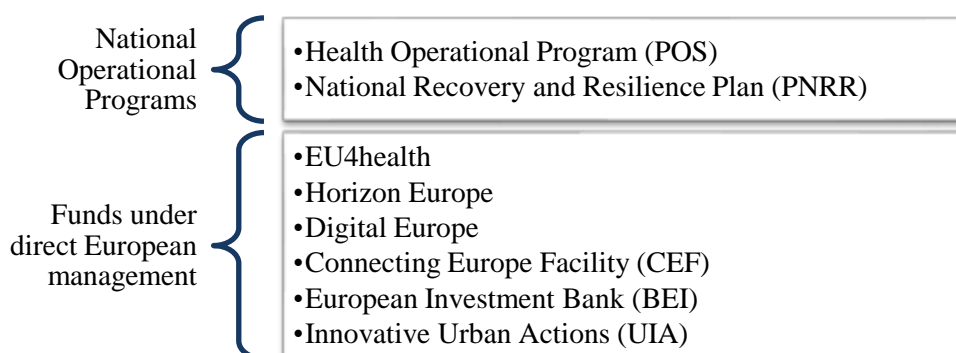
✓ *Digitization of education*



✓ *Tourism and heritage*



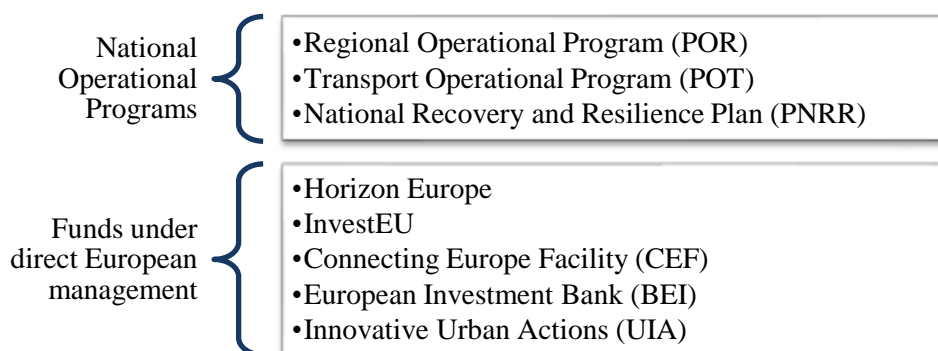
✓ *Telemedicine*



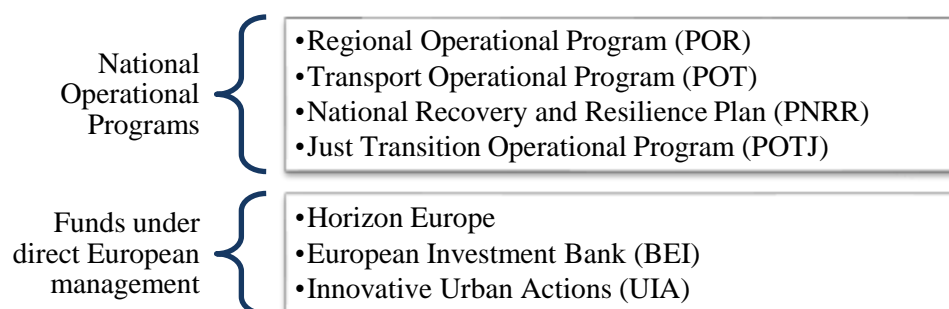
3.4. Mobility

Under this domain there are 4 sub-domains that can be funded in a city:

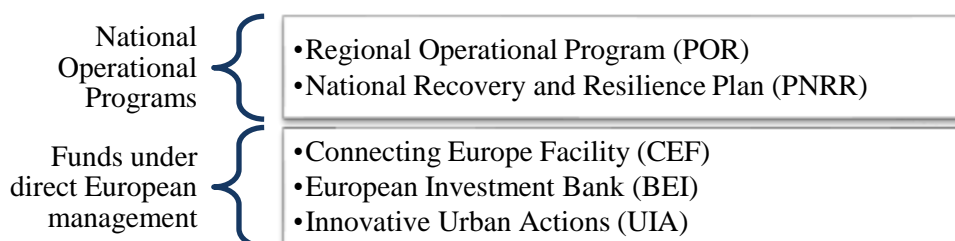
✓ *Roads and infrastructure*



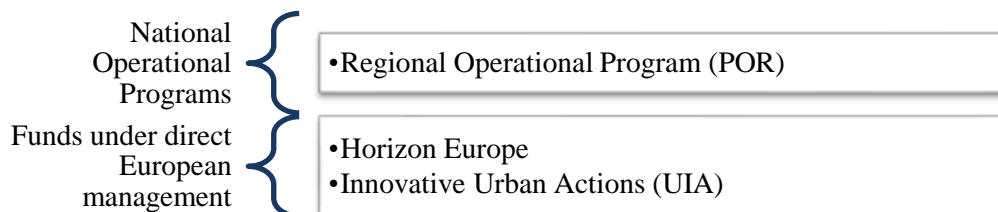
✓ *Green public transport*



✓ *Alternative shipping*



✓ *Pedestrian routes*



3.5. Environment and Energy

Under this domain there are 6 sub-domains that can be funded in a city:

✓ *Energetic efficiency*



✓ *Use of renewable energy*



✓ *Renewable energy production*

National Operational Programs	<ul style="list-style-type: none"> •Just Transition Operational Program (POTJ) •National Recovery and Resilience Plan (PNRR)
Funds under direct European management	<ul style="list-style-type: none"> •InvestEU •LIFE •Innovative Urban Actions (UIA)

✓ *Green-blue infrastructure, public spaces*

National Operational Programs	<ul style="list-style-type: none"> •Regional Operational Program (POR) •Sustainable Development Operational Program (PODD) •National Recovery and Resilience Plan (PNRR) •Just Transition Operational Program (POTJ)
Funds under direct European management	<ul style="list-style-type: none"> •InvestEU •European Investment Bank (BEI) •LIFE

✓ *Protected areas, contaminated sites*

National Operational Programs	<ul style="list-style-type: none"> •Regional Operational Programme (POR) •Sustainable Development Operational Program (PODD)
Funds under direct European management	<ul style="list-style-type: none"> •Horizon Europe •Research Fund for Coal and Steel •LIFE •Innovative Urban Actions (UIA) •Innovation Fund

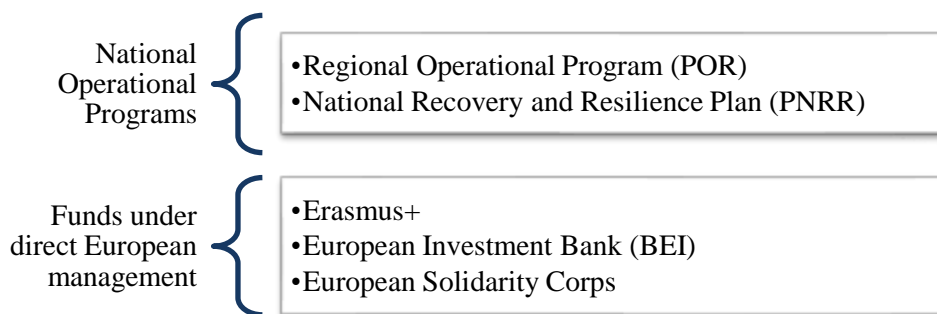
✓ *Climate change*



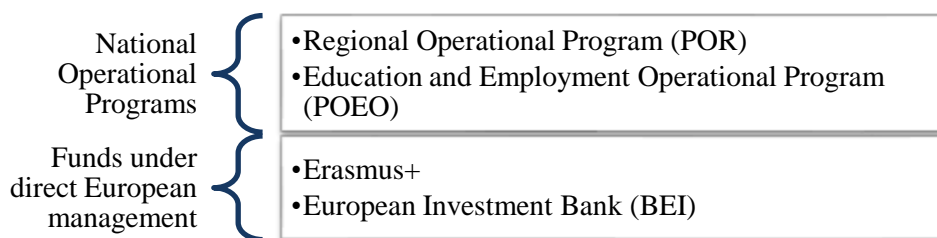
3.6. Public Services

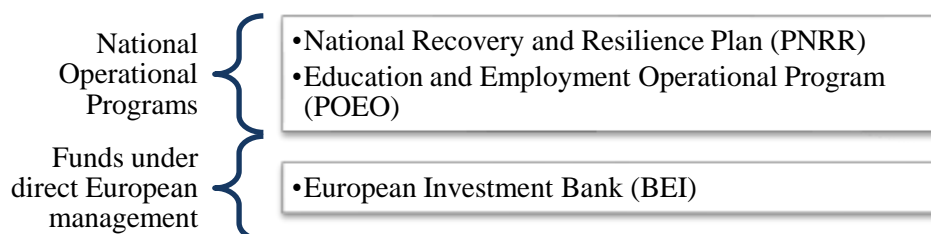
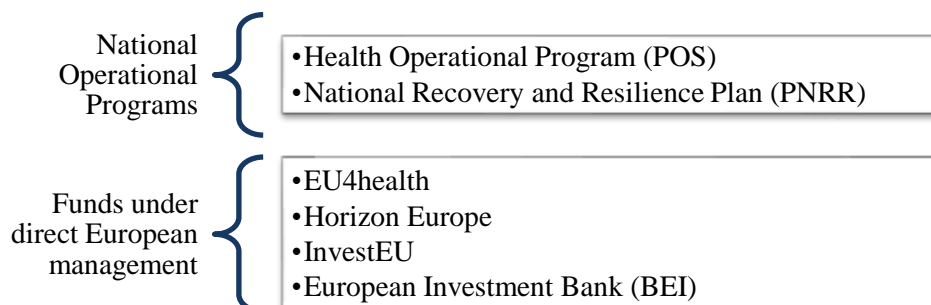
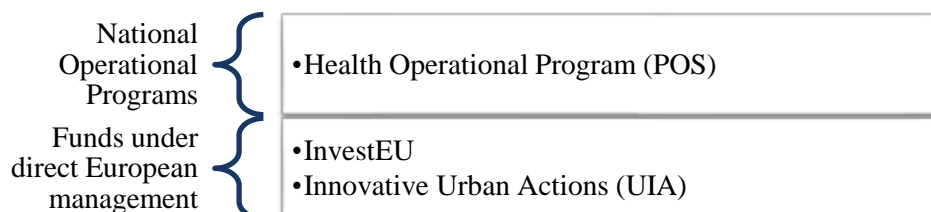
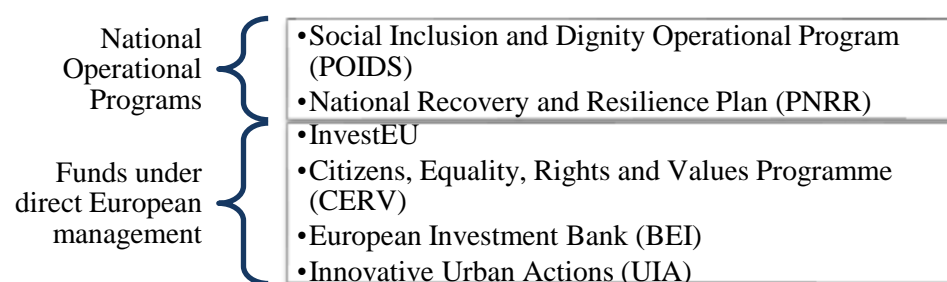
Under this domain there are 7 sub-domains that can be funded in a city:

✓ *Infrastructure and education*

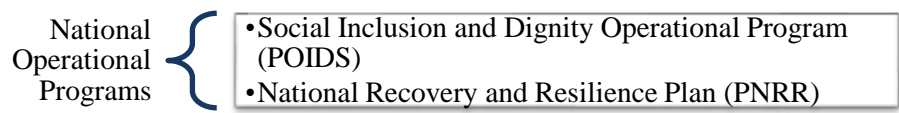


✓ *Students mobility*



✓ *Training programmes*✓ *Health infrastructure*✓ *Healthcare programs*✓ *Social services infrastructure*

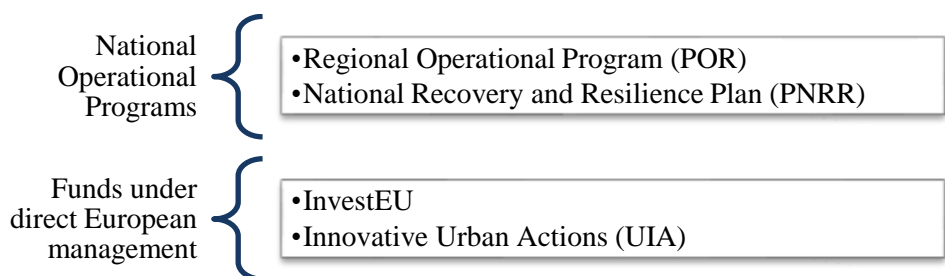
✓ *Social assistance*



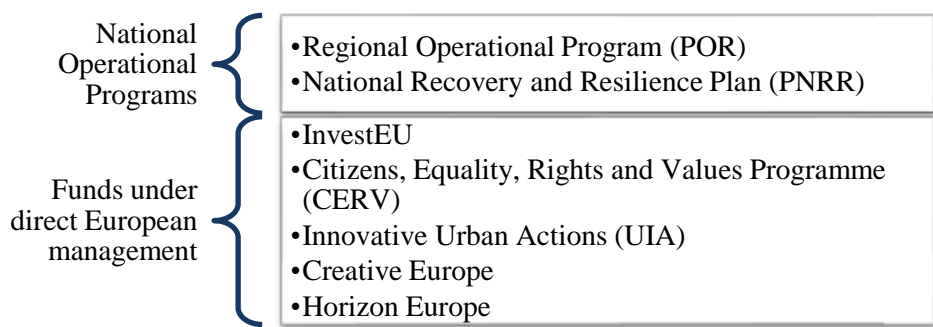
3.7. Culture and Tourism

Under this domain there are 4 sub-domains that can be funded in a city:

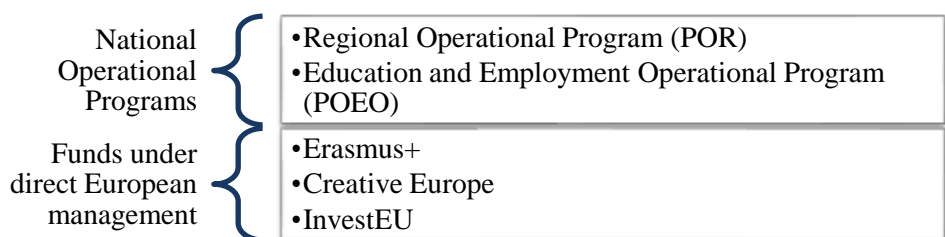
✓ *Tourism development*



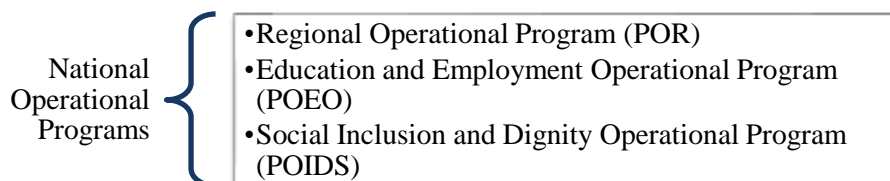
✓ *Cultural heritage*



✓ *Cultural sectors*



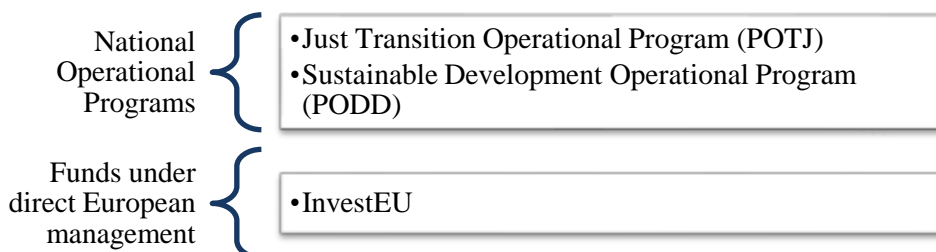
✓ *Sports and entertainment*



3.8. Technical and Building Services

Under this domain there are 3 sub-domains that can be funded in a city:

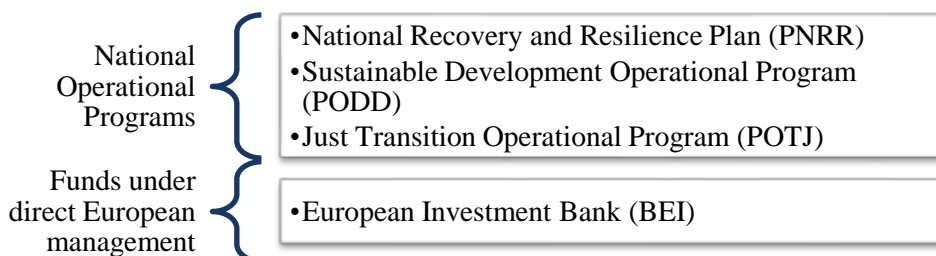
✓ *Thermal energy and gas*



✓ *Water, sewerage and water treatment*



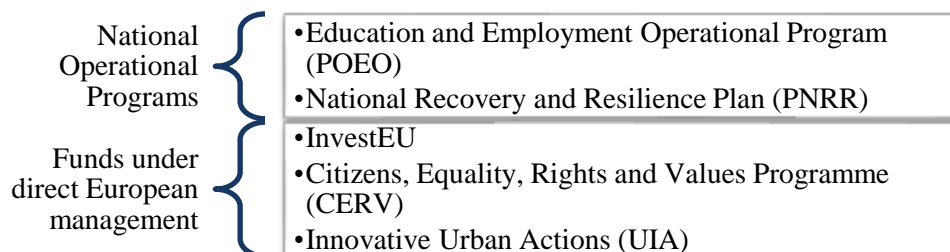
✓ *Waste*



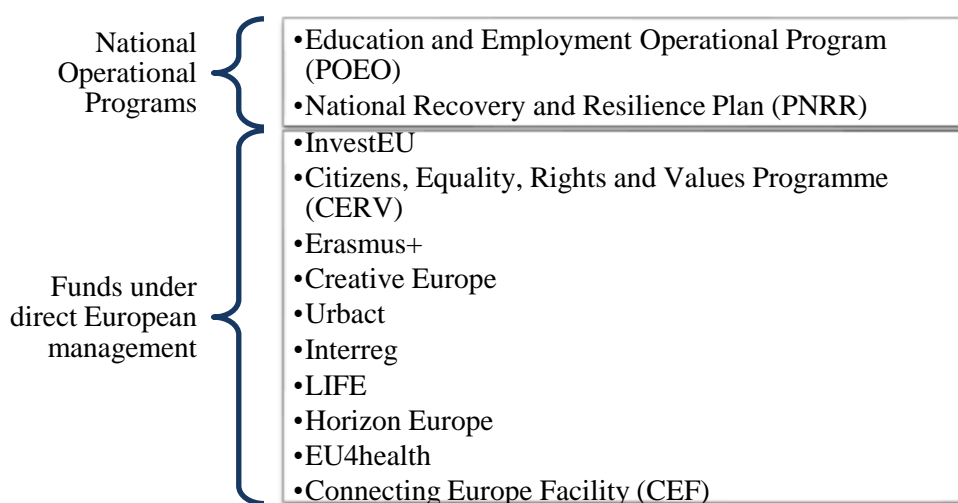
3.9. Inclusion

Under this domain there are 3 sub-domains that can be funded in a city:

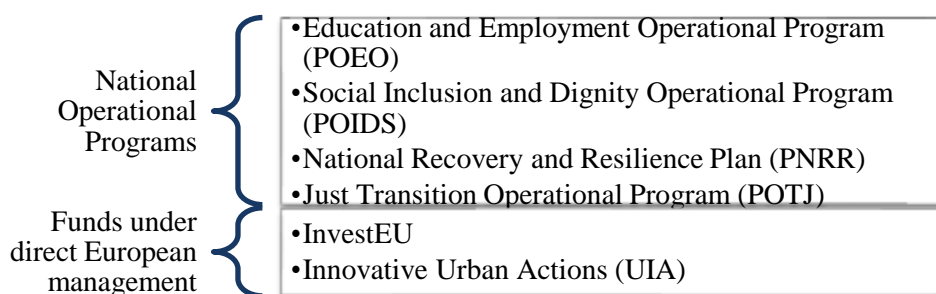
✓ *School dropout*



✓ *Social economy*



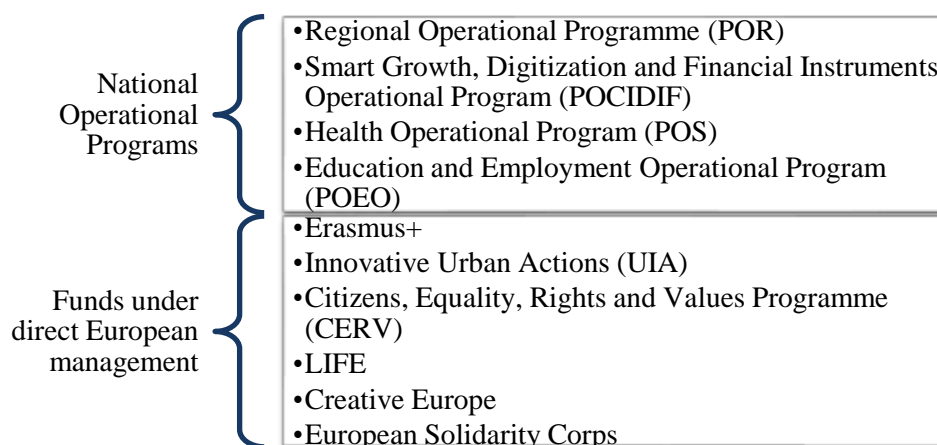
✓ *Disadvantage groups*



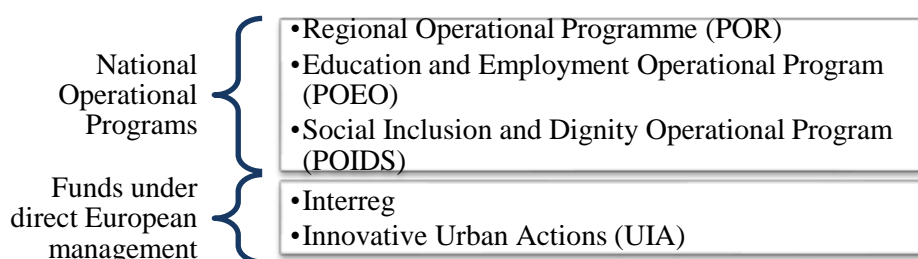
3.10. Governance

Under this domain there are 2 sub-domains that can be funded in a city:

✓ *Benchmarking*



✓ *Participatory governance*



4. Conclusions

Improving the *quality of life of citizens* involves generating general well-being by providing reliable public services of general interest, but also by reducing and preventing inequalities of any kind: social, economic, environmental and territorial. Thus, implementing *integrated and sustainable urban development strategies* requires a location-based approach of urban projects and a very good knowledge of possible sources of funding and how these financial instruments work.

There are *many opportunities* and also *legal challenges* in transforming our urban areas and a set of factors with a high impact on the sustainability of the projects, which should be taken into account, so there is a need for *networking* and *cooperation* between different stakeholders (e.g. governments, intergovernmental

organizations, private sector, technical community, and academia) together with the *active involvement of citizens* in different stages of the decision-making process.

This paper is an invitation to those interested in the sustainable future of our cities to further explore the financial opportunities available for the 2021-2027 programming period.

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