

STRUCTURAL FUNDS - IMPLICATIONS ON ACCESSION IN THE MEMBER STATES OF THE EUROPEAN UNION

Mihaela ȚIFUI¹

Abstract

Every country, regardless of the economic and social development is facing problems with the balanced economic development of the territory, determined by a number of objective and subjective factors that determine the uneven development of economic zones. This paper is an extensive analysis of the degree of accessing structural funds in the period 2007 - 2013 in the Member States of the European Union. Importance of the analysis is that the success of implementation of structural funds for Romania in the next programming period (2014 - 2020) is conditional on a thorough analysis of the current programming period (2013 - 2020), to assess the strengths, weaknesses, opportunities and, not least of which constraints faced by all actors involved in the management of these funds.

Keywords: structural funds, European Union, gaps.

INTRODUCTION

Every country, regardless of the economic and social problems is facing the problems in balanced economic development of the territory, determined by a number of objective and subjective factors that determine the uneven development of economic zones. Inequalities between the development levels of regions within a country are due mainly to the action of the following factors:

- Changing economic conditions by developing new economic sectors or declining entry of old;
- Concentration of economic growth in some regions;
- The existence of sparsely populated areas or production arising largely from primary sectors;
- Population migration to developed areas.

In the reform of cohesion policy were established five principles underlying the allocation and management of financial support for the development of regions lagging behind in terms of socio-economic concentration, programming, partnership, additionally and monitoring.

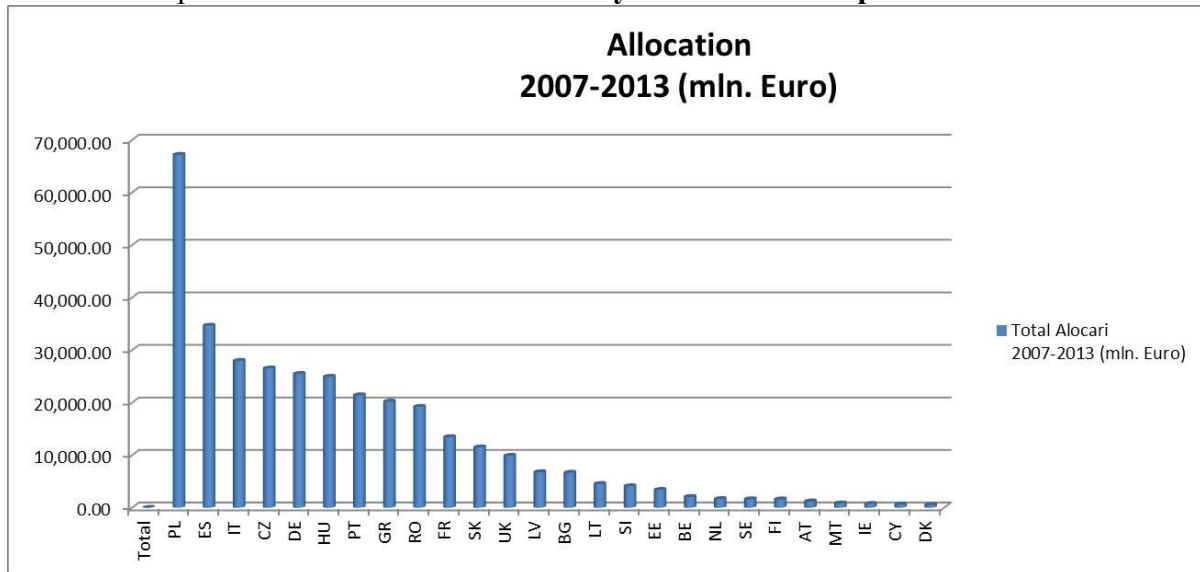
In order to reduce the gaps between countries and regions, the EU allocates significant funds over the period 2007-2013, totaling 338 billion. Romania has available structural funds totaling 19.2 billion euros or 81 billion (representing 5.6% of the EU total), amounts that should attract no later than 2015 (this amount does not include funds agriculture).

Functional Structural Funds in the European Union have contributed and contribute to economic and social development of member countries are: the European Regional Development Fund (ERDF), European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF), the Cohesion Fund (CF).

The main purpose of the Structural Funds is to achieve social and economic cohesion within the European Union. Financial resources are directed towards activities aimed at reducing disparities between the more developed regions and less developed to promote equal employment opportunities between different social groups.

¹ Drd. Student, Mihaela ȚIFUI, Faculty of Agro-Food Economics and Environment, **Academy of Economic Studies of Bucharest**, Str. Mihail Moxa, Nr. 5-7, District1, Bucharest, Romania, Phone, (+40)021 319 19 00, 021 319 19 01, fax +40 21 319 18 99, Mobil 0740 466 140, e-mail: tifui.mihaela93@gmail.com.

Graph no. 1 - Total EU allocations by countries in the period 2007-2013



Source: European Commission

Structural Funds actions are focused in particular on the following three priority objectives:

- *Objective 1* – development and structural adjustment of regions whose development is delayed, these regions have a GDP per capita below 75 % of the same indicator registered in EU countries (it is said that there are very few such areas in EU 15).
- *Objective 2* – aims at economic and social conversion of areas experiencing structural difficulties. Covering a total of 18 % of the European population is considering four areas: industrial, rural, urban and fisheries dependent areas.
- *Objective 3* – covers the whole European Union, which is outside the Objective 1 areas. It refers to the adaptation and modernization of national policies and systems of education, training and employment, taking into account the European strategy in the field of employment.

European Union allocates significant funds, in the period 2007-2013, totaling 338 billion. Romania has available structural funds totaling 19.2 billion Euro or 81 billion lei (representing 5.6% of the EU total and placing Romania on the 9-th rank), amounts that should be used no later than 2015 (this amount does not include funds agriculture). The highest amounts are allocated to Poland, namely 67.18 billion euros, representing about 19.8% of the EU total.

Table no. 1 - Allocation and absorption of structural funds in EU member states
– June 2013

	Total Alocari 2007-2013 (mln. Euro)	Total plati intermediare ale CE pana la 01.06.2013 (mln. euro)	Rata absorbtie %
Austria	1,204.48	601.60	49.95%
Belgium	2,063.50	982.50	47.61%
Bulgaria	6,673.63	1,952.30	29.25%
Cyprus	612.43	243.10	39.69%
Czech Republic	26,526.38	7,925.30	29.88%
Germany	25,488.62	13,407.20	52.60%
Denmark	509.58	216.30	42.45%
Estonia	3,403.46	2,002.80	58.85%
Spain	34,657.73	17,735.60	51.17%
Finland	1,595.97	808.50	50.66%
France	13,449.22	5,909.00	43.94%
Greece	20,210.26	9,950.40	49.23%
Hungary	24,921.15	9,044.20	36.29%
Ireland	750.72	450.80	60.05%
Italy	27,957.85	9,091.60	32.52%
Latvia	4,530.45	3,606.70	79.61%
Luxembourg	50.49	23.30	46.15%
Lithuania	6,775.49	2,127.00	31.39%
Malta	840.12	263.40	31.35%
Netherlands	1,660.00	766.70	46.19%
Poland	67,185.55	32,931.00	49.02%
Portugal	21,411.56	12,847.00	60.00%
Romania	19,213.04	2,927.10	15.23%
Slovenia	4,101.05	1738.6	42.39%
Sweden	1,626.09	895.60	55.08%
Slovakia	11,498.33	4,067.10	35.37%
United Kingdom	9,890.94	4,494.40	45.44%
	338,808.09	147,009.10	

Source: European Commission

Regarding the degree of absorption of these funds, the EU average stands at 44.87%, Latvia being the first place (79.61%), followed by Ireland (60.05%) and Portugal (60%). In contrast, the last places are countries like Bulgaria with a grade of 29% and Romania, which recorded the lowest of all Member States, only 15.23% until 1 June 2013.

At this moment Romania has effectively attracted almost 2.9 billion euros. In order to spend the entire amount would be required by 2015 to make payments worth about 17 billion euros (ie two and a half years remaining until the completion of payments, 2.5 times more than I realized since 2007).

In the period 2007 – 2013, Romania benefits for almost 19,2 bil. Euro at which is added almost 5,6 bil. Euro representing the national co-financing. Within the convergence objective, Romania has to implement 7 Operational Programmes, as follows:

Regional Operational Programme (POR), Environment Operational Programme (POS Mediu); Transport Operational Programme (POS Transport); Increasing the Economical Competitively Operational Programme (POSCCE); Human Resources Development Programme (POSDRU); Administrative Capacity Development Programme (PODCA); Technical Assistance (POS Asistenta tehnica). These 7 operational programs are financed by 3 European Funds with the following allocations:

European Found for Regional Development – 8,976 mld. Euro European Social Found – 3,684 mld. Euro Coehsion Found – 6,552 mld. Euro

Tabel no. 2 - **Allocation and absorption of structural funds in Romania by operational programs - June 2013**

Programe operationale	Alocari financiare	Grad de absorție - contractare %	Grad de absorți - plăți către beneficiari %	Grad de absorție - rambursari UE
POR	3,726,021,762	106.47	41.68	29.56
POS Mediu	4,512,470,138	102.03	25.23	15.7
Pos Transport	4,565,937,295	79.56	9.83	6.46
POS CCE	2,554,222,109	75.84	25.58	6.77
POSDRU	3,476,144,996	83.14	40.85	16.62
PODCA	208,002,622	114.05	33.17	24.63
POS asistenta tehnica	170,237,790	67.32	20.24	18.93
TOTAL	19,213,036,712	90.47	27.67	15.3

Source: Ministry of European Funds, Romania

Regarding the absorption degree by operational programs in Romania, transportation sector is has the absorption of only 6.77%, which in absolute mean that they were actually paid in the amount of 295 million euros, while allocations are 4, 5 billion.

On the other hand, in terms of absorption by the amounts repaid by the European Union, the best program stands for financing sustainable development policies of the eight regions (absorption rate of 29.56% about 1.1 billion of the 3.7 billion euros made available by the European Union) and the Operational Programme Building Administrative Capacity with a percentage of 24.63% (I had about 51 million euros from 208 million euros). However, in Romania, if we analyze the degree of absorption by contracts, we note that the rate is good and is at 90.47%.

Conclusions

Among the most important causes that led to the low level of accessing structural funds in Romania compared to other Member States are:

- Sharp and prolonged economic crisis in our country;
- The length of the evaluation process and selection;
- Lack of qualified staff in the local authorities;
- Procurement system involving long due to cumbersome procedures;
- Fluctuations in the euro-lei exchange rate;
- Long activities of control and audit;
- Responsibility of beneficiary of the funds;
- Fudamentation and preparation of the projects;
- Additional costs for project applications (approvals, certificates) etc.

Among the measures aimed at increasing access to structural funds, we believe that the most important are:

- ensure public funds from the national budget for project implementation;
- providing state guarantees for loans taken by public authorities to implement projects;

- increase accountability of organizations specializing in consulting in the field to handle not only the project design, but also the implementation, to the final phase of projects;
- expedite the implementation of technical assistance projects focus, especially on the training that will contribute to enhancing the expertise of personnel involved in such projects;
- revision of the eligible costs;
- improving the budgetary legislation;
- minimizing project evaluation period, accompanied by continuous monitoring of the implementation status of projects etc.

Public authorities managing Structural Funds are designed to ensure the equitable distribution of these funds to contribute to the balanced development of Romania and pursue their efficiency so as to achieve impact indicators as specified in the program. The success of the implementation of EU funds for Romania in the next programming period (2014 - 2020), is conditional on a thorough analysis of the current programming period (2013 - 2020), to determine the strengths, weaknesses, opportunities and not least of which constraints faced all actors involved in the management of these funds. Consulting firms must substantiate with maximum responsibility investment projects to help increase their success and project beneficiaries consider very carefully whether any investments to increase economic efficiency and to raise living standards in Romania.

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