ANALYSIS OF ABSORPTION STRUCTURAL FUNDS
AND COHESION DURING 2007-2013

PH.D. ASSISTANT CHIRCULESCU MARIA FELICIA
UNIVERSITY “CONSTANTIN BRÂNCUŞI” TARGU JIU
chirculescu_felicia@yahoo.com

Abstract:
This paper is intended to be an analysis of the absorption of structural and cohesion funds, so that in future research to analyze the causes that generated a low rate of absorption, and the reasons pertaining to public authorities involved in the whole process European funding nationally and by funding recipients; However with only one purpose, namely, to adjust the gap to old Member States.

As seen lately in the analyzed period 2007-2013, the authorities have made considerable efforts to adopt administrative measures, legal, institutional or organizational in order to increase the absorption of this program. However, there were marked improvements, which could lead to Romania to record losing money next period because the absorption rate is a prerequisite for determining the amount of funds to be allocated to each Member State in the programming 2014-2020.

It is known that one of the major objectives of the European Union was to strengthen economic and social cohesion, with the entry into force of the Treaty of Maastricht, this is because not all regions of Europe enjoy the same level of development. Thus, in order to curb the widening economic and social disparities between the old Member States and the countries that joined recently been done on the implementation of Cohesion Policies that by providing funds to address various existing structural problems and achieve their potential growth.

Thus, as is the case of Romania, the development of each Member State to reduce disparities is largely absorptive capacity, which is the degree to which a Member State fails, within a period of time, to absorb and use funds made available to the EU budget, based on the country’s administrative capacity and institutional capacity to create, develop and implement projects to attract European funds.

Cuvinte cheie: Structural and Cohesion Funds, absorption rate

Clasificare JEL : Q0, Q1

1. Introduction:

In 2007-2013, in Romania Strategic Reference Framework was implemented through seven operational programs comply with EU Convergence objective, namely Sectoral Operational Programs, namely Transport, Environment, Economic Competitiveness, Human Resource Development, Regional Programs Technical Assistance and Capacity Development Administration.

Romania throughout the period of analysis is able to spend about 20 billion Euros to be able to develop national infrastructure and administrative systems and economic factors that have the capacity to support the overall development. This is possible through the institutions entrusted with intermediary between the Commission and the beneficiary of the funds (public or private) that are designed to take on a huge responsibility in the management structure of the System of Structural Instruments, particularly in respect rigorous procedures of the European Union.

Each of the Operational Programs implemented by the authors of Management assisted in some cases IBs as established by legislation (Government Decision no. 457/2008 and Government Emergency Ordinance no. 26/2011 which is defined institutional framework for the management and coordination of structural instruments). According to the Government Decision Structured Authority for Coordination and Management Authority Operational Technical Assistance Program are placed under the authority of the Prime Minister in the composition of the working apparatus of government.

As statistics show, in the 2007-2013 programming period, Romania was the second lowest in Chapter absorption of EU funds, while for the same period paid by EU budget to 9.2 billion. euros, got through all types of funds grants over 21 billion. Euros. Although textual and Cohesion Funds are funds that could be used effectively to support socio-economic development in the short, medium and long term, they are in fact under bill. Euros for the whole period 2007-2013. Unlike these funds allocated to agriculture Romanian National Rural Development Programs (RDP) have been absorbed into a faster pace, so the amount refunded for the period 2008-2013 amounted to 4.5 billion.
Euros from a total allocation 8 billion Euros. These amounts are joined by direct subsidies per hectares to farmers, which are a special category of funds because they do not depend on the ability of beneficiaries to propose and implement a project, but the amounts entered in the Romanian economy are significant, or 5.3 billion Euros, amounts entered in the period 2008 to February 2014.

Speaking of European funds absorption Ivana Katsarova specific in her work¹ that effective absorption of structural funds depends largely on the quality of the programming phase, where the priorities should reflect the needs and the actual capacity of beneficiaries. Therefore, defining them in consultation with stakeholders in a decentralized and transparent national capacity requires going through a training process in Romania. Since its accession to the EU on 1 January 2007, Romania has absorbed funds equivalent to 0.75% of GDP, compared to the 2% originally planned, while in 2008 it was used only a quarter of the funds made available by the Brussels. Further simplification of delivery mechanisms at European and national level will certainly help speed up the process."

Also the objectives of reform through the structural funds, as the author Pascariu² states in his paper entitled European Policies, are:

- development and structural adjustment of regions lagging behind (Objective 1);
- economic and social conversion of areas in need structural (objective 2);
- adaptation and modernization of policies and systems of education, training and employment (Objective 3).

2. Statement of Structural Funds and Cohesion (FSC):

Studies show that the funds raised in 2007-2013 by all types of financial instruments, namely structural and cohesion funds, rural development and fisheries and subsidies per hectare are 15 billion euros.

Regarding the reimbursement of Structural Funds and Cohesion, in 2008-2013, the situation is as follows:

- over 1 billion. Euros were recorded in the ROP and SOP (POR - 1,647 million Euros. POSM - 1,052 million. Euros);
- POSDRU (948 mil. Euros);
- POST (876 mil. Euros);
- POSCCE (447 mil. Euros).

In 2013 the European Commission requested amount of Romania was 3.57 billion Euros, about 25% higher than the amount requested for the entire period from 2008 to 2012. It should be noted that in the period 2008-2013 Romania requested the Commission only the amount of 6.43 billion. Euros of the 19.2 billion. Euros available.

Also, you may notice that on 31st of December, 2013 the proceeds of financial instruments textual Romania was higher than the total amount collected in the period 2008-2012 (2.2 bn. Euros).

As we can see in the chart. 1. annual absorption rate increased from 2012 to 2013 timeframe, in particular due to resume payments in 2013 for four OPs (SOP HRD ROP POST POSCCE) blocked due to irregularities recorded as a result of irregularities recorded especially public procurement, and the management and control structures in 2009-2011. However it should be noted that although a high rate of contraction decreases the risk of cancellations, this does not automatically guarantee full reimbursement, successful implementation of the projects financed meet real needs at local and central level and the fulfillment of the targets set in 2007 for each Program.

---

¹ Ivana KATSAROVA, Economic, social and territorial Romanian Directorate General Internal Policies - Policy Department Structural and Cohesion, November 2010
² Pascariu GC, European politics, course support, Alexandru Ioan Cuza University of Iasi

---

171
Statistics show that 2013 is the first year that reimbursements from the structural and cohesion funds fully cover Romania’s contribution to the EU budget (chart 2).

payments and Romania to the EU

amounts reimbursed by the CE to Romania

Chart no. 2 Amounts paid by Romania to the EU versus the amount reimbursed by the Romans, 2013 (Source: www.ue funds.ro)

I appreciate that of all operational programs, the program POAT may be responsible for strengthening the administrative capacity of public institutions that are directly involved in the management of textual and cohesion funds. Although in terms of allocation this program benefits of the lowest total allocation (170 mil. Euros), the program can be regarded as a crucial funding line because some of the problems faced by the institutions responsible for the absorption: inefficient management structures, monitoring and control, the insufficient number of staff responsible for the management, especially the evaluation, contracting and reimbursement requests verification, structural instruments in conjunction with the low salary and limited expertise of central and local beneficiaries in a draw and implement projects funded.

If we perform an accurate analysis of what the program can and assume that its objectives are reflected, in fact, the global absorption capacity of funds and the efficient use of interventions of structural instruments, we can consider that the moment, in the context of low absorption capacity globally, supporting effective management was deficient because it was not possible to prevent and / or avoid difficult situations due to accessing and implementing financial instruments.

If we look at the current absorption rate in the operational programs (table no. 1) we see that for each program absorption trend was upward, for example under the POR time interval subjected to analysis of the absorption rate increased from 17 61% on 1st of May 2012 to 44.87% at the end of 2013.

Table no.1

Current absorption rate in the operational programs

<table>
<thead>
<tr>
<th>Programs</th>
<th>Period</th>
<th>31th December</th>
<th>31th December</th>
</tr>
</thead>
<tbody>
<tr>
<td>POR</td>
<td>1st May 2012</td>
<td>25,60%</td>
<td>44,87%</td>
</tr>
<tr>
<td>POS Environment</td>
<td>5,60%</td>
<td>12,88%</td>
<td>26,65%</td>
</tr>
<tr>
<td>POS Transport</td>
<td>6,22%</td>
<td>10,24%</td>
<td>31,23%</td>
</tr>
<tr>
<td>POS CCE</td>
<td>6,77%</td>
<td>14,45%</td>
<td>36,40%</td>
</tr>
<tr>
<td>POS DRU</td>
<td>6,34%</td>
<td>11,81%</td>
<td>28,75%</td>
</tr>
<tr>
<td>PO DCA</td>
<td>13,57%</td>
<td>25,48%</td>
<td>50,59%</td>
</tr>
<tr>
<td>PO AT</td>
<td>14,64%</td>
<td>18,23%</td>
<td>33,89%</td>
</tr>
</tbody>
</table>

Source: www. european affairs ministry.ro
As shown in Table 2, note that the direct payments have the highest overall absorption rate, or 99%, this is due to how easy the beneficiary can take possession of monies. In contrast, the lowest amount reimbursed and the lowest default rate of absorption belongs to the Structural Funds and Cohesion (26%).

Statement of annual absorption rates FSC, RDP, POP, SAPS, in 2007-2013

<table>
<thead>
<tr>
<th>Years</th>
<th>Indicators</th>
<th>Total annual allocations FSC</th>
<th>Total annual allocations PNDR</th>
<th>Total annual allocations POP</th>
<th>Total annual allocations SAPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>96.8%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>0%</td>
<td>9.5%</td>
<td>0%</td>
<td>99%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>0.73%</td>
<td>23%</td>
<td>0%</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>1.1%</td>
<td>35%</td>
<td>6.8%</td>
<td>99.8%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>3.6%</td>
<td>49%</td>
<td>16%</td>
<td>99.7%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>5.9%</td>
<td>52%</td>
<td>21%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>15%</td>
<td>55%</td>
<td>28%</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td>Total period 2007-2013</td>
<td>26%</td>
<td>62%</td>
<td>26%</td>
<td>99%</td>
<td></td>
</tr>
</tbody>
</table>

Source: www.europeanaffairsministry.ro

For a better analysis in terms of the degree of absorption of European funds of Romania, in absolute value, the projects proposed and implemented, we presented in Table 3 amounts allocated and reimbursed for FSC, RDP and POP compared to SAPS. Why such a comparison? The rationale was the basis of such comparisons is that all three types of financial instruments is based on the preparation and implementation of a project that enters a competition, and the project should follow the result of which is a real need to bring social -economic improvement. In contrast SAPS is to provide an amount per area (ha) owned by individuals or legal entities, amounts that are decoupled from production. In other words, these amounts are paid directly to beneficiaries through Agency for Payments and Intervention in Agriculture (APIA) and does not depend on the administrative capacity of the institution or the preparation and implementation of a project.

According to the table 3, the total amount allocated by the FSC, RDP, POP and SAPS is 32.990 million Euros and total reimbursements in 2007-2013 amounted to 15.031 million Euros. Thus, the time interval analyzed Romania has absorbed nearly half of the total amount allocated by these types of financial instruments.

Annual allocations situation FSC, RDP, POP, SAPS, in 2007-2013 - mill euros -

<table>
<thead>
<tr>
<th>Years</th>
<th>Indicators</th>
<th>Total annual allocations FSC</th>
<th>Total annual allocations PNDR</th>
<th>Total annual allocations POP</th>
<th>Total annual allocations SAPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>440</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>2.067</td>
<td>1.146</td>
<td>22</td>
<td>529</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>2.725</td>
<td>1.502</td>
<td>30</td>
<td>619</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>3.241</td>
<td>1.401</td>
<td>36</td>
<td>700</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>3.477</td>
<td>1.357</td>
<td>39</td>
<td>877</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3.724</td>
<td>1.359</td>
<td>42</td>
<td>1.043</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>3.979</td>
<td>1.356</td>
<td>45</td>
<td>1.213</td>
<td></td>
</tr>
<tr>
<td>Total period 2007-2013</td>
<td>19.213</td>
<td>8.124</td>
<td>230</td>
<td>5.423</td>
<td></td>
</tr>
</tbody>
</table>

Source: www.europeanaffairsministry.ro

Graphical representation of the amounts reimbursed by the European Commission in relation to annual allocations in 2008-2013 is as follows:
If we consider as indicator the absorption, we find that in the EU27 in 2013, Romania was at the end of the table, at a distance of 24 percentage points compared to the EU average (chart 3).

As with any activity that begins and ends, and after the 2007-2013 multiannual financial framework, it foreshadowed the need for a balance in the way of recovery of EU funds allocated to Romania. However, given the...
heavy workload implied by the final evaluation to determine gains or losses grants will only be possible after 2015 such is necessary or balance? The answer is yes, categorically yes, because the result of the final report to establish the answer to the question: Romania is a beneficiary or contributor in relation to the European Union ?, given the financial contribution of Romania to the EU budget and the amount received by Romania from European budget (both pre-accession funds and post-accession funds) by various European financial instruments, among which the most important are the Structural and Cohesion funds, European Agricultural Fund for Rural Development, the European Fisheries Fund, European Fund Guarantee agricultural.

3. Conclusions:

Romania in the period 2014-2020 could be one of the main beneficiaries of EU funds, particularly for agriculture, the European Commission intends to increase substantially poorer regions. Although direct payments will remain essential tools for supporting farmers’ income in the period 2014-2020 there will be new grant programs for rural areas, similar to those currently undertaken by the RDP.

As the European Commissioner for Agriculture in a press release of the European Commission “will still be more to negotiate the European Parliament and the Council of Ministers but since the budget proposal that makes the European Commission, Romania started a beneficiary state substantial additional funds if you were to refer only to the common agricultural policy and cohesion policy”. This means that under the cohesion policy addresses areas under the EU average level of prosperity.

For Romania after accession funds allocated impact was significantly and consistently providing increased opportunities for development of infrastructure, environmental improvement, access to educational programs and training / retraining, economic competitiveness, rural development.

Given the experience of Romania in the programs for 2007-2013, in the next period 2014-2020 will have to be removed to problems that may arise with regard to the assignment and selection. We can say that the existing conditions, including fragile economic balance that Romania had to face in the post-accession financial instruments allocated to achieve, in fact, testing processes and methods which could achieve positive change.

4. Bibliography:

[1]. Bargaoanu, A., European funds to promote and use strategies, Triton Publishing, 2009;
[4]. Katsarova Ivana, Economic, social and territorial Romanian Directorate General Internal Policies - Policy Department Structural and Cohesion, November 2010;
[5]. Manolescu, Gabriela, Contributions to the foundation of the national strategy, original and consistent disruption involution Romanian agriculture, Theoretical and Applied Economics, Volume XIX, 2012, No. 4 (569);
[6]. Pascariu GC, European politics, course support, Alexandru Ioan Cuza University of Iasi
[8]. www.infoeuropa.ro
[9]. www.structuralfunds.ro
[10]. www.ue-funds.ro