ANALYSIS OF PROGRAMMING PERIODS IN THE LIGHT OF THE ANNUAL PAYMENTS GRANTED BY THE EUROPEAN UNION

Cristina Maria OBRETIN[1], Luminiţa LINŢĂ (COMAN)[2]

[1]University of Craiova, cristinna.obretin@yahoo.ro
[2] University of Craiova, lintaluminita@yahoo.com

Abstract: *This study refers to payments made for economic, social, educational, informational development and to reduce the development gaps between the Member States of the European Union in the various programming periods, in order to overcome the problems encountered during those periods of time having numerous causes that caused them (natural disasters, geographical location, sparsely populated areas). Three programming periods from 1994 to 1999, 2000-2006 and 2007-2013 respectively were analyzed and the total amounts allocated were observed, how they were used to achieve the proposed objectives, the investments made in various fields of activity, as well as the States that have received the highest aid from the European Union through the Structural and Cohesion Fund. The results that the Member States have managed to achieve have been obvious and gratifying, representing progress in the path to the intended goal, each contributing to its achievement, but despite all efforts by these states, the results were not enough.*

Keywords: Annual payments, Programming period, Investments.

JEL Classification Codes: G32, H11, H21.

1. INTRODUCTION

Building on the definition of regional development, namely: the term which aims to encourage, diversify and expand economic activities, being here those investments made in the private sector with the aim of reduced the unemployment rate until the visible result of improving the quality of life of the citizens of the European Union (EU) Member States, we have analyzed several economic aspects of the countries belonging to the EU and in order to apply the policy of regional development, development queens in the territory of the Member States, regions which do not have a legal personality and do not represent administrative-territorial units.

Regional development policy refers to all measures promoted and planned by central and local public administrative authorities, in collaboration with various private actors, volunteers or public, with a view to achieving the conditions for sustainable economic growth, using and making the most of local and regional capacities (Totâlcă, 2014). The European Regional Development Fund (ERDF) was established in 1975 and represents the highest share of the total Structural Funds, with the aim of leading to lessening the differences between the regions of the EU, according to Regulation 1783/1999 of the European Parliament and of the Council on:

- the establishment and retention of sustainable jobs;
- infrastructure investments, thus making it possible to improve, diversification and regeneration of the economy and industries in areas in economic decline, rural areas, areas where the main activity was fisheries and urban areas with economic inactivity;

- investment in health and education only in areas with a level of gross domestic product below 75% of the EU average. Measures have been taken to achieve a business environment suitable for the conduct of the activity of small and medium-sized enterprises, for the development of the field of technological research, environmental protection, improved interregional and cross-border cooperation, as well as measures taken for employment and equal opportunities to achieve stable employment;
- local, regional development of small and medium-sized business activities has been initiated into obtain services for entities, develop financial instruments, transfer technology, provide direct investment assistance, improve local infrastructure, and promote structures that are service vendors in neighboring areas.

Taking into account the needs of each country and region, measures have been put in place in various fields of activity: rural development, the labor market, infrastructure restoration, health, culture, education and education, attracting and obtaining investments, developing small and medium enterprises, quality of the environment. The objectives of the period between 1994 and 1999 and the aims to be reached by the countries of the EU was (Cuadrado-Roura, 2020):

- promote development in disadvantaged regions and areas and encourage structural adaptation; eligibility of NUTS II areas and regions with gross domestic product per capita below the EU average of 75 % and 26.6% of the population of the EU have this result. The European Social Fund (ESF), the European Agricultural Guidance and Guarantee Fund (EAGGF) and the Financial Fisheries Guidance Instrument (IFOP) were used to support this objective;
- supporting areas heavily affected by industrial decline; eligibility areas unemployment rate exceeds the EU average and areas in economic decline. On a proposal from the Member States, the allocation of European funds was established over a period of 6 years, with the revision of investments and improvements every 3 years. According to studies, 16.3% of the population of the EU is in this situation. Aid has been allocated to support the objective of the ESF and the ERDF;
- the unemployment rate and the integration of young graduates into the labor market, as well as persons who are in a position to be removed from the labor market and encouraging equal employment opportunities for the female and male gender;
- ease of worker accommodation to changes in production and industrial;
- supporting the development of rural areas by supporting and helping to structures in agriculture in accordance with the requirements of the common agricultural policy, promoting the modernization of aquaculture and fisheries; eligibility of areas with a fairly low rate of economic development, established on the basis of the fulfillment of at least two conditions, namely: the low rate of income from agriculture, high level of agricultural employment, low population density in areas in depopulation. Financial resources were provided for a specified period of 6 years at the request of the Member States. The amounts were received from the ESF, the EAGGF and the ERDF. 8.8% of the total population of the EU is experiencing this situation;
- structural adaptation and development of those areas and regions that hold a number of very small population. This has been in practice since 1995. The NUTS II-level regions of Sweden and Finland, which have a low population rate of less than 8 inhabitants per kilometer, are eligible, i.e. 0.4% of Europe's population is in this situation. The funds that supported these regions were: the ESF, the EAGGF, the ERDF and the IFOP.

In 1999 it was established to reduce the number of objectives, for the next programming period, they come together and remain only three: encouraging and promoting the development of less developed areas; economic and social rehabilitation of regions facing structural problems;

encouraging and promoting the adaptation of education, education, as well as those training for employment.

In 2006 the initiative called INTERREG joined two objectives, and for this programming period we have:

- convergence: especially in the least developed areas of the Member States, which registers a gross domestic product/resident value below 75% of the EU average;
- regional competitiveness and employment: applies to all areas the EU, wishing to strengthen and ensure zonal competitiveness, as well as employment among capable persons;
- European territorial cooperation: this objective is strengthened at the expense of Interreg initiative, with the aim of supporting and assisting the cross-border, interregional and transnational cooperation process.

The ERDF was created with the aim of improving existing problems in the economy, the environment, the social problems of cities and has an important role, namely, to encourage, encourage and promote the achievement of investments in order to reduce imbalances and differences between areas of the EU, and aid has supported investments in research, innovation, the environment, infrastructure, especially in areas of countries with very little developed, and where long-term urban development is achieved, this fund may also support investments in the European structural fund and also compensate for the extra expenditure that occurs in the outermost areas: the Azores, the Canary Islands, Madeira and areas belonging to Overseas France. In the area of cross-border, interregional and transnational cooperation, this fund finances 10-20% of the total amount allocated for an operational schedule.

2. ANALYSIS OF THE PROGRAMMING PERIOD BETWEEN 1994 AND 1999

Between 1994 and 1999 a total budget of 168 billion ECU was allocated to the structural and cohesion funds, which represents about 1/3 of the EU budget and 0.4% of the EU's gross domestic product.

The main countries that have been able to benefit from these funds are: Spain – 42.2 billion ECU; Germany – 21.8 billion ECU; Greece – 17.7 billion ECU; Italy – 21.7 billion ECU; France – 14.9 billion ECU; Portugal – 18.2 billion ECU. As a result of investments from the Structural Funds, there was a 4.7 per cent increase in gross domestic product in Portugal; 2.8% in Ireland; 1.4% in Spain; 3.9% in the Eastern German States; 2.2% in Greece and 1.3% in Northern Ireland (Ahner et al., 2008).

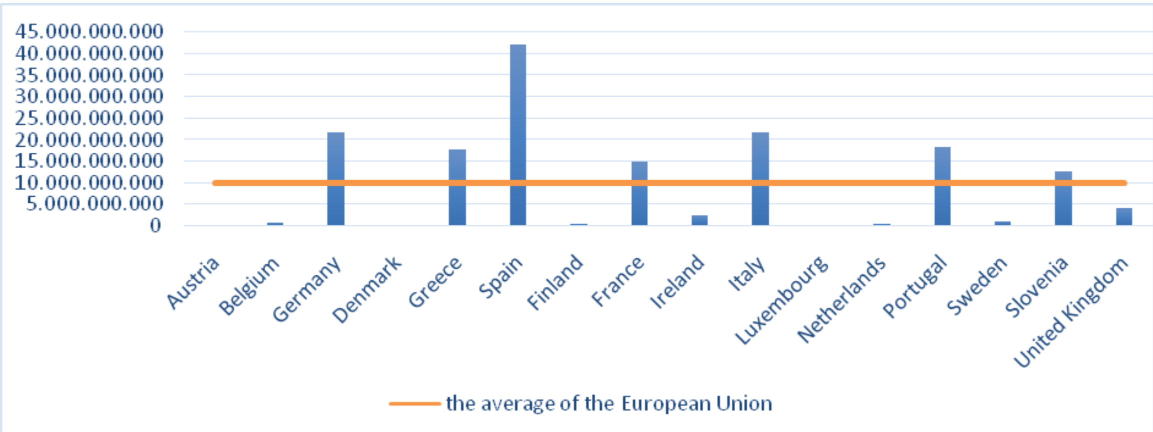

Figure 1. ***Statement of annual amounts granted to Member States by the European Union during the 1994-1999 programming period***

Source: Eurostat data processing

It is apparent from the chart attached above that eight of the total Member States of the EU during that period are above the average of the amounts granted by the EU. Spain has been allocated significant amounts compared to Belgium, Finland, Ireland, the Netherlands, Luxembourg and Sweden, which are below this average, but the financial aid provided was welcome for each Member State in order to be able to develop and reduce the major differences that were present between these countries.

In regions of countries such as: France, Italy, Spain, Portugal, Greece, Ireland, Estonia, Latvia, Lithuania were set up some 700,000 jobs, thus helping to achieve the objective of promoting and developing the least developed regions, and as a result there was also an increase in the employment rate: Portugal – 4%, Greece – 2.5%, Spain, southern Italy and the German Lands – 1-2% (Ahner and others, 2008).

A considerable number of small and medium-sized enterprises (800,000) were beneficiaries of direct aid and many underdeveloped regions took precedence in obtaining financing for the implementation of investments.

Another favorable result concerns the construction or rehabilitation of 4,104 kilometers of motorway and 31,844 kilometers of roads and roads. Due to the investments made in the railway infrastructure it was possible to reduce the journey time on routes such as: Athens-Thessaloniki-Idomeni (Greece), the journey lasting less than one hour and 30 minutes; Lisbon-Vilar Formoso (one hour and 20 minutes), Lisbon-Faro (one hour and 35 minutes), Belfast-Derry (25 minutes) and Lare-Dublin (20 minute).

Regional development policy has effects that stimulate and help the convergence process, although differences between Member States still exist and are quite visible. For example, 68% of the Community average in 1988 to 79% in 1999 of gross domestic product per capita in the least developed countries, such as Spain, Greece, Portugal, was switched from 68 % in 1999. The enlargement of the EU to the countries belonging to Eastern and Central Europe has raised countless questions about the effectiveness of cohesion policy as well as the power to financially support development processes in the undeveloped and economical declining areas (Ward, 2016). Differences in income and employment in the EU have seen a decrease over the last decade since 1990. Between 1994 and 2001 the increase in gross domestic product per capita was one percentage per year lower than the EU average, excluding Ireland from this calculation and the rate of population able to carry out economic activities increased significantly above the EU average, with Greece being the exception, according to the European Commission's third report. However, labor productivity has increased significantly in Ireland and Greece, twice the EU average at the time. Portugal also recorded increases in labor productivity, but the results were lower than those in Ireland and Greece. Although we are talking about the recording of favorable results which showed the effectiveness of the measures taken, however in Portugal and Greece, gross domestic product per capita was 70%, lower than the EU average, whereas in Spain and Greece about 7% less of the citizens who are able to work are employed compared to the average set.

Regions that have been greatly affected by industrial decline have been helped by the establishment of 567,000 new jobs, so that there has been a regression of the unemployment rate considerably from 11.3% to 8.7%, as well as the development of new locations so that businesses can operate with a capacity of 115 million square meters, making investments from the regional development fund of 3.2 billion ECU (Ahner et al., 2008).

However, these differences have been accentuated since they joined the EU and other countries, with the average gross domestic product per capita being less than 1/2 of the EU average and 56% of the population compatible with employment is compared to the EU average – 64%.

3. ANALYSIS OF THE PROGRAMMING PERIOD BETWEEN 2000 – 2006

For the proper functioning of this programming period, the European Commission, in 1998 carried out the presentation of the regulations relating to the structural and cohesion funds, as well as the instruments necessary for pre-accession, and in this respect also took place involvement of the European Parliament to adopt the regulations on the ERDF and the ESF. During this period, a general regulation was also adopted, substituting fragments of the implementing and coordination regulation. In 1999, the Council also adopted the document referring to the Instrument for Structural Policies of Pre-accession (ISPA) and the Special Accession Program for Agriculture and Rural Development (SAPARD). In the following years, five more regulations were adopted setting out the implementing rules, the modalities for the use and management of the euro, the determination of eligible expenditure, the publicity, the information provided, the systems used management, control and financial corrections.

Aid provided by the ESF, IFOP, ERDF and EAGGF was around 149.2 billion euro, benefiting 37% of the population (approximately 169.4 million citizens) of the EU 25. The Cohesion Fund contributed around 25.4 billion euro, 71.6 per cent from the Cohesion and Structural Funds (European Commission, 2018). In order to achieve the first objective, 41% of the aid provided by the EU was to make investments in infrastructure, transport, the environment; 33.8% served to create the environment conducive to the conduct of business activities and 24.5% for the purpose of developing and investing in human capital. 22.5 billion euro was allocated from the ESF and ERDF to meet the second objective, of this amount benefiting 69.8 million citizens (15.2%), and of the total granted, the percentage of 55.1% was for the achievement of productivity conditions in order to help small and medium-sized entities; 23.9% was used for investments in the environment and restoration of areas hosting industrial platforms and 20.9% of the amount granted was used for the development and formation of human capital.

According to the European Commission (2018), the total amount of the total amount granted during this period was 213 billion euro for the cohesion and structural funds for countries that were already Member States of the EU (Belgium, France, Germany, Italy, Luxembourg, the Netherlands or the Netherlands, Denmark, Ireland, Greece, Spain, Portugal, Finland, Austria, Sweden and the United Kingdom, which withdrew from the EU on 31.01.2020), and for the countries that joined the EU in 2004, 21.7 billion euro between 2004 and 2006 (Czech Republic, Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Hungary).

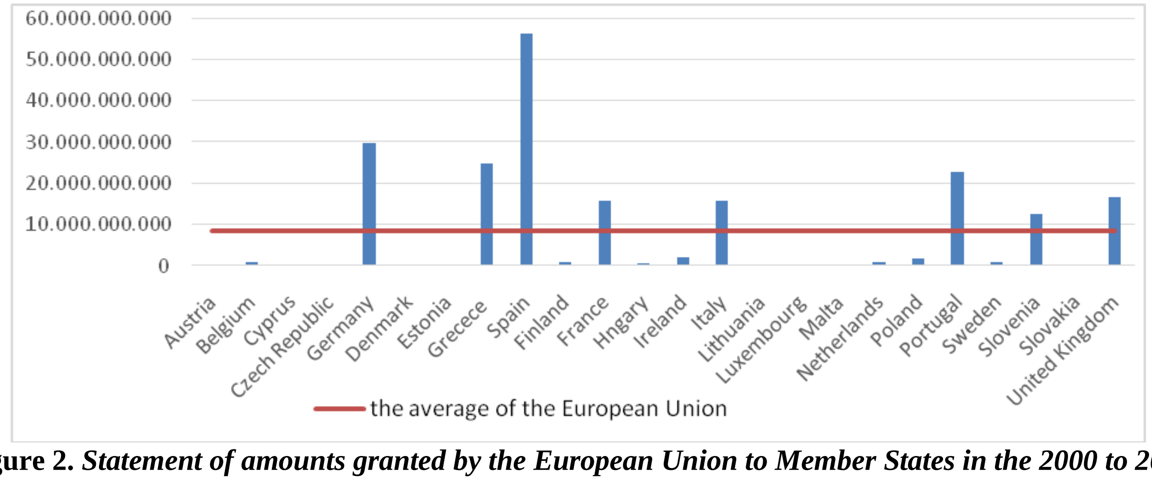

Figure 2. ***Statement of amounts granted by the European Union to Member States in the 2000 to 2006 programming period***

Source: Eurostat data processing

In the accompanying chart only seven countries were above the average of the amounts granted by the EU and benefited from large sums of money, while the countries that benefited were: Germany – 29.8 billion euro, Greece – 24.9 billion euro, Spain – 56.3 billion euro, Portugal – 22.8 billion euro, France – 15.7 billion euro and the United Kingdom – 16.6 billion euro (according to Eurostat data). Around 570,000 jobs were created, and of these 160,000 were in the 10 countries that joined in 2004.

If we refer to Greece, investments here have been largely for traffic decluttering and reducing environmental pollution, investments were made in Athens' railways and metro stations and thus other new metro stations were created – 8 and some transit stations and 17 trains were also purchased, which were used during the peak hours of the day of around 17000 passengers, and in Spain the investments made in the field of road and transport resulted in a decrease in travel time by 1.2 million hours annually (Ahner et al., 2008).

In Catalonia, investments in the information field gathered more than 6000 researchers from that region, with an amount of around 1.4 billion euros.

4. ANALYSIS OF THE PROGRAMMING PERIOD BETWEEN 2007 AND 2013

All the objectives set for this time period have been achieved with the help of three financial instruments: the cohesion fund (finances the convergence objective) and the two structural funds – the ESF and the ERDF, and the amounts allocated in the previous period by the IFOP and the EAGGF are now allocated with the help of the European Fisheries Fund (EFF) and the European Agricultural Fund for Rural Development (EADR) (Voiculescu, 2014).

The first objective is addressed to 17 EU countries including 84 regions, where around 170 million citizens live plus 16 other regions with a nearby gross domestic product, where 16.4 million citizens live, and the aid granted was around 282.8 billion euro (81.5% of the total allocated) and divided as follows: for the areas that are included in the achievement of this target – 199.3 billion euro, for areas which are in a situation of progressive suspension of the amounts offered – 13.9 billion euro and for Member States (15) which are classified to benefit from the Cohesion Fund – 69.6 billion euro. The amount allocated for the Cohesion Fund and the Structural Funds was 47 billion euro (0.38% of the EU 's gross domestic product and 35.7% of the EU budget) (European Commission report).

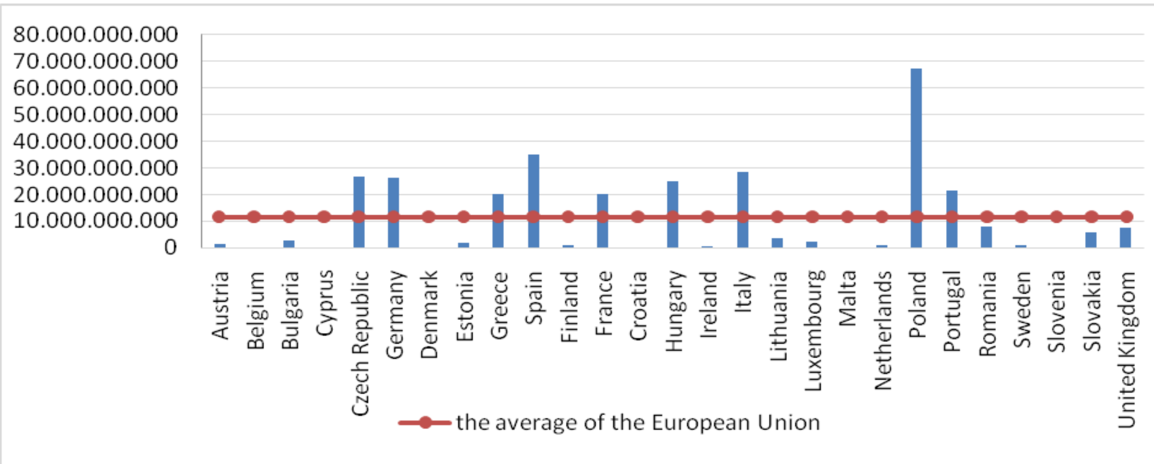

Figure 3. ***Statement of annual amounts granted to Member States by the European Union in the 2007-2013 programming period***

Source: Eurostat data processing

We note that the countries that are above the average allocated by the EU are: Germany – 26.3 billion euro; Poland – 67.3 billion euro; Czech Republic – 26.7 billion euro; Portugal – 21.5 billion euro; Hungary – 25.3 billion euro; Greece – 20.4 billion euro; Italy – 28.8 billion euro and Spain – 35.2 billion euro, being also the main beneficiaries of funds granted by the EU, and macroeconomic results show that the investments made have led to an increase in the gross domestic product rate of the last member states. According to the Hermin macroeconomic model for the Czech Republic, Lithuania, Slovakia, the increase in gross domestic product was 9 percent; for Poland, Bulgaria, Romania, the increase was 5.6 percent; for Greece by 3.5 per cent and 1.5 per cent for Mezzogiorno, the German Länder and Spain (according to Eurostat data).

It was also possible to create a considerable number of jobs for the working population, as well as in the field of research and innovation. Investments were also made in the field of transport, both for rehabilitation and for the construction of roads and railways.

Many Member States are also taking into account changes in temperature and climate and want to strengthen an economy with as low a carbon emission as possible. Luxembourg wants a 10% reduction and Slovakia wants to reduce production energy consumption by more than 20% (Demertzis et al., 2019). The program developed in France, Malta, Italy, England, Wales and the Czech Republic have measures to strengthen systems designed specifically for carbon emission assessment.

5. CONCLUSIONS

During the periods analyzed, there have been numerous positive results and favorable results of all States that are part of the EU and which have made their mark towards achieving the objectives set for each programming in part. However, the investments made with the help of the European funds allocated and granted for sustainable development and the significant reduction of the gaps that exist between member countries, the results achieved were some gratifying, but were not sufficient to arrive at the previously expected estimates.

The improvements were evident for each country that accessed and amended the aid provided by the EU. Investments have been made in transport infrastructure, with the old roads being realized, but new ones have also been built, railways have also benefited from renovations, investments have been made in these among them wanting the lowest-carbon economy, reducing pollution and as little consumption of production energy as possible, the increase in gross domestic product could also be achieved, numerous new jobs have been created the EU, with the success of reducing the unemployment rate, many small and medium-sized enterprises have benefited from the financial aid provided by the EU, and the focus has also been on making investments in research, innovation, development of technology and information.

These measures were taken in particular with the aim of rehabilitating areas and regions which were in economic decline, a state caused by some natural disasters or geographical location, thus being disadvantaged and which held a fairly low percentage of gross domestic product, much lower than the EU average, and with the help of the structural funds and the amounts granted by the EU, the development of those areas that were in that situation was successful. It was intended to strike a balance between the Member States that were part of the EU and to reduce the differences that existed, but as time passed and the accession of new states, these gaps became more and more visible, as the Member States they also had a fairly low economy.

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