REGIONAL DEVELOPMENT AND ECONOMIC GROWTH APPROACH IN EUROPE AND GCC COUNTRIES

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Abstract
The research paper starts from the reality that each country faces challenges in the balanced economic development of its territory. Inequalities in the levels of development of the regions of a country have arisen either as a result of changing economic conditions, the development of economic areas, and the entry of others into decline, either as a result of the concentration of economic growth in certain regions or economic sectors or by the existence of regions sparsely populated or with resources largely derived from primary sectors that have not been able to maintain economic development or social infrastructure at a satisfactory level. The issue of creating a regional development policy started in European structures and spread around the world. The research has shown that economic development is being approached differently in Europe and Middle East. The author concluded that the difference in the solution of the regional differences is related to the state economic sovereignty and to the state's involvement in the economy, as well as to the facilitation of the interregional financing or to the provisions of the economic development agreements concluded.

Key words: *regional development; Europe; GCC; financial assistance for regional development; regional development policy; objectives of regional development*

JEL Classification: *E61, F02, F22, F36, F42, F43, F53, F63, O11,*

I. INTRODUCTION

Each country faces problems in the balanced economic development of its territory. Inequalities in the levels of development of the regions of a country have arisen either as a result of changing economic conditions, the development of economic areas, and the entry of others into decline, either as a result of the concentration of economic growth in certain regions or economic sectors or by the existence of regions sparsely populated or with resources largely derived from primary sectors that have not been able to maintain economic development or social infrastructure at a satisfactory level.

Figure no.1: Regional organizations with non-overlapping memberships.

Source: https://en.wikipedia.org/wiki/Regional_integration

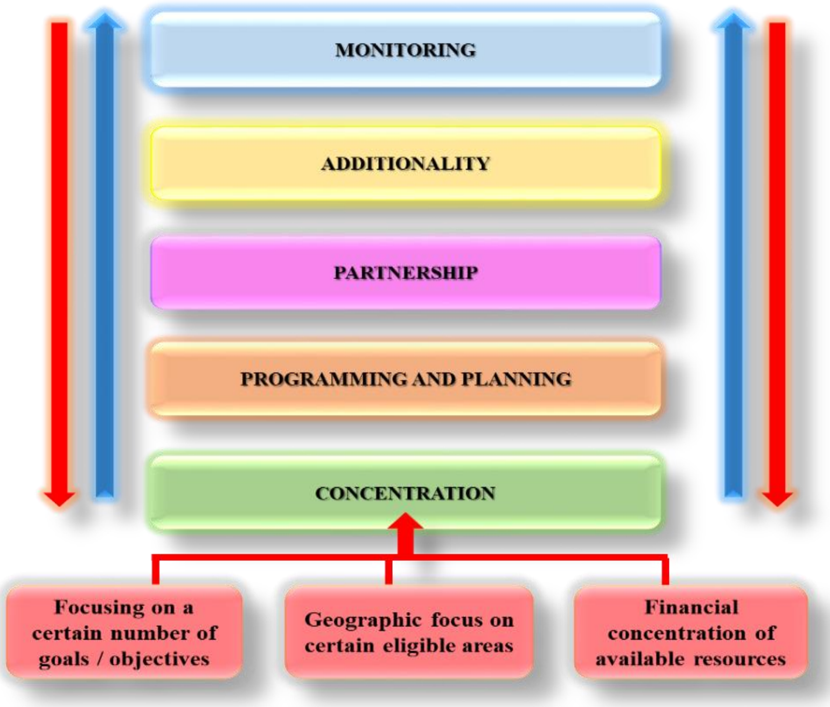
At the same time, on the background of sustained demographic growth, significant population movements have taken place (migration), leading to the depopulation of rural areas and the intensification of urbanization (Moşteanu, 2001a).The issue of creating a regional development policy has been tackled for the first time at the level of the European structures. Thus in 1983, it started from the idea that spatial planning is an important tool in the crystallization of European identity and that the changes in the economic and social structures of the European countries as well as in their relations with other parts of the world *require a renegotiation of the principles that guides the organization of the territory in order to avoid that they are entirely determined by economic objectives in the short term, without taking into account social, cultural and environmental aspects* (European Council, 1983). Promotes for regional development were European countries. Much later, the regional development was approach in Middle East, especially through creation of Gulf Cooperation Council. The GCC is the most advanced model of sub regional integration in the Middle East region (figure no.1). The GCC is a political, economic, social and regional organization. It is a regional cooperation system in Arab Gulf states designed to cope with the challenges of the surrounding circumstances.

3.1 Principles of regional development policy

Regional development policy aims well-adjusted economic development, starting from the balance of the economic level of the each regions within the country, and they foresee: concentration; programming and planning; partnership; additionality and monitoring.

Concentration has three distinct aspects, all leading to the idea that the funds of the regional policy should be concentrated on the most important problems and the most disadvantaged regions (figure no.2). *Focusing on a limited number of objectives* aims at: promoting the development and structural adjustment of sub-regions; supporting the economic and social transformation of areas facing structural difficulties; and supporting the adaptation and modernization of policies and systems of education, training and employment. *The geographical concentration on certain eligible areas* is aimed at the uniform distribution of territorial units, re-examining the international standards in the field. The Statistical Office of the European Union (Eurostat) created the *Nomenclature of Territorial Units for Statistics (NUTS)* (https://ec.europa.eu/regional_policy/ro/policy/what/glossary/n/nuts/*)* for the application of common statistical standards at European Union level. NUTS levels are geographical areas used for the collection of harmonized data at European Union level. These have been used in the Structural Funds (for financing regional development in Europe) since 1988. *Focusing on the available financial resources* is aimed at allocating funds to the poorest of the candidate regions.

Figure no.2: Principles of regional development policy

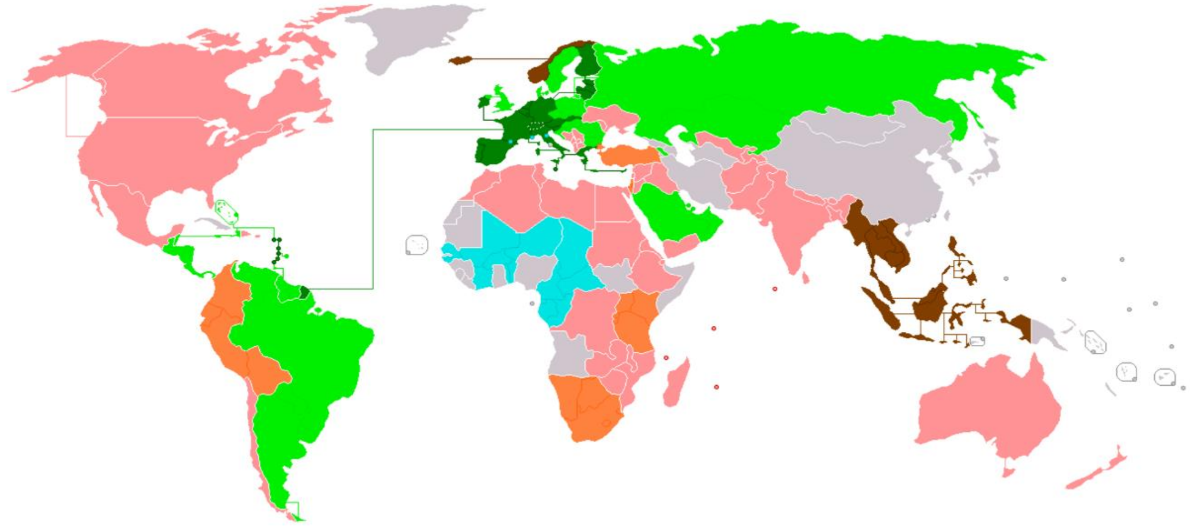


The ***programming and planning principle*** require the existence, for each beneficiary country, of a *Development Plan* based on economic and social development objectives and the adoption of a *Single programming document for each objective*. The ***partnership principle*** concerns the conclusion of an agreement between the respective regional Commission, the state's beneficiary of that specific regional fund and the authorities and bodies designated by the Member State, respecting national and international rules, as well as its current practices. ***Additionality*** is the principle that it prevents the use of funds for regional development as a substitute for national aid schemes. External aid for regional development must be added fairly and categorically to the existing financial resources allocated by each state in the disadvantaged regions and regions, bringing additional funds and sustaining the internal economic and social development policy. ***Monitoring*** is the principle aimed at conducting a regular check on the physical and financial, progressive and effective implementation of financial assistance from the regional development funds, as well as its impact in terms of the proposed objectives. In other words, the monitoring principle aims at examining the results of the funded programs for the targeted beneficiaries. Monitoring may be operational or general. In *operational monitoring*, the logic applied in the programming phase is reversed, starting with specific actions, and then moving to the global goal, achieving the actions by using different means and resources. Regarding the *monitoring of the global context*, here it is necessary, from the monitoring bodies' side, to regularly analyze the changes in the situation regarding regional imbalances and developmental differences.

3.2 Objectives of regional development policy

The objectives pursued by the regional development policy take into account the evolution of economic and social values, linked in particular to economic growth, the labor market, social development or environmental protection. There are three main objectives: *promoting the development and structural adjustment of underdeveloped regions* – usually with a GDP below 75% of the region's average. In Europe, this goal is funded by 2/3 of European funds; *supporting the economic and social transformation of areas facing structural difficulties* – aims the infrastructure restructuring and adopting new technologies. It is the case of areas that have declined industrially or where their economy depends on a single sector (for example, only agricultural, or just oil); *supporting the adaptation and modernization of policies and systems of education, training and employment* – targeting infrastructure and education restructuring and reforming employment policies (Moşteanu, 2003a). In order to achieve a sustainable regional development with the help of external financing, fully or partially reimbursable, it is necessary that these objectives to be an integral part of the regional policy of each state, together with the principles of its implementation. Figure no.3 present the regional development policy implementation around the world.

Figure no.3: Stages of economic integration around the World (each country colored according to the most integrated form that it participates with)



Economic and monetary union (CSME/EC$, EU/€, Switzerland–Liechtenstein/CHF)
Economic union (CSME, EU, EAEU, MERCOSUR, GCC, SICA); Customs and monetary union (CEMAC/XAF, UEMOA/XOF)
Common market (EEA–Switzerland, ASEAN); Customs union (CAN, EAC, EUCU, SACU)
Multilateral Free Trade Area (CEFTA, CISFTA, COMESA, EFTA, GAFTA, NAFTA, SAFTA, AANZFTA, PAFTA, SADCFTA)
Source: https://en.wikipedia.org/wiki/Regional_integration

II. RESEARCH METHODOLOGY

The present work paper is an exploratory research, based on investigative techniques. It is a fundamental and qualitative research which aims to present the regional development challenges in Europe and Middle East. The research starts from the initial forms of regional development, present its diverse forms of implementation and conclude with its importance for each country. All figures related to regional development achievements are according with European Commission online data base (European Commission. Major Projects, 2019), and GCC official sites.

III. REGIONAL DEVELOPMENT IN EUROPE

The modern economy argues that regional disparities exist only temporarily, and the elimination of these discrepancies could be achieved through price and wage adjustments, through labor market and capital market movements, the mechanism of the market being the one that would make it possible to reduce of these differences in economic activities (Moşteanu, 2003a). If the market mechanism is not controlled, a spiral effect occurs, where the developed regions present the most prosperous business conditions (highly developed infrastructure, highly qualified staffing, available support for services etc.), leaving them at their option the possibility of increasing or not their economic advantage over the underdeveloped regions (Moşteanu, 2001a).

The dynamic process of creating and enlarging the European Union, involving the prospect of a single market and the Euro. These changes has led to the emergence of discrepancies between the levels of development between the Member States on the one hand and between them and the candidate countries to interact in the Community space on the other hand. Solving this problem required a supranational response to assisting the process of regional change to the new economic issues and the circumstances that created it. A significant challenge is the migration of labor force. Although there is a physical possibility that the workforce to move from one state to another, the differences that exist, in terms of culture, language, mentality and educational level, sometimes make it difficult for a citizen to gain access to the labor market of another state. At the same time, labor migration raises social problems because in areas where such migration occurs (across the regional or national border), there are usually severe consequences for economic development through the loss of the best, most skilled and educated labor force. On the other hand, the move to a single currency in the European space has created a favorable premise for regional development in all member countries. The adoption of the single currency, together with the harmonization of tax provisions (Moşteanu, 2011a, Treaty on Stability, coordination and governance in the Economic and Monetary Union, 2012), has led to the simplification of trade between the Community states: the exchange rate has been eliminated; customs tariffs have been abolished; tax legislation has been harmonized and agreements for the elimination of double international taxation has been concluded between all EU Member States (Moşteanu, 2003b), and/or others in other regions. Since 1993, through the Maastricht Treaty (Treaty on European Union, 1993), social and economic membership has become one of the three major priorities of the European Union, besides the domestic market and the single European currency. This came as an additional recognition that economic integration, on the one hand, and the elimination of large regional imbalances, on the other hand, is a component of the same process. Regional development policies implemented by the European Union Member States consider that widespread labor mobility is not a major mechanism for a change; financial aid has to be concentrated on regions and not on countries; attention should be directed to promoting regional competitiveness, creating conditions for income-driven growth and employment opportunities; independent budgetary means to be available at community level, complemented by macro- and micro-economic policies in the Member States. In other words, an independent regional development policy at the level of the European Union is designed to enable regions to compete, promote, rather than destabilize them (Moşteanu, 2001a). In promoting regional development policy it is good to take into account the diversity of the geographical, economic and political characteristics of the Member States in the European Union. For most of Europe, natural conditions are favorable, yet the population is unevenly distributed (low densities – Finland, 16 people/km^2; Sweden, 23 people/km^2; middle densities – Italy, 201.3 people/km^2; Germany, 232 people/km^2; high densities – Netherlands, 1,200 people/km^2; Malta, 1,505 people/km^2) (Warf, 2006). There is also considerable economic diversity in terms of the economic sectors where most jobs are available.

Given the diversity of economic and geographical conditions within the European Union, the regional policies of the Member States have raised a wide range of issues. These issues have evolved around three inequalities: differences in employment conditions, especially high unemployment rates resulting from industrial restructuring; economic differences expressed in terms of regions' contribution to GDP and its reporting to the structure of economic activity; demographic and geographical issues, including periphery and population migration from one region to another, as factors linked to extreme climatic and physical conditions. All of these aspects have been taken into account by most Member States, but it has been highlighted differently. From this point of view, within the European Union, 5 large groups of countries were identified: least developed countries (Greece, Ireland, Portugal and Spain); countries with dualist economies (Germany and Italy); Nordic and continental countries (Austria, Belgium, Denmark, France, Luxembourg, Netherlands and UK); Nordic economies (Sweden and Finland); economies of ex-communist countries (Bulgaria, the Czech Republic, Slovakia and Romania) (Moşteanu, 2001c).

3.1 Least developed countries

In implementing the regional development, these countries have chosen the easiest solution: adopting a regional policy that focuses on sustaining competitiveness at least for a number of areas of each country, rather than focusing resources for the whole territory. However, the harmonious development of the entire territory of the European Union imposes a development policy that also operates in regions that are lagging or declining economically. This can be supported by the application of the principle of equality of living conditions for all the country's citizens, as it is unfair to abandon many areas of the country and their population due to market pressures. Also, focusing support in already developed regions could cause efficiency problems. Thus, the long-term growth prospects of already prosperous regions may lead to unequal development levels, to the congestion of already existing problems in other regions, to pollution and to important inflationary pressures as a consequence of intra-regional migration and over-concentration of economic activities (Moşteanu, N. R., 2001a). These tensions between the national level and regional development gaps are reflected, in particular, in the objectives of the regional policies of Greece, Ireland, Portugal and Spain.

In *Greece*, the regional development and industrial development policies adopted are based on a single legislative law. Initially, the purpose of the legislation was to encourage industrial development outside Athens and Thessaloniki. Regional development projects in these areas could qualify for financial assistance from European funds only if they could met certain criteria related to environmental protection or investments in new technologies, otherwise regional aid was not available. This approach aimed at encouraging industrial development in those parts of the less developed country and decongesting economic agglomerations in already developed areas. Regional development projects focused on research and the accumulation of new technologies remain valid throughout the country. However, the entire territory of Greece can be a region eligible for development and structural adjustment. Since the beginning of the implementation of the objectives of the regional development policy, until now, 22,809 jobs have been created in Greece; 4,279 start-ups were supported; and water supply systems have been modernized, benefiting 4.5 million citizen. At present, the main 46 regional development projects are related to the development of investments in land, air and maritime infrastructure, and inland and islands electricity systems; modernizing education and introducing digitized systems; and the modernization of information systems (new IT technologies) for the entire country.

In *Ireland*, at the beginning of the 1920s, the main objective of regional development policy was the industrialization of the country, the concept of regional policy confusing itself with that of industrial policy. In the early '50s, the Irish government introduced regional differentiated industrial incentives, trying to correct the differences in the economy as a result of rising unemployment and population emigration. In an attempt to redress the economy, Ireland has switched to a change in regional policy optics, adopting an export-based one, with greater participation in the international economy, backed by an active industrial policy and with limited emphasis on domestic regional inequalities. Since the beginning of the implementation of the objectives of the regional development policy, until now, 7,336 jobs have been created in Ireland; and 1,184,750 additional citizens were covered by IT broadband connectivity. Currently, the main 2 regional development projects are related to the development of investment in infrastructure and education.

In *Portugal*, regional development policy has a higher profile than in Greece and Ireland and it is distinct from national industrial policy. The Portuguese regional development policy has been substantially reformed using the model of some European Union Member States. Portugal has benefited from European financial assistance for the whole country, at national level. In the early 1980s, a special development program created by the European Community for Portuguese industry was introduced, and there were also focused efforts to coordinate and integrate development policies. In practice, the competitiveness of the regional development policy package at national level proved to be inadequate. The differentiated approach to aid, especially to the industrial sector, has proved to be insufficient to balance the economic gaps existing in the country. Therefore, at the beginning of 1992, the regional development policy was revised, paying attention also to the European regional development objectives for the poorly developed areas of the country. Since the beginning of the implementation of the objectives of the regional development policy, until now, 58,839 jobs have been created overall in Portugal; 14,826 projects implemented by SMEs receiving direct investment aid; 35,053 jobs were created in SMEs; and 2,157 start-ups were supported. Currently, the main 22 regional development projects are related to the development of investments in land, air and maritime infrastructure; business environment infrastructure; new water systems; modernizing education and introducing the new generation data center – bringing innovation, research and technical development; and healthcare and hospital services, chemical and pharmaceutical industry.

Spain has issues of economic development differently without Greece, Ireland and Portugal. Spain has a much larger area than the other three countries, and much more peripheral areas. These factors have contributed to the image of Spain as an attractive location for external investors. However, local authorities want to promote favorable conditions in equitable distribution of public income, by applying the principles of solidarity and economic balance between the different regions of the country, without primarily focusing on investments in large urban agglomerations. Since the beginning of the implementation of the objectives of the regional development policy, until now, 75,438 jobs have been created overall in Spain; 73,351 projects implemented by SMEs receiving direct investment aid; 95,597 jobs were created in SMEs; 10,347 start-ups were supported; and 764 Km were built. Currently, the main 44 regional development projects are related to the development of investments railways, in land, air and maritime infrastructure; new water systems and irrigation systems;

modernizing education; and the modernization of information systems (new IT technologies) for the entire country.

3.2 Countries with dualist economies

Countries with dualist economy, taken in the analysis, are Germany and Italy, and are characterized by extreme differences between internal regions, being the *youngest* member states of the European Union (Moşteanu, 2001c,d).

In *Italy*, until the early 1990s, the regional development policy was synonymous with the *Mezzogiorno policy*, and the accentuation of the development of the southern part of the country (currently less developed and focused on agriculture industry) is reflected by the existence of special intervention policies and the creation of institutions to lead it. Some economists may argue that this policy has an important substitution effect, compared to standard government policies, in areas such as those in the northern part of the country (highly industrialized and more economically developed) where industrial policy is highly concentrated. Since the beginning of the implementation of the objectives of the regional development policy, until now, 88,934 jobs have been created overall in Italy; 2,905 projects implemented by SMEs receiving direct investment aid; and, 5,768 start-ups were supported. Currently, the main 33 regional development projects are related to the development of investments railways, in land, and maritime infrastructure; new water systems and irrigation systems; solar energy; modernizing education; new facilities for research and development hubs; the modernization of information systems and digital development; and, improve the public services to reduce the bottlenecks. It is worth to mention that much of these development projects are planned to take place in the southern part of the country.

In *Germany* (federal country), the lines of reasonability for regional development policy are clearly marked, the German constitution providing the opportunity for a regional policy at the local administrative level. In this regard, the role of federal governments is to provide a suitable framework for restructuring and development. For almost 28 years (1961-1989), Germany was divided into two: the German Democratic Republic and the Federal Republic of Germany. The existence of the *Berlin Wall* for nearly three decades (which delimitated the two parts of the country) caused the significant decrease in the labor force emigration between the two sides, as well as the unequal development between the East and the West. West Germany (Federal Republic of Germany) promoted social market economy, enjoying a long period of economic growth, benefiting from financial aid from the US, UK and France. East Germany (German Democratic Republic) benefited from the financial support of the Soviet Union and an authoritarian political system with a centralized economy, and soon became the richest and most advanced of the whole Eastern bloc, being economically competitive with any country in Eastern Europe. Reunification of Germany was formally concluded on 3 October 1990. This explains the differentiated regional economic development of this country. Since the beginning of the implementation of the objectives of the regional development policy, until now, 124,564 jobs have been created overall in Germany; 67,588 jobs were created in SMEs and 31 Km2 of area were rehabilitated. Currently, the main 41 regional development projects are related to the development of investments in railways, highways, and inland infrastructure to reduce the bottlenecks; new water systems and irrigation systems; better research and education capacities; innovation hubs; business environment; development of public services; the modernization of information systems and digital development; and, E-health technology.

3.3 Nordic and continental countries

In this group of countries, regional problems tend to include a wide range of dysfunctions. The common challenge is the concern to reduce unemployment resulting from industrial restructuring and the labor market, associated with the technological market. This group of countries includes: Austria, Belgium, Denmark, France, Luxembourg, Netherlands and UK.

In *Austria*, the federal state, the objectives of regional development policy are difficult to identify as a result of the division of competence at different levels of government. Austria aims to promote a regional development policy similar to France one – land-use planning. In Austria, the regional development policy aims that financial allocation to be directed to the business environment, local government and disadvantaged areas, especially for transport, education and quality of life. Since the beginning of the implementation of the objectives of the regional development policy, until now, 15,538 jobs have been created overall in Austria; and 80 start-ups were supported. Currently, the main regional development projects are related export and job market.

Regional development policy in *Belgium* comes under the responsibility of the regional governments of Flanders and Wallonia. Belgium's regional development policy is based on the law of national economic growth, and the two governments are responsible for policy implementation. Belgium has challenges with industrial restructuring, but it does not present major economic regional differences. Therefore, the regional development policy is aimed at modernizing the education infrastructure, the business environment and the implementation of new technologies in all economic sectors. Since the beginning of the implementation of the objectives of the regional development policy, until now, 30,142 jobs have been created overall in Belgium; 3,661 projects implemented by SMEs receiving direct investment aid; and, 4,060 start-ups were supported.

In *Denmark*, the concern to reduce unemployment has led to a minimization of the focus on the implementation of regional development policy. Investment objectives and economic development opportunities in less-developed economic areas are still receiving European financial aid. Since the beginning of the implementation of the objectives of the regional development policy, until now 4,301 start-ups were supported. At the moment, development projects are targeting education and professional training; modernization of information systems and digital development; and use of e-Health technologies by the ageing population.

From a regional point of view, *France* has a broad concept of territorial planning, at which regional policy is debated and implemented. Since 1995, France has been aware that the issue of economic development should start at a regional level, noting that it is a factor which contribute to national unity and solidarity and identified two main objectives: to ensure and create conditions for access to the development opportunity for all country regions, and gaining a balanced national development. The French development policy tends to reduce the differences in living standards related to the geographical and demographic situation, the economic and employment consequences. The French regional development policy aims to offset regional disadvantages by regulating tax levels and reducing differences in availability of resources for local authorities. In France, all economic, social, cultural, educational and environmental development policies are called to align their objectives with regional development. Since the beginning of the implementation of the objectives of the regional development policy, until now, 69,320 jobs have been created overall in France; 5,559 new long-term research jobs were created; and 2,106,594 additional citizens were covered by broadband connectivity. Currently, the main 30 regional development projects are related to the development of investments in transportation inland and marine infrastructure; water suppliers systems and irrigation systems; tourism and ecotourism; better research and education capacities; innovation hubs; business environment; nanotechnology; and, the modernization of information systems and digital development.

The nature and objectives of the regional development policy in *Luxembourg* start from the small size of the economy, and from the fact that the entire country is actually a border region. However, the regional problem is associated with industrial restructuring, although there are areas of agricultural decline, especially in the northern part of the country, and, more than that, the country's borders are totally surrounded by financially assisted regions. Since the beginning of the implementation of the objectives of the regional development policy, until now, 351 jobs have been created overall in Luxembourg; and, 22 research projects have been supported.

The regional development policy in the *Netherlands* was modified in the year 2000, taking over the French modeling of land use. The main concern of development policy lies with the northern region of the country, given the economic progress registered by the central regions of the country, which benefited from more financial support in the previous years. The southern region of the country remains eligible for structural adjustment, which is justified by the neighboring regions, which are still in the process of regional financial assistance. Just as in the case of Luxembourg. Therefore, regional development policy aims at creating physical conditions (infrastructure preparation) that most support the reduction of unemployment, the main concern of Dutch policy. Since the beginning of the implementation of the objectives of the regional development policy, until now, 31,058 jobs have been created overall in Netherlands; and 5,702 start-ups were created.

United Kingdom's regional development policy strictly limits its objectives to reducing regional disparities in employment opportunities, with a focus on increasing regional competitiveness. The United Kingdom’s regional development policy aims at rebuilding the industrial sector and increasing its competitiveness. Since the beginning of the implementation of the objectives of the regional development policy, until now, 218,742 jobs have been created overall in United Kingdom; and, 65,668 start-ups were supported. Currently, the main 13 regional development projects are related to improving business environment; modernization of information systems, digital technology development, superfast broadband network for business and houses; energy from waste materials; renewable energy and low carbon technologies; the development of investments in transportation inland and marine infrastructure; and, education and research.

3.4 Nordic economies

The enlargement of the European Union to include the Nordic countries has also brought new challenges to regional development. This, due to the fact that both Finland and Sweden have large, sparsely populated areas with a harsh climate and located far away from urban centers, national and international markets. Both countries also face the unemployment problem as a result of industrial restructuring.

Regional development objectives in *Finland* tend to vary, depending on the dominant economic climate. Thus, macroeconomic policies have priority over regional development (though they should be matched). The Finnish internal regional development policy aims at: balanced regional development; promoting entrepreneurship (individual) in each region; and, creating jobs. To achieve these objectives, Finnish law requires that regional development should focus on: improving living conditions and the availability of basic services; improving regional production structures and promoting entrepreneurship; improving the business environment and creating new jobs; and, increasing the level of education and implementation of new IT technologies. Since the beginning of the implementation of the objectives of the regional development policy, until now, 39,341 jobs have been created overall in Finland; and 6,955 start-ups were supported. At the moment, development projects are targeting education and professional training; modernization of information systems and digital development; and use of e-Health technologies by the ageing population.

In *Sweden*, the regional development policy initially aimed at expanding industrial production to help the development of disadvantaged areas. Prior to the 2000s, regional development policy was directed towards creating new jobs in factories located in disadvantaged areas, with the aim of contributing to balanced economic growth. In time, the regional development policy has begun to pay attention to both social and environmental issues. Today, in recent years, the Swedish regional development policy has the objective of equalizing the level of economic development in all regions of the country. Since the beginning of the implementation of the objectives of the regional development policy, until now, 53,210 jobs have been created overall in Sweden; 10,167 jobs were created in SMEs; and, 22,238 start-ups were supported. Currently, the main development projects are targeting education and professional training; modernization of information systems and digital development; and use of e-Health technologies by the ageing population.

3.5 Economies of ex-socialist countries

After 1990, in central and eastern European countries, based on a centralized economy, the regional development policy has changed its conception and content, in the context of the transition to a market economy, and the preparation of these countries for joining the European Union (in 2004-2007). Achieving the implementation of regional development policy was driven by the pressure exercised by the regions most affected by the social consequences of rescuing, the political instability created in the old industrial regions or in the regions threatened by industrial unemployment. However, Central and Eastern European states, in an attempt to reduce the gaps in levels of development, and in their willingness to benefit from European funding, have found two options: renouncing the socialist heritage; or, switching from centralization to decentralization, and efficient spending of available resources to realign an efficient and competitive production (Hapenciuc, & Neamtu, 2016), Moşteanu, 2011b,c).

After the Second World War, central and eastern Europeans recorded the main spatial changes: urbanization and the emphasis on industrialization to the detriment of the service sector; the emergence of new industrial centers; the migration of population from the villages to the large urban agglomerations; the collectivization of agriculture; and, the change of the economic system in rural areas through the creation of large farms in state ownership. The massive labor force movement to the industrial and agricultural sectors it affect in the long run the infrastructure sector (roads and telecommunications) - less the railways - services, and environmental damage as a result of the orientation towards rapid industrial development. Thus, each state, depending on the historical and economic past, tried to adopt its own method of economic development. The polarization process that these countries have undergone in the past it has led to the division of these countries into developed (industrialized) regions and declining regions with high unemployment rates which are still requiring substantial assistance for their development (Moşteanu, 2003a).

Under these circumstances, the approach of regional policy has become obviously necessary, with government and community financial intervention being able to help declining regions go through the economic development process and handle with national economic competitiveness. In the process of transformation, the ability of regions to adapt to new economic conditions has taken into account major measures in terms of spatial difference: *diversification of the economic structure* (which includes the level and diversification of the labor force qualification, as well as the modernization of the means of production); *the general level of economic development* (reducing the discrimination of rural areas towards cities, and reducing discrimination in the geographical areas of the country); and, *distance from capital and innovation sources* (development and access to transport and telecommunication infrastructure).

Regional development achievements in east European countries, since the beginning of the implementation of the objectives of the regional development policy, until now: *Bulgaria* – 8,289 jobs have been created overall; and, 1,243 km roads were reconstructed. Currently, there are 18 main development projects which are targeting: waste management system; transport infrastructure development; and, education and professional training. *Czech Republic* – 28,277 jobs have been created overall; 8,623 projects implemented by SMEs receiving direct investment aid; 273 Km^2 of area were rehabilitated; and, roads: 2,858 Km roads were reconstructed. Currently, there are 56 main development projects which are targeting: transport infrastructure development; energy; improving medical sector; water system development; modernization of IT infrastructure; and, education and professional training. *Romania* – 51,203 jobs have been created overall; 558 research projects have been supported; and 385 Km were built. Currently, there are 100 main development projects are targeting: modernization of information systems and digital development; development of transport infrastructure; water system development; energy system development; waste management system; flooding management; improving quality of life; green heating systems; reducing pollution and protection the environment; and, education, research and professional training. *Slovakia* – 11,058 jobs have been created overall; 2,879 projects implemented by SMEs receiving direct investment aid; and more than 124,500 citizens served by waste water projects.

Currently, there are 25 main development projects are targeting: development of transport infrastructure; waste water treatment management; research, education and professional training; and, modernization of information systems and digital development.

IV. FINANCING REGIONAL DEVELOPMENT IN EUROPE

With the emergence of policy and development objectives at the level of the European Union, problems have also arisen in funding the achievement of these objectives. In this respect, each country contributes a share in the formation of community development funds. There are two major structures of funds: European Funds for regional development destined for the member countries of the European Union; and, European Structural Funds, for regional development of the countries that are in the process of joining the community species. Prior to joining the European Union, Central and Eastern European countries in implementing regional development policy benefited from European Structural Funds: PHARE, ISPA and SAPARD, all lately replaced by an unique fund: *Instrument of Pre-Asession Assistance* (IPA). Currently, all European countries members of European Union benefit from European Structural and Investments Funds: European Regional Development Fund; European Social Fund; Cohesion Fund; European Agricultural Fund of Rural Development; European Maritime and Fisheries Fund; European Union Solidarity Fund.

According to European Commission (European Structural and Investment Funds, 2019), the *European Regional Development Fund* (ERDF) focuses its investments on several key priority areas: innovation and research; the digital agenda; Support for small and medium-sized enterprises (SMEs); and, the low-carbon economy. The ERDF resources allocated to these priorities will depend on the category of region: in more developed regions, at least 80 % of funds must focus on at least two of these priorities; in transition regions, this focus is for 60 % of the funds; and, this is 50 % in less developed regions. Furthermore, some ERDF resources must be channeled specifically towards low-carbon economy projects: more developed regions: 20%; transition regions: 15%; and less developed regions: 12%. Giving the information from European Commission, the *European Social Fund* emphasizes human development, paying particular attention to improving employment and education opportunities across the European Union. It also aims to improve the situation of the most vulnerable people at risk of poverty. This fund allocate resource on four main objectives: promoting employment and supporting labor mobility; promoting social inclusion and combating poverty; investing in education, skills and lifelong learning; and, enhancing institutional capacity and an efficient public administration. In addition, 20 % of this fund aid will be committed to activities improving social inclusion and combating poverty. *Cohesion Fund* aims to support the reduction of economic and social disparities and promoting sustainable development in countries where gross national income (GNI) per capita is less than 90% of the EU average. For the 2014-2020 period, the Cohesion Fund concerns Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia. *European Agricultural Fund of Rural Development* assist Member States of European Union during their rural development program, focusing on implementing the new knowledge, IT and technologies in agriculture, forestry and rural areas, promoting social inclusion, poverty reduction and economic development in rural areas. *European Maritime and Fisheries Fund* aims to ensure that fishing and aquaculture are environmentally, economically and socially sustainable and that they provide a source of healthy food for EU citizens. Its goal is to foster a dynamic fishing industry and ensure a fair standard of living for fishing communities. *European Union Solidarity Fund* was created to respond to major natural disasters and to express European solidarity to the regions affected by disasters in Europe. The fund was created as a response to the severe floods in Central Europe. It was used for 80 catastrophic events, including floods, forest fires, earthquakes, storms and drought. So far, 24 different European countries have been supported.

V. REGIONAL DEVELOPMENT IN MIDDLE EAST

Regional development is a process which involves improvement economic conditions starting from local to national, and from national to regional. Regional development foreseen more regional cooperation and also present equal opportunities for those countries part of a certain region. In Middle East the regionalization started with regional cooperation agreements and with regional organizations with responsibilities in economic development. So far, even the globalization is challenging all world, the regional development approach is barely new in Middle East. Gulf Cooperation Council (GCC) is a form of regional development approach. Through the custom union, this form of cooperation enlarged the domestic market size and created a stable economic growth in the region. The GCC integration also contributed to improve the push and pull factors of foreign direct investments that have further attracted and increased these investments.

Regional challenges in Middle East and North Africa (MENA) and GCC countries may be underlined as follows: they are still highly dependent on hydrocarbons and oil; sovereignty is still shared cautiously, therefore regional institutions were being built up in the last decades; and, public sector in each country is closely linked to the sharing of benefits from main economics area. This complicates the regional economic reforms and strategies, as privatization and subsidy reduction, which limits the scope of regional integration, especially in the areas where public sector is dominant (Akhtar, & Rouis, 2010). International organizations as World Bank and International Monetary Fund offered their assistance to improve economic development in the region. World Bank Group focus on a set of initiatives to promote more cooperation within the region. These initiatives include the development and implementation of regional activities – investment projects, institution-building, harmonization of policies and procedures – that are likely to enhance economic growth and address common challenges across the region.

Due to a concerted drop in oil prices and new tax rules (2017 excise duties were introduced and VAT was introduced in 2018), the GCC region suffered a drop in project funding. In this respect, the region has changed its focus by announcing new facilities for start-ups and entrepreneurship, as well as relaxing lending conditions and setting up foreign-capital companies. It appears that external financial sources will maintain open funding for infrastructure projects. From Quarter-to-Quarter reports, the value of UAE projects increased by 15%, Bahrain and Kuwait reported increases of 77.1% and 242.2%. On the opposite side, Saudi Arabia and Oman recorded the strongest quarterly declines of 42.9% and 45.7% (STA online new, February 20, 2019). Economic analysts said that, despite regional tensions, the UAE will remain stable internally for 2019-2023. Real GDP growth will increase in the next 5 years, driven by increased oil production, and Expo 2020, which it will be hosted by the UAE. Efforts to diversify and improve the business environment, mainly in Dubai, will be the major political priorities. But government revenues will remain dependent on the hydrocarbon sector, even if new revenues from taxes are now coming to the national budget.

The GCC is the most advanced model of sub-regional integration in the MENA region. The GCC is a political, economic, social and regional organization. It is a regional cooperation system in Arab Gulf states designed to cope with the challenges of the surrounding circumstances. The geographic proximity of the GCC states and the resemblance of regulations and economic and social conditions were additional factors that contributed to the creation of this organization. Its objectives are among the most ambitious in the developing world. In recent years, it has far outstripped the focus on free trade in goods to include high levels of national mobility and capital mobility and the gradual opening up of many sectors in each economy for all Member States. In recent years, the council has even adopted a common tax law on VAT and excise duties. A common time (2018 and 2019) whereby two taxes are introduced in the national legislation of each GCC member country, and an identical implementation model. This can also be considered an economic development action at regional level. To attract educated human capital and foreign investors, numerous bilateral agreements to avoid international double taxation have been concluded in recent decades between each of the member states and countries in the rest of the world (e.g., United Arab Emirates has concluded 115 such agreements).

VI. FINANCING THE REGIONAL DEVELOPMENT IN MIDDLE EAST

Compared to the investment financing modalities in Europe and USA, in the GCC countries, investment finance comes largely from external sources (for investments that include foreign partners), and domestic, private or budget sources (for investments that include all local partners).

Overall, over the last few years, the GCC economy has experienced a low growth, as lower oil production and stricter fiscal policy have had an impact on non-oil business, prices and cost of living. External debt has continued to grow to help finance large fiscal deficits. However, the new measures of fiscal relaxation and investment stimulation aim at boosting economic growth, helped by the recent partial recovery of energy prices and a relaxation of fiscal austerity. The World Bank expects economic growth to reach 2.1% in 2018 and to further increase to 2.7% in 2019. The increase in Saudi Arabia is expected to return to close to 2% in 2018-19 and to also consolidate in other GCC regions (World Bank, 2018).

Openness to foreign business varies widely among the GCC members, with the UAE and Bahrain being the most liberal and Kuwait and Saudi Arabia the most restrictive (Moşteanu, & AlGhaddaf, 2019). An important feature of foreign investment rules in the UAE has been since the emergence of legislation in the field, the participation in the company's capital, differently in free zone or mainland. Free zones represent an area where taxes, employment or trade restrictions on business do not apply in the same way as in other parts of the country. Foreign investments open in the free zones of the UAE can be 100% foreign-owned, without the mandatory participation of a local shareholder. These rules were very well settled, because foreign investments opened in mainland use to have local shareholder, local identity, and in the same time financial transfer restriction, keeping the profit inside the country, participated indirectly to the entire economic development.

In the present time, foreign investment rule, in sense of business openings has been changed. Starting with 2019, increased foreign ownership of companies in the UAE is now possible. New rules (Federal Law by Decree No.19/2018) foreseen attraction of foreign direct investment for vital and strategic sectors. These changes in the internal regulations aim to promote and develop the country’s investment environment, senior officials have reported that this will boost foreign direct investments by up to 20% across the next two years. The UAE offers lucrative opportunities for foreign investment and the strengths of the UAE include its easy access to oil resources, low energy costs, a willingness to diversify the economy and a high purchasing power. The new legislation provides the framework to permit foreign shareholders to own increased levels of foreign ownership (more than 49% of shares) in companies operating in certain sectors. In this respect, in 2019, a new public authority is established to ensure a comprehensive database of investment's projects as well as licensing foreign direct investment projects and evaluating their performance (Moşteanu, 2019).

In the same line, to increase the performance of foreign investment and to facilitate the soft infrastructure, the country encourage continues education and immigration of qualified human capital. Human capital is a key determinant of export performance and foreign investments. UAE still have tight regulation for hiring of foreign nationals in public-sector. However, higher educated investors, businessmen and employees will conduct to a higher efficiency and competitiveness. From this respect, starting with 2019, for higher educated expats working visa time limit increased. The GCC countries promote a zero unemployment policy, so foreign citizens coming to work have to have a job to support themselves financially. Here's how open foreign investment policy has led to jobs for all foreign immigrants. The created jobs contributed indirectly to the creation of budgetary financial resources.

Structural reforms should focus on economic diversification, private sector development, and labor market and fiscal reforms. The GCC states' long-term ambitions are articulated in various country vision statements and investment plans, and aspire to build competitive economies that utilize the talents of their people (World Bank, 2018).

Foreign direct investments will continue to grow in UAE, as long there is no direct taxation of corporations (apart from oil, banking and insurance sectors) or of individuals, and new implemented VAT is still 5%. In the same time, good-quality business climate and long-term political stability create a confidence to all possible foreign investors (Moşteanu, 2019). Promoting a stable business climate, offering an efficient infrastructure (transport, communications), using the newest technologies are some of the greatest conditions to welcome foreign investments, and UAE it is an example for it. Openness for investments led to boost economic development of its entire economy, and lead over time to reduce regional disparities among the emirates.

VII. CONCLUSION

As a result of the research carried out, it has been noticed that the promotion and implementation of a regional development policy has a prime place in many countries/regions of the world starting from Europe, America and continuing with Middle East, Asia and African countries. The author observed that each country and economic/ geographic region is trying to align its economic policies with regional development objectives. Regional development is a continuous process and it is amplified with the development and implementation of new industrial technologies and artificial intelligence in many economic sectors, especially in finance, accounting, auditing, public services, which will lead to improved productivity, and cost-reduction, but also job cuts, which can deepen economic differences in some sectors or geographic areas. The research shows that the regional development challenges are always present, and the contests of the modern world certainly require that objectives of regional policy to be an integral part of the country's economic development strategy and policy. Many countries of the world have understood that a harmonious, balanced and sustainable development at national level must begin with the reduction of internal regional disparities (KICSI, & Ailenei, 2016), and, in the same time, with the continuation of interregional or international cooperation in order to facilitate the fair migration of the factors of production, eliminating competition and aligning tax policies at an interregional level.

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