SYSTEMIC APPROACH ON ACCESS AND IMPLEMENTATION OF EUROPEAN GRANTS IN ROMANIA

Maria Cristina OBRETIN

University of Craiova, Romania, cristinna.obretin@yahoo.com

Abstract: *The article addresses the use of the European grants, approved after Romania joined the European Union, conducting a technical analysis of the first programming period 2007-2013 and of the next period 2014-2020, with direct applicability on the degree of their absorption in Romania. In the first part of the paper is done analysis of legal regulations at European level and at national level, for the two funding period, highlighting the role of institutions involved in the implementation of Structural Funds in terms of the influence they have in establishing coherent policy achievement indicators set by the Lisbon Strategy for the 2007-2013 programming period and, subsequently, by the Europe 2020 Strategy for 2014-2020. Also, an important aspect of the paper is the analysis of the importance of proper implementation of the Partnership Agreement for 2014-2020, applicable at the system level by the management authorities, as well as beneficiaries of externally projects using European grants.*

Keywords: Regional structural funds, Economic effects, Programming period.

JEL Classification Codes: O16, P34, P43.

1. INTRODUCTION

In the first part of this article we presented the financial instruments that Romania benefited during the pre-accession period and after accession. We have also analyzed the main legislative regulations in this field applicable in our country.

We then talked about the methods used for the programming and use of the non-reimbursable funds allocated to our country for the economic development and the fulfillment of the 5 general objectives as well as the evolution of the indicators obtained in our country during the programming periods.

Thus, in the context of the outbreak of the financial and economic crisis, access since 2008 to cohesion and structural funds is of particular importance in ensuring the success of cohesion policy. There have been many Member States in this situation and have faced inconveniences in this area, especially after joining the European Union, so that non-reimbursable funds have become the main source of funding , helping to develop the national economy as well as developing projects to increase economic growth in many countries.

Funding from non-reimbursable funds has also helped to reduce disparities between Member States through sustainable medium- and long-term actions, in the context where the European Union cannot be a global power if there are deep disparities within it that affect the Union's external competitiveness (Bârgăoanu, 2009).

The 2007-2013 period is known as the first programming period and the use of programs financed by non-reimbursable funds, resulting in changes to these funds provided by the Commission, with a budget of EUR 347 billion for the three Structural Funds (European Social

Fund, Regional Development Fund and the Cohesion Fund), which exceeds one third of the total budget allocated.

The allocation of these funds is based on the responsibility of states to obtain funding for projects in the sense of helping those countries overcome unfavorable situations they cannot manage alone.

The research methods used for writing the study are represented by the study of the bibliography relevant to the subject and exploratory research.

2. KNOWLEDGE STAGE

During the documentation for the elaboration of this article we have identified many authors who have approached this concept of attracting, accessing and implementing non-reimbursable funds in Romania through the study of the relevant bibliography, its analysis and synthesis.

Since the entry into force of the Maastricht Treaty on the European Union, the strengthening of social and economic cohesion policy has been one of the main objectives and eliminating the differences that existed between the Member States and the implementation of cohesion policy. To achieve this, Member States require financial assistance to resolve existing problems (Boștinaru, 2013). Accessing the Structural Funds, especially by the new Member States, is a major concern at Community level, and our country is in this category. Cohesion policy is the main investment policy and is addressed to the cities and regions of the European Union, thus making it possible to financially support them for sustainable development and increasing the quality of life (Totâlcă, 2014).

The concepts of the European Social Fund, the Cohesion Fund and the Social Development Fund refer to the Structural Funds, financial instruments managed by the European Commission, aiming at providing support at structural level, and this financial assistance from the Structural Funds is intended, in order to achieve the strengthening of social and economic cohesion in the European Union (Ward et al., 2016). Three cohesion policy objectives have been established using these financial instruments, namely: removing development gaps between regions of the country, employment and reducing unemployment by investing in human capital and European territorial cooperation. The goal of regional development policy is to reduce disparities and strengthen economic and social cohesion among the states of Europe. The development of less favored regions results in a more rational distribution of industrial objectives, labor and infrastructure. Another consequence of the regional development policy is the stimulation of trade and the creation of new markets for industrial products and consumer goods. The demagogical effect of regional development policies, notably by decreasing population migration from these regions to prosperous regions, is not without significance (Lackenbauer, 2004).

In 2007-13, the cohesion fund is included in the convergence objective and the financial instruments used are managed in accordance with certain common rules, thus helping to simplify the implementation process (Voiculescu, 2014).

3. PRESENTATION OF STRUCTURAL AND COHESION FUNDS IN ROMANIA

Prior to joining the European Union, our country benefited from the pre-accession financial instruments, of which we mention: the PHARE programme - aimed at increasing the administrative capacity of public and private institutions in order to implement the acquis communautaire, the ISPA programme for environment and transport protection and the SAPARD programme to finance investment for rural development and agriculture by signing partnership agreements with the European Commission, which established the control and management of these three programs (mentioned above), and the necessary legislation to obtain such funding is adopted (Cocoşatu, 2015).

The funds were earmarked for public institutions but also for private ones with previous expertise in view of financing projects from public funds based on project management, thus achieving a very high absorption rate of pre-accession financial resources compared to the rate the absorption of other Eastern and Central European countries, with improvements in administrative matters, or communities that have been funded from these resources.

Our study also reveals that absorption rates have been quite high, exceeding 80% of the total approved, out of the approximately € 5.6 billion, calculated excluding the irregularities discovered later, considering that advances have been paid 80% of the total non-reimbursable amount of the respective projects and the difference being covered by the co-financing from the state budget. Account is also taken of the fact that the pre-accession funds had a limited value between € 50,000 and € 100,000 per project, but the requirements for obtaining funding were easily met and in line with the cohesion policy (Cocosatu, 2015).

Since the entry into force of the Accession Treaty of Bulgaria and Romania to the European Union in 2007, Romania had the obligation to modify national legislation in line with the requirements of social and economic cohesion resulting from the Lisbon Strategy reflected in principles in accordance with regulations and European decisions addressed to developed countries in particular, but also experienced in the implementation of numerous operational programs funded by the structural and cohesion funds (Cocosatu, 2015).

Since then, the budget allocated to the structural and cohesion funds has been increased more than 5 times compared to the budget of pre-accession funds, taking into account the principles of budgetary allocation presented in the financial plan approved by the Commission for the first programming period: 2007-2013.

Taking these issues into account, Romania adopted the National Strategic Reference Framework (NSRF) and the period 2007 - 2013 was characterized by "reducing the economic and social development disparities between Romania and the EU Member States by generating an additional increase of 15-20% of GDP by 2015", but to achieve these objectives, using the non-reimbursable funds, seven operational programs were accepted (the 7 Regional Operational Programs are: the Regional Operational Program, the Sectorial Operational Program for Increasing the Economic Competitiveness, the Sectorial Operational Program for Human Resources Development; the Operational Program for Administrative Capacity Development, the Sectorial Operational Program Transport and Infrastructure, the Sectorial Operational Program for Environment, the Operational Program for Technical Assistance). We have established positive results, together with the European Commission, given the increase in our country's economic performance based on the results obtained in the pre-accession phase to the European Union. With the help of the National Strategic Reference Framework (NSRF), the structural structures have been established for the allocation of our country: 60% for the development of the infrastructure, 20% more goes to the development of human capital and 15% is destined for promoting economic competitiveness over a prolonged period.

The convergence objective encompasses the seven operational programs mentioned above, with which the National Strategic Reference Framework is implemented between 2007 and 2013. These programs have been allocated a sum of € 19.213 billion from the total Structural Funds: the European Regional Development (ERDF), European Social Fund (ESF) and Cohesion Fund (CF), plus national co-financing of € 5.6 billion and the € 7.5 billion private co-financing, taking into account the type of operational program for which they can apply to those private companies as beneficiaries of these programs (NGOs, fully funded entities from their own sources, companies).

They were granted to the structural and cohesion funds by the European Union between 2007 and 2013, € 8.976 billion for the ERDF; € 3,684 billion for the ESF and EUR 6,552 billion for the CF. Of course, during this period some instruments, such as the European Agricultural Fund for Rural Development (under Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development the European Agricultural Fund for Rural Development (EAFRD) and the fisheries sector, namely the European Fisheries Fund (EFF). These instruments were included in the Common Agricultural Policy (CAP) and the Common Fisheries Policy, coordinating with the cohesion policy instruments, thus approving the National Rural Development Plan 2007 - 2013 (National Development Plan 2007-2013), helping the economic development of communes and villages in Romania.

To this end, € 9.67 billion was earmarked for this purpose, and the funding of agricultural holdings as well as processing units was redeveloped, the irrigation system was rehabilitated, protected areas flooded in certain areas, forest roads were built and agriculture, municipalities have been modernized through the introduction of water and sanitation networks, including tourism activities.

4. THE RELEVANT ROMANIAN ENGLISH IN THE FIELD OF IMPLEMENTATION OF PROJECTS FINANCED FROM EUROPEAN FUNDS

The efficient management of these non-reimbursable structural funds was provided by the European Regulations implementing all the operational programs, representing the primary legal framework for the implementation of FEN (European non-reimbursable funds in the post-accession period) in Romania, thus applying the principles of Regulation (EC) 1083/2006, as well as other legislative norms on the implementation of these programs.

Government Emergency Ordinance no. 64/2009 are the secondary legal norms provided for in the Structural and Cohesion Funds, approved at national level. This ordinance refers both to the sound financial management of the funds and to their use for the Convergence Objective, repealing the Government Emergency Ordinance no. 29/2007 regarding the granting of structural financing, co-financing from the state budget, the National Development Fund and the financing to the budget of the institutions that are responsible for the distribution and use of the financing, which will help to restore the FSC budget at the level of the institution that will allocate funds and beneficiaries of such funding.

The Government Decision no. 218/2012 approves the methodological norms for the application of the provisions of Government Emergency Ordinance no. 64/2009 regarding the financial allocation of the non-reimbursable funds. The convergence objective highlights the many budgetary procedures that will be followed, as well as treasury and / or bank accounts.

In order to determine the eligibility of the expenditures, the Government Decision No. 759/2007 regarding eligibility rules and ineligible expenditures (second-hand equipment expenses, penalties, fines, interest on credits, VAT before August 13, 2018) was approved .Here are also the ceilings for amortization, contribution in kind, expenditure on the acquisition of buildings, land, and administration.

I would also like to mention that full legislation can be consulted at the following address: http://www.fonduri-ue.ro/legislatie-nationala .

5. METHODOLOGY FOR STRUCTURAL AND COHESION FUNDS PROGRAMMING

I will continue to talk about the programming of the structural and cohesion funds, which are set as objectives which, at the end of 2020, Romania must reach and start by presenting the main differences between the two programming periods.

Table 1. Main differences in FSC programming

FSC Programming for 2007-2013	FSC Programming for 2014-2020
National Strategic Reference Framework (ERDF, CF, ESF)	Partnership Agreement (strategic objectives, output indicators, financial allocations, modalities for implementation - ERDF, CF, ESF, EAFRD, FEPAM)
Performance reserve, 3% at the discretion of Member States	Performance reserve, 6%, mandatory
Thematic Concentration - No	11 Thematic Objectives - financial allocations conditioned by the specific ERDF / ESF Fund Regulations
Condition financing - no	Ex-ante conditionality (Master plan for Transport, Territorial Development Strategy, Regional Development Plans)
Output and output indicators established on the basis of EC guiding lines (communicated during implementation)	Common indicators established by the fund regulations: output (ERDF, ESF, CF, EAFRD) and output (ESF)
Strategic and programming guidance - EC guidelines on economic, social and territorial cohesion, taking into account relevant European policies	Europe 2020 Strategy, EC Service Position Document, Country Specific Recommendations
Predefined Territorial Development Tools - no	ITI (Integrated Territorial Investments) and CLLD (Community Local Development Actions)
Priorities / Fund	Investment priorities / fund / thematic objective

Source: Ministry of European Funds

Thus, the table shows the differences in programming that were recorded during the two periods, between 2007 and 2013, using as reference document the National Strategic Reference Framework (NSRF), whereas between 2014 and 2020, the Partnership, approved by the Commission and according to which operational programs have been developed. The National Strategic Reference Framework does not present a thematic concentration, predefined tools for territorial development, funding is not conditional, and as strategic guidance and programming there are EC guidelines referring to social, economic and social cohesion, while the Partnership Agreement presents strategic objectives, but also funding plans, indicators and implementation methods. For the first period, the indicators are established on the basis of the results communicated during the implementation, and in the following period the common indicators were established by the fund regulations.

According to the regulations adopted in December 2013 (No. 1301, 1303, 1304), the correlations of the objectives of the Europe 2020 Strategy with our country have been defined. These are transposed in the following table in accordance with the approved Partnership Agreement.

Table 2. Correlation of strategic objectives with Romania and the European Union

ROMANIAN GENERAL OBJECTIVES	ROMANIA		EU
	Rates obtained in 2008	Objectives 2020	
1. Private and Private Investments public into the development and research	0.58%	2%	3% of EU GDP
2.Rata employment of population and between 20 and 60 years	64.40%	70%	75%
EDUCATION			
1. Promote social inclusion, especially by reducing poverty	-	580,000 people	It's being watched decrease number of citizens Europeans with conditions unfavorable and threatened with exclusion social and poor with at least 20 million
2.Rate of leaving early studies	15.90%	11.30%	10%
3. Graduation rate of a forms of education tertiary between the ages of 30 and 34	15.98%	26.70%	40%
"20/20/20" OBJECTIVE IN THE FIELD OF CLIMATE CHANGE AND ENERGY			
1. Increasing energy efficiency	-	19% (10 Mtoe, expressed as a reduction in primary energy consumption)	20%
2. Reducing greenhouse gas emissions	-	20%	20%
3. Percentage of renewable energy in final consumption	-	24%	20%

Source: Ministry of European Funds "2014-2020 Programming - General Elements"; Europe Strategy 2020

This document was issued taking into account the country's recommendations for actions in the field of human resources, infrastructure, competitiveness, natural resources and public administration, and five recommendations were developed, such as:

- Increasing employment rates, as well as social inclusion actions and education;
- Growth and jobs by developing infrastructure in this respect;
- Promoting local and economic development;
- Use and protection of natural resources and assets;
- Modernizing and strengthening the national administration and the judiciary.

The aim was to reduce the existing economic and social development gaps between Romania and the other EU member states, but to be able to succeed on this plan it is necessary to meet the challenges, namely: competitiveness and local development, society and people, infrastructure, resources, administration and governance.

These are the targets to which Romania is heading in the coming years and taking into account these objectives, we have also made the link between these and the main instruments through which the financing of the projects, transposed below.

Table 3. Correlation of priorities with structural and investment funds

	2020	**Common Strategic Framework - thematic objectives**
ERDF ESF FC EAFRD	**Growth is sustainable**	Promoting sustainable transport systems, removing bottlenecks in major networks
		Promoting adaptation to climate change, prevention and risk management
		Supporting the transition to a low-carbon economy in all sectors
		Protecting the environment and promoting the efficient use of resources
	Smart growth	Improving the competitiveness of SMEs, the agricultural, fisheries and aquaculture sector
		Strengthening research, technological development and innovation
		Enhancing the use, quality and access to information and communication technologies
	Inclusive growth	Investments in education, skills and lifelong learning
		Promoting employment and supporting labor mobility
		Strengthening institutional capacity and efficient public administration
		Promoting social inclusion and combating poverty

Source: own creation using the information published by the Ministry of European Funds

In order to meet the proposed objectives and which Romania has to register at the end of the programming period, instruments such as ERDF, ESF, EAFRD and FC have been used, helping to ensure sustainable, inclusive and smart growth.

We have also pursued the evolution of the objectives of cohesion and social policy from 1993 to 2013 and we note that from the stage of promoting the structural development of the regions and combating unemployment, 2013 has achieved European territorial cooperation and investment in human capital and for creating new jobs, transposed in the table below.

Table 4. Evolution of Economic and Social Cohesion Policy Objectives

EEC Regulations 2081/1993 and 2082/1993	EC Regulation 1260/1999	EC Regulation 1083/2006	EC Regulation1303/ 2013
Promotion development and structural adjustment of regions whose development is lagging behind	Facilitating the social and economic reconversion of areas with structural difficulties	Territorial cooperation	European territorial cooperation
Combating long-term unemployment, facilitate employability of young people and integration of persons exposed to exclusion from the labor market	Promoting adaptation and modernization of education, training and employment policies and systems (3 + 4)	Convergence	Investments in employment
To promote the adaptation of workers to industrial change and to the evolution of production systems	Promotion development and structural adjustment of regions with structural difficulties	Operational and Regional Competitiveness	
Reconversion of severely confronted regions with an economic downturn			
Promote the development of sparsely populated regions			
Facilitating development and structural adjustment of rural areas			

Source: own creation using the information published by the Ministry of European Funds

The financial instruments contribute to the objectives of the 2014-2020 regional development policy, entitled "European Territorial Cooperation" and "Investing for Growth and Jobs", as follows:

• ERDF - is intended to strengthen cross-border cooperation through initiatives which at the transnational level is reflected in integrated territorial development actions related to community priorities, networking and the exchange of experience at the appropriate territorial level. Eligibility: Border regions and large transnational cooperation regions ("European Territorial Cooperation");

• ERDF, ESF, CF - for growth-friendly investments (research and innovation, information and communication technologies, SME competitiveness, low carbon economy) - Investing in people (employment, better education, social inclusion, more competent public administration) - Investment in transport infrastructure and the environment. Eligibility: all EU regions ("Investments for growth and jobs").

6. CONCLUSIONS

The objectives set for Romania have been important elements in reducing existing gaps between Member States, these gaps affecting the scope of social and economic cohesion within the European Union. Thus, in order to remedy this problem and to help the country's economic and social development, the amounts allocated by the European Union, representing the financial instruments, such as the structural and cohesion funds, were used.

In order to achieve the established objectives, Romania benefited from financial support in the field of telecommunications, research and technological development, but also for innovation. These funds have been invested in transport infrastructure to improve systems, in energy networks and renewable sources, in the environmental infrastructure for drinking water supply and in the management and disposal of solid urban waste, in supporting enterprises to create new jobs, development of human resources, growth and improvement of employment.

About € 21.1 billion has been granted from the European Union (2007 - 2013), and € 9.2 billion was paid to the Union budget, resulting in a positive surplus of € 12 billion. From that amount, pre-accession funds (€ 2.6 billion) continued their objectives by 2007 (ISPA, PHARE, SAPARD programs). Between 2014 and 2015, € 11.4 billion was also allocated to programs funded between 2007 and 2013.

Given the degree of absorption, Romania has encountered problems from this point of view, faced with some bottlenecks, deficiencies, accusing the European Commission of inadequate funds management. In this context, there was a lack of experience at local, personal and national level, necessary for the appropriate use of the amounts awarded, but we cannot deny that the funding granted by the European Union.

REFERENCES

1. Bârgăoanu, A., 2009, European funds. Strategies for promotion and use, Publishing House Tritonic, Bucharest.
2. Berkowitz, P., Von Breska, E., Pieńkowski, J. Rubianes, A.C., 2015, The impact of the economic and financial crisis on the reform of Cohesion Policy 2008-2013, Regional Working Paper WP 03/2015.
3. Boştinaru, V. - coordinator, 2013, The final steps – absorption of structural and cohesion funds 2007 – 2013, Bucharest, available at http://victorbostinaru.ro/resurse/UltimiiPasi-AbsorbtiaFondurilorEuropene-VictorBostinaruMEP.pdf.
4. Cocoşatu, C. C., 2015, Systemic Approach On The Implementation Of European Grants In Romania). Research and Development in Humanistic and Social Sciences. Start-ups, Galati, no. 1, available at http://nos.iem.ro/handle/123456789/28.
5. Iova, C. Gherghinescu, O., Rinderu, P., Neagoe-Băcanu, D., 2008, The European Social Fund, Publishing House Universitaria, Craiova.
6. Lackenbauer, J., 2004, Catching-up, Regional Disparities, and EU Cohesion Policy: The Case of Hungary, Managing Global Transitions, University of Primorska, Faculty of Management Koper, vol. 2(2), pp 123-162.
7. Marin, M., 2015, Absorption of European funds for communes in Romania, Publishing House Lumen, Iaşi.
8. Molle, W., 2015, Cohesion and Growth: The Theory and Practice of European Policy Making, Publishing House Routledge, London.
9. Totâlcă A., 2014, Economic and Social Cohesion Policy, Objectives and Challenges, Volume "Doctoral Research in Economics", VI, Universitaria Publishing House, Craiova.

10. Voiculescu, D., 2014, Sustainable Economic Development: the Role of European Structural Funds and Investments, Publishing House Monitorul Oficial R.A., Bucharest.
11. Ward, T., Greunz, L., Fornoni, R., 2016, Ex post evaluation of Cohesion Policy programmes 2007- 2013, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF), Luxemburg.
12. Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).
13. Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.
14. Council Regulation (EEC) No 2081/93 of 20 July 1993 amending Regulation (EEC) No 2052/88 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments.
15. Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006.
16. Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.
17. Ministry of European Funds, Romanian Partnership Agreement for the 2014-2020 Programming Period.
18. www.fonduri-ue.ro
19. www.fseromania.ro
20. http://www.fonduri-ue.ro/legislatie-nationala