

The absorption of European funds in Romania

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Abstract

Romania managed to stay with an extra 22.85 billion euros in all European funds after he paid the contribution to the EU budget in 2007 to date. The most difficult proved to attract structural funds and cohesion, absorption rate here is 61.5% in the period 2007-2013.

In this paper, we propose to do an analysis the poor absorption of EU funds in Romania

Keywords: *Romania, European Union, EU funds, cohesion policy, economic development*

Introduction:

In the new 2014-2020 financial cycle are still waiting for effective absorption accreditation Romanian institutional framework.

According to the latest statements of the absorption of EU funds up to March 31, 2016, Romania has brought from the European Commission 11.733 billion euros from the 19.2 billion euros - structural and cohesion funds that have been allocated during the 2007-2013.

The effective absorption rate reached 61.57%, according to data centralized by the Ministry of European Funds.

This money is added 2.1 billion euros brought as advances from the European Commission, but they will withdraw proportional amounts effective absorption failure, after they draw the line in 2017.

In 2016 Romania managed to incase almost 750 million euros from the European Commission, based on expenditures during 2007-2013. This is basically the amount collected in the short term the minister Aura Raducu, the old programming period.\

In the 2007-2013 programming period, Romania asked Brussels 12.54 billion euros, or 65.8% of the amount allocated to structural and cohesion funds. Therefore, on March 31, 2016, the country still expect the European Commission 800 million - expenditures in Romanian and European projects already paid by the Romanian state of various public and private recipients who have developed these projects.

Programe Operaționale 2007-2013	Alocare 2007-2013	Avans încasat de la CE pentru perioada 2007-2013	Declarații de cheltuieli transmise la CE (rata de absorbție curentă)		Rambursări de la CE (rata de absorbție efectivă)		Rata sumelor încasate de la CE (cu avans)
			Valoare	%	Valoare	%	%
			1	2	3	$4=(3/1)*100$	5
POS CCE	2.536.646.054	229.879.990	1.921.495.382	75,75	1.498.392.916	59,07	68,13
POAT	170.237.790	15.321.401	137.529.290	80,79	137.529.290	80,79	89,79
POS MEDIU	4.412.470.138	520.775.940	3.138.270.256	71,12	2.945.575.050	66,76	78,56
POR	3.966.021.762	335.341.959	2.567.809.921	64,75	2.567.815.128	64,75	73,20
POS DRU	3.476.144.996	451.898.849	1.894.810.402	54,51	1.726.868.138	49,68	62,68
POS T	4.288.134.778	525.615.535	2.686.323.663	62,65	2.686.323.663	62,65	74,90
PODCA	208.002.622	27.040.341	194.215.274	93,37	170.562.150	82,00	95,00
TOTAL	19.057.658.140	2.105.874.015	12.540.454.188	65,80	11.733.066.335	61,57	72,62

Euro

Returning to the money actually received by Romania in the 2007-2013 programming period, the operational programs situation is as follows, according to the balance sheet at March 31, 2016:

1. **Regional Operational Program** recorded an absorption rate of 64.75%, over 2.56 billion without advances.

ROP was managed by the Ministry of Regional Development and Public Administration.

The main beneficiaries involved were of European local authorities, projects aiming, in particular, repair of local roads, renovation of schools, rehabilitation of thermal blocks etc.

2. **Sectorial Operational Transport Program (SOP)**, Romania managed an absorption rate of 62.65% effective, over 2.68 billion euros.

SOP Transport is managed by the Managing Authority of the Ministry of European Funds in January 2015. By then, however, the managing authority was the Ministry of Transport.

The main beneficiaries involved were European money is National Company of Motorways and National Roads (CNADNR), Railways (CFR), Metrorex - all under the Ministry of Transport.

3. **Economic Competitiveness Operational Program (POSCCE)** has an absorption rate of 59.07%, which is nearly 1.5 billion euros.

Basically, this program would not have made progress in 2016. POSCCE Managing Authority was the Ministry of European Funds in 2014, but until then was the Ministry of Economy.

The main beneficiaries of European projects that have developed in the program are universities, research institutes, private companies (especially ICT).

4. **Sectorial Operational Program Environment**, the country has achieved a 66.76% absorption rate, over 2.94 billion euros.

SOP is managed by the Managing Authority of the Ministry of European Funds in January 2015. By then, however, the managing authority was the Ministry of Environment.

The main beneficiaries have developed projects here were public utility companies owned by local authorities, the National Agency for Environmental Protection etc.

The works have targeted the infrastructure of water and sewerage, waste dumps, design of flood prevention.

5. **Sectoral Operational Program Human Resources Development** (POSDRU) had the lowest absorption rate - only 49.68%, i.e. 1.72 billion euros.

The Recall that in March 2016, the European Commission blocked by the interruption procedure, paying 167.9 million euros to Romania, representing expenditures in European projects carried by POSDRU.

The POSDRU Managing Authority is the Ministry of European Funds in 2014, but until then was the Ministry of Labor. The main beneficiaries were involved were non-governamentale organizations, local authorities, central authorities (such as the National Agency for Employment - NAE) etc. Projects are funded mainly training programs, professional counseling, employment, combating discrimination against Roma etc.

6. **Operational Program Administrative Capacity Development**, effective absorption rate was 82%, i.e. 170 million.

This small program stalled in 2016, but it is understandable given the high rate of absorption (complete with the EC rate reach 95% this program).

PODCA is managed by the Managing Authority of the Ministry of Regional Development and Public Administration, but also the Ministry of Interior had this authority subordinate when it included the public administration portfolio.

The Public institutions were beneficiaries here.

7. Finally, **POAT** had an absorption rate of 80.7%, or 137.5 million euros.

POAT is under the direct management of the Ministry of European Funds since its establishment in spring 2011, the Ministry of European Affairs.

From this program were funded activities to increase the absorption of European funds in other programs: wage increases for civil MFE, trips, seminars, rent of the Ministry of European Funds etc.

These amounts do not include the country but also EU funds for agriculture and development of villages, money managed by the Ministry of Agriculture and Rural Development.

During the 2007-2013, the National Program for Rural Development, Romania managed a absorption rate of 88.36%, ie 7.15 billion euros attracted in Brussels as of January 2016.

They add the money raised Fisheries Operational Program - approximate 150 million from Brussels, which is nearly 84%, according to data on 15 April 2016. in addition, direct payments per hectare (without requiring European projects), Romania has earned European Agricultural Fund (EAGF) 7.3 billion euros for the period 2007-2013. In total, for the 2007-2013 programming period, Romania

earned 33.44 billion euros from the European Commission, accounting and pre-accession funds (PHARE, SAPARD, ISPA), post-accession funds already mentioned above, and "pennies" in other post-accession funds.

The new 2014-2020 multiannual financial framework has hardly started in Romania but also in other EU countries. European Commission, European Parliament and Member States have completed the legislative framework for the European money cumbersome 2014-2020, the first year is basically lost everyone.

The situation affected the more poor countries, especially Romania, which depends on EU funds to a greater extent and to whom lips experience and administrative capacity to catch up. According to Minister of Finance in the new programming period 2014-2020, Romania has received from the Commission European 2.14 billion euros, mostly in cash representing advances which it grants to community executive, without projects.

This money, euro 1.35 billion entered the art structural and cohesion funds, which comes under the Ministry of European Funds.

The rest of the money is for agriculture and development of villages and other allocations.

SOLD - CFM 2007-2013 + CFM 2014-2020

Denumire	Realizat 2007	Realizat 2008	Realizat 2009	Realizat 2010	Realizat 2011	Realizat 2012	Realizat 2013	Realizat 2014	Realizat 2015	Realizat 2016 (exercitiu la 31.03.2016)	Realizat 2007-2016 (exercitiu la 31.03.2016)
I. SUME PRIMITE DE LA BUCETUL UE (I+B)	1.988,71	2.642,34	2.836,24	2.293,63	2.821,89	3.442,13	5.586,83	5.981,82	4.438,42	2.985,08	38.581,90
A. SUME PRIMITE DE LA BUCETUL UE din CFM 2007-2013	1.988,71	2.642,34	2.836,24	2.293,63	2.821,89	3.442,13	5.586,83	5.822,51	5.403,35	625,78	33.443,05
B. SUME PRIMITE DE LA BUCETUL UE din CFM 2014-2020	X	X	X	X	X	X	X	49,51	99,11	1.146,32	2.142,85
II. SUME PLATITE CATRE BUCETUL UE	1.150,89	1.388,93	1.344,43	1.158,91	1.296,24	1.437,77	1.524,77	1.819,85	1.436,25	481,48	12.739,98
III. SOLDUL FLUXURILOR = I - II	488,82	1.273,41	1.525,81	1.134,72	1.325,35	2.014,36	4.022,87	4.341,15	4.392,17	1.822,61	22.851,42

*) Căsuți financiare multianuale

Structural funds and cohesion, which comes under the Ministry of European funds, Romania has not requested any money from Brussels, in the period 2014-2020, for repayment of expenditure incurred on new projects.

There was no way to do it, because not yet accredited management authorities for the new operational programs.

To finalize the arithmetic EU funds in 2007 - March 31, 2016, Romania received from the European Commission a total of nearly 35.6 billion euros (in all possible programs). Instead, the country has contributed to the EU budget of 12.74 billion euros.

So give a positive balance of 22.85 billion euros - "profit" Romania out of the relationship with the EU.

In the 2014-2020 financial framework, the structural funds and cohesion that are the responsibility of the Ministry of European Funds in 2015, Romania has launched calls for proposals only two axis, the Competitiveness Operational Program (POSCCE).

They were opened Marius Nica MFE mandate: 446 million euros for research and development and 50 million for projects of information technology and communications (IT & C).

The mandate Aura Raducu first applicant guides were left in March 2016. The minister resigned 8 billion will be made available to beneficiaries through open calls launched by the applicant's guide.

Thus, many say Raducu, or left or in contracting funding lines:

- 3.5 billion for transportation projects phased
- 0.5 billion - competitive projects - the contracting
- 3 billion - Water and Wastewater
- 0.65 - environment, biodiversity , waste
- 0.350 - local development - marginalized areas.

This is about the Human Capital Operational Program (POCU), which was left guides on two calls for proposals, a total of 60 POCU to be launched in 2014-2020.

The Romania obtained the lowest EU funds per capita in the EU Cohesion Policy for 2014-2020, 164 euros per inhabitant per year, half against Slovakia and Hungary.

Poland is the clear winner negotiations elicited almost half of this amount, namely EUR 77.6 billion (44.6% of the regional total).

Romania can access financing 22.9 billion euros (13.8% of total), the Czech Republic and Hungary by 21.9 billion euros (13.2% and 13.1%), Slovakia 13.9 billion euro (8, 4%), and Croatia 8.6 billion euros (5.1%).

Depending on the available EU funds per capita in 2014-2020, Romania is far behind neighboring countries.

Slovakia lead the way in this respect, with 369 euros per capita per year, followed by Hungary, with 316 euros, Czech Republic, 299 euro, Croatia, 289 euro, Poland, 288 euros to 164 euros per year for Romania.

According to International Monetary Fund (IMF), Romania recorded in 2013 a GDP per capita of 8630 dollars to 18,868 US dollars for the Czech Republic, 17,929 US dollars in Slovakia, 13,333 US dollars in Poland, 13,312 US dollars in Croatia 13,171 US dollars respectively in Hungary. Romania also included in the report Erste Bank with the lowest European funds earmarked for education, research and development: less than 8% of total funding available for the period 2014-2020.

The situation is similar Hungary, with an allocation of less than 10%, compared to 20% in the Czech Republic, Poland 15%, 14.5% in Slovakia.

While Romania recorded the lowest rate of use of EU funds in 2007-2013, when it was 19.2 billion euro available under cohesion policy.

Of the six countries surveyed, only Poland managed to use more than two thirds of EU funds 2007-2013, with a percentage of 67.9%, followed by Hungary (59.3%), Slovakia (52.6%) and Czech Republic (51.1%), while Romania has lagged behind, with a rate of 37.8%.

Excessive bureaucracy is the main obstacle for improving absorption rates of EU funds for countries in the region. Although the poorest countries of the EU should be the main beneficiaries of structural funds and investment allocations to Romania and Bulgaria, the least developed EU economies are lower than they have.

To reach a sufficient level of subsidies, the two countries will receive financial assistance from other European programs, such as the Common Agricultural Policy.

The bulk of EU cohesion funding available to Romania for the period 2014-2020 will be directed to environmental and transport infrastructure (over 20% for each sector). Railway project Arad - Brasov - Bucharest - Constanta will make a major contribution to economic growth by reducing the time needed for freight and passenger considers experts of Erste Bank.

However, this project could be an important step in the strategy of the Romanian government and the private sector to revive tourism on the Black Sea and increase the share of services in the current account, the Austrian bank notes.

With an absorption rate of 90% in 2014-2020, Romania would enhance economic growth by 0.8 percentage points per year, the highest potential in the region, compared with 0.7 points for Hungary, 0.6 points for Croatia, 0.5 in Poland and Slovakia and 0.3 points for the Czech Republic, the Erste analysts estimated.

Conclusion:

The government plans in the new program, increased absorption of European funds 50-80% by the end of 2015, the only major change from the government program adopted in 2012 is linked to the role of the Ministry of European Funds (MFE) as authority management. Government has three major objectives for the coming years as more use of existing funds by the end of 2020, "delays in recovering the past", and the negotiation and implementation of the "better" of funds related to future programming period (2014-2020), "learning lessons from the past."

The government plans should be in the new program, increased absorption of European funds 50-80% by the end of 2018.

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