Odyssey of the European Funds Absorption Process in the Case of the Romanian Economy

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ABSTRACT  
The current context of the extended economic crisis and that of Romania’s quality as member of the European Union shows that the post-adherence funds can be used in order to save, ameliorate and solve a high range of development problems, the aim being that of achieving the development level of the developed member states. The political, economical and colloquial language uses in a repetitive manner the concept of structural funds. There are many political discourses that say that Romania’s priority is to absorb as many European funds as possible, without stating the meaning and the importance of an efficient absorption. Businessmen think that, for many people, the European funds are some kind of a mirage – that means easily accessible money. Generally, people know that European money come or don’t come, they get lost or they are spent in order to solve the problems generated by the economical crisis. However, the reality is quite different.

KEY WORDS  
European funds, European funds absorption, economic efficiency, economic welfare

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1. Introduction  
It is not easy to obtain European money; you need to have a really good and viable project that has to answer the European criteria and requirements. But the most important thing is that the financed investment should correspond to the development needs and the characteristics of the area where the project is to be implemented.

The absorption capacity represents the degree up to which a country is able to efficiently spend all the financial resources.

The efficiency of this process is based on the fact that the funds should be used in order to achieve the goals.

2. Literature Review  
In order to improve some aspects that would be able to determine some delays or blockings of the efficient management of Operational Programmes, we consider that it is necessary to implement a set of measures in the public communication domain. This thing would be the equivalent of a wide “translation” and dissemination of data and funds accessing technical procedures. There is indeed a competition and a large variety of sites that give information
regarding those mentioned above, but that information is roughly presented as it is very hard to become accessible even to those who are aware of these things.

3. Paper content

We cannot talk about efficiency in what regards using public money under the circumstances in which the financial resources are managed and allocated according to legal regulations, but people cannot use the public interest objective. Most often, this can be achieved by means of respecting all legal procedures, but the public interest objective does not respond to the needs of that community or it is not adapted to the area’s requirements and economic and social profile.

For example, making a great investment for the IT industry in a former mining area proves to lack efficiency, but making an investment in the construction materials domain would prove its efficiency when it comes to the professional reconversion of the unemployed.

It should also be acknowledged the fact that in this new context and according to new working procedures accepted by the European Board there is a need for concerted, unitary and coherent actions coming from the part of all involved authorities, so that the possible beneficiaries should understand the fact that structural funds are not allotted as a means of social assistance, but they are the result of a free market, under competitive and performance contexts. In this sense, we must assure a total transparency in the process of accessing and using the funds; we should also transform the role of bureaucracy in a supportive and useful one (“friendly bureaucracy”).

At the level of public administration, in what regards the communication and informing actions, we must change the approach in the sense that it must be perceived from the beneficiary towards the programme and not the other way around, as the applicant is not highly interested in the European Union’s cohesion policy. However, the applicant is interested in increasing his life level by means of accessing these funds. Moreover, in what regards the high amount of information provided from different angles and sources, so that public communication actions could be able to avoid misleading the audience, it should be established a coherence and a unity in the process of data spreading.

The potential beneficiary, especially that from the private sector, does not know and it is not obliged to know all definitions, procedures and techniques used in the process of allocating European funds. The investment should help the area to develop and the investor should produce profit and hire people from the investment region.

Moreover, in order to achieve the goal of improving the life level by means of governmental programmes (communitarian funds and state budget funds), it must be established a complementarity between types of projects, not only a quantitative approach – regarding the correct management and drain, but also a qualitative one – achieved by means of smartly using a continuous efficiency analysis and economic utility.

The structural funds cannot solve all the development problems and it is not recommended to transform them in some kind of a financial assistance.

In order for a programme to have a significant impact at an economic and social scale in the area of its implementation, the funds should be accessed according to the area’s level, peculiarities and development potential. Obviously, we refer to those types of projects that aim at keeping and continuing the traditions and customs of that precise area. For example, in what regards the projects that want to build or rebuild duct networks and drinking water pipes or
infrastructure, these are not developed according to that area’s needs, but according to the necessity of providing a minimum level of life and hygiene of the population. However, we must not ignore the real and immediate advantages that a region could benefit of, in the case of developing such investments that would be able to attract new development opportunities, starting from creating these premises.

In other words, taking into account that the strategy approaches the comprehensive aspects at a macroeconomic and conceptual level, it guarantees long term effects of changing the mentality and it also brings into discussion the issue of a global financial approach which would include the funds coming from European assistance programmes and national programmes (respecting the principle of additionality). In this context, it is necessary a correlation between the useful programmes and informing the beneficiaries about the main projects that would be financed. This would be made by the institutions which are involved in the process.

It is recommended that public authorities should identify the actual development possibilities of that precise area, starting from those belonging to the National Development Plan, or to the sector which needs immediate intervention/rehabilitation. It is also necessary to make a list which would include all types of projects that need financing, but that would receive funds only if the project follows the regulations and requirements.

It is highly known that the main tendency of the population is to avoid the interaction with the employees of public institutions because the tense relationships developed in the case of other problems, for example, in the case of issuing a property document – action which determined a hostile attitude towards those who wanted to submit to regulations (certificates, notifications etc.). This kind of situations has created a general opinion among the population and has led to avoiding at all cost any kind of interaction with the personnel employed in state institutions.

We must acknowledge the fact that this mentality needs to be changed, but it is not that easy as tendentious information spreads quickly and it offers some kind of satisfaction to those involved in a conversation. The mentality cannot be changed immediately, but we must make all the efforts necessary to change the opinion that the population has on public authorities.

The moment a project is born and then developed, the beneficiary must be aware of all the risks that he submits to and he also has to acknowledge the fact that promoting an idea that overlaps an already existing project and it doesn’t prove its economic utility wouldn’t be able to receive funds, although the project is well designed (developing an exemplary feasibility study).

That is why we need to run a preliminary discussion with the representatives of the intermediary organisms in that region, in order to get assured to the proposal could enlist in all types of financeable projects.

The state is obliged to support the beneficiary in what regards the project development and it must guide him towards the activity that would optimize an already existing one, but the final responsibility belongs to the beneficiary who might not get European assistance if he doesn’t take into account all the necessary criteria.

The beneficiary would have to start from the premise that the investment he would develop wouldn’t generate immediate personal or regional welfare and prosperity. The benefits and advantages have to be thought at on a long term and they would become real in the form of improving the life level. Therefore, the business would determine other persons to have an open mind when it comes to accessing European funds, playing the part of a catalyst for the community.
The financial absorption capacity represents the central and local authorities’ capacity of co-financing programmes and projects from external funds, of finding and distributing internal public funds and of getting them from the potential beneficiaries or from other internal or external sources.

An efficient use of the Structural and Cohesion Funds must take into account the criteria and the principles of economic efficiency regarding the development and utility of the financed objectives. The correct use at a procedural, technical and financial level of non-refundable funds is not enough in order to assure the efficiency of the financed investment.

The efficient use of the Structural and Cohesion Funds has as main goal diminishing the differences between development regions and that of decreasing the social and economic differences. The structural funds that finance regional policy measures must be properly managed and directed in order to diminish the differences between regions.

The objectives of financing the projects from these funds are those of promoting a durable, balanced and harmonious development of the economic and social assembly of the European Union, in order to improve the life of the European Union’s citizens, Romania being a part of the European Union starting from January 2007.

Using the Structural and Cohesion Funds implies the correlated implementation of the regional development policy with the other public policies, ensuring the convergence of the funds in order to finance the development objectives. The role of the Structural and Cohesion Funds are not limited only to the financial aspect, as the regional development policy doesn’t have as main goal only a simple redistribution of the resources, but it also has to create itself sources by investing in the potential of the regions and that of their collectivities.

In order to provide a high degree of using the Structural and Cohesion Funds, we must take into account the criteria and the principles of economic efficiency referring to developing and using financed objectives.

- In what regards the institutional component, the institution with abilities in this field of practice must provide the correlation between the objectives of public policies and those of operational programmes and the guidance of the environment business by means of describing the investment opportunities on the basis of regional development criteria.

- From the perspective of the administrative component, we should provide the infrastructure and the logistics which are necessary in public administration, creating a new informational knot which would be able to improve the activity of the lower rank activities; it should also be able to coordinate and train the personnel, by means of elaborating an annual program of professional development of the persons involved in managing the Structural and Cohesion Funds. Also, at a central level, it is highly necessary to strengthen the inter-institutional collaboration relationships and to make more flexible the reporting and monitoring mechanisms; another important aspect is represented by the elimination of faults and blockages when it comes to OI↔AM↔AP relationship. Moreover, it is highly necessary to correct the legislative interpretations that could lead to blockages when it comes to programmes implementation, especially the implementation and control stages. The Structural and Cohesion Funds must be correlated with the local/regional/national development objectives, because regions have to acknowledge the problems they face.

- From the point of view of the financial component, in order to improve the absorption of funds it is necessary to create a partnership between beneficiaries and banking institutions in
order to facilitate the access to co-financing and to help those counties which face various problems when it comes to obtaining financial funds.

- From the point of view of the **evaluation and control component**, there are a number of relevant indicators that need to be selected in order to evaluate the projects’ social and economical impact; the control actions must be focused on preventing, risk analysis and investment finalization stage components.

### 4. Conclusions

The European funds are used in order to finance projects that contribute to developing less favored countries, by means of investments for economic and social cohesion, in key domains such as human resources development, local and regional infrastructure development, social services and tourism services. These actions create workplaces, increase the competitiveness level, improve the quality of life for the population of that specific region, modernize rural areas and regenerate the urban ones.

Moreover, where we talk about big investments, the European funds can play the role of a catalyst in mobilizing the Romanian state’s co-financing together with international financial institutions.

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