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SHORT ANALYSIS REGARDING THE STRUCTURAL AND COHESION FUNDS OF THE EUROPEAN UNION IN ROMANIA

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Abstract
The Structural and Cohesion Funds support Member States in achieving a high level of development, both socially and economically, with the aim of supporting job creation, business competitiveness, growth, sustainable development and improving the quality of life of citizens. The paper presents a synthesis of the structural and cohesion programs implemented by the European Union, focusing on Romania, as one of the last states to join the European family. The empirical incursion presents the institutional framework of the European structural funds, the main financing components directed to the member states, as well as the financial instruments of the European Union in Romania. It also presents a summary of the main amounts scheduled and actually paid to and from the European Union.

Keywords: *European Funds; European Union; structural and cohesion funds; project management;*

JEL Classification: *G30, O20, O52*

INTRODUCTION

The European Structural and Cohesion Funds work together to support the economic development of all EU countries, consisting of the following main funding instruments: the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries and Maritime Fund (EMFF), the first three of which are the most consistent and are related to the European Union's Regional Policy.

The Structural and Cohesion Funds represent the money allocated to the Member States of the European Union in the form of grants, being the main instrument of the European Union's Economic and Social Cohesion Policy, a policy that aims to reduce development disparities between different regions of the Union. By reducing disparities, the Union contributes to establishing the conditions for all regions and all social groups to participate in and benefit from the overall economic development of the Union.

Funding through these instruments is provided on the basis of programs designed to raise the economic standard of the area, the standard of living of the population and employment. The funds are accessed on the basis of well-developed projects, the beneficiaries being both public institutions and private agents, NGOs, professional associations. European projects receive non-reimbursable funding from public funds, which must be used in accordance with budgetary principles.

European legislation in the field of Structural and Cohesion Funds consists mainly of regulations laying down: institutional framework, responsibilities, institutions, programming documents, eligibility rules, financial mechanism, control mechanism, priorities / areas of intervention, monitoring procedures and evaluation (Ministry of European Funds).

Regulation (EC) No 1083/2006 on general matters relating to the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF), the General Regulation provides that, in accordance with the principles of subsidiarity and proportionality, the control of interventions according to the National Strategic Reference Framework is the responsibility of the Member State.

At national level, the main normative acts that regulate the management framework of the Structural and Cohesion Funds in Romania can be divided as follows:

- general legislation on the management of Community non-reimbursable assistance;
- legislation on the general financial framework for the management of Community non-reimbursable assistance allocated to Romania;
- legislation on control and recovery of Community funds;
- legislation in the field of public finances.

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II. THE INSTITUTIONAL FRAMEWORK OF THE EUROPEAN STRUCTURAL FUNDS

As mentioned above, the main responsibility for the coordination, implementation and control of interventions, according to the principles of subsidiarity and proportionality, lies with the Member State, ie Romania. According to the normative acts, the institutional framework for the management of the Structural and Cohesion Funds includes the following authorities and institutions: National Coordinating Committee; Monitoring committees; Authority for Coordination of Structural Instruments; Managing authorities for Operational Programs; Intermediate bodies; Certification / payment authority; Audit authority. In addition, the following may be involved in the management of the Structural and Cohesion Funds: National Agency for Public Procurement; Anti-Fraud Department; National Agency for Fiscal Administration.

According to the legislation (Council Regulation no. 1083/2006), the Managing Authority for the Community Support Framework and one managing authority for each operational program have been set up. Managing authorities have the responsibility to ensure the efficient and correct management and implementation of structural instruments and operational programs, so as to obtain the maximum social and economic benefits. Managing authorities will coordinate their work with other ministries and social partners and will develop a real and effective partnership in order to achieve a real socio-economic impact. Thus, the aim will be to maximize the value and impact of the projects that contribute to the strategies of the Operational Programs and to the achievement of the proposed targets.

Managing authorities are responsible for the entire program implementation process, as follows:

- ensures that projects are selected according to the criteria established for the program and provides the products and services provided;
- have the responsibility for verifying the correspondence between the expenditure co-financed by the program and the rules of the European Community and the national ones through regular monitoring and an on-the-spot verification system;
- reports on the progress made in the program and ensures that the information and publicity requirements of the structural instruments of the European Union have been complied with.

In the following we will present the attributions of the Managing Authority regarding the financial and control management (WYG International, 2010), these being relevant in the present scientific approach:

- ensures and is responsible for the correctness of the operations financed by the Operational Programs, as well as for the implementation of the internal control measures, in accordance with the principles of a rigorous and transparent financial management;
- ensures the existence of procedures for maintaining an appropriate audit trail;
- is responsible for carrying out on-the-spot checks;
- monitors and verifies the establishment by the intermediate bodies implementing the measures in the operational program of a separate accounting system, as well as an appropriate accounting code for the financed operations;
- provides information on the absorption of funds, according to the data contained in the financial tables;
- validates and submits to the paying authority statements of verified expenditure and requests for funding;
- submits to the paying authority reports on the recovery of undue and unused amounts;
- makes financial corrections.

Managing authorities may delegate some of the tasks to Intermediate Bodies, but retain overall responsibility for the proper execution of delegated tasks. The status and role of an IB will be defined by the range of tasks delegated by the Managing Authority and will be different depending on the agreements concluded with the Managing Authorities. The responsibilities of the Intermediate Bodies will mostly cover issues such as the helpdesk, project evaluation and monitoring.

The certification / payment authority of the Ministry of Public Finance prepares and submits payment requests and receives from the European Commission the amounts related to the Structural Funds and the Cohesion Fund, ensures the currency conversion and feeds the accounts of the Managing Authorities, keeps records of the amounts received and performs reconciliations bank and draws up forecasts of payment requests to be sent to the EC (Morosan-Danila, 2018).

The audit authority is established under the Court of Accounts by Law no. 200/2005 on the approval of the GEO no. 22/2005 for the completion of Law no. 94/1992 on the organization and functioning of the Court of Accounts. The Court of Auditors is the supreme institution in the state of financial control over the formation, administration and use of the financial resources of the state and the public sector. It operates under the Romanian Parliament and carries out its activity independently, in accordance with the provisions of the Constitution and the laws of the country. completion of projects. There is an independent internal audit unit for

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each Managing Authority, Paying Authority, Intermediate Body.

As we can see, the Audit Authority is the institution that forms a bridge between the beneficiary and the Managing Authority, by verifying the statements and reports to be submitted to the Managing Authority, giving it added value through the credibility of the reports and expressing a professional opinion. Figure 1 presents a scheme that reflects the relationship between these institutions for the sound management of the Structural and Cohesion Funds.

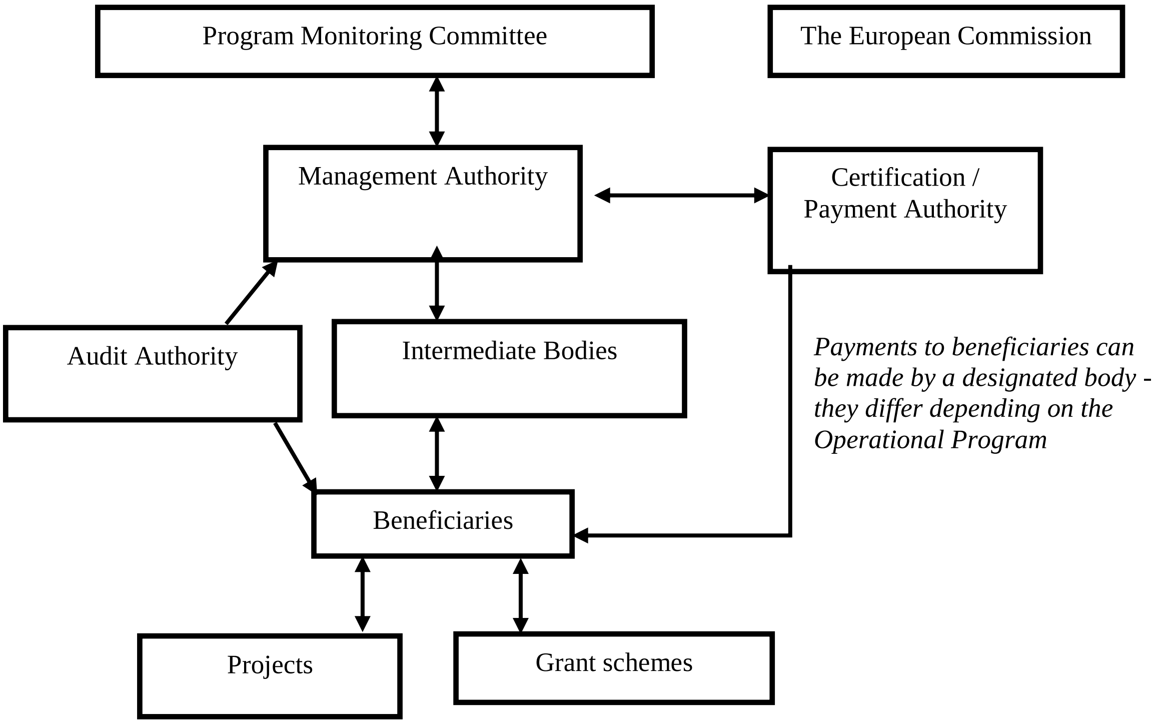

Figure 1 - Institutional plan for an operational program
Source: Ministry of European Funds (2022)

III. THE MAIN FINANCIAL INSTRUMENTS OF THE EUROPEAN UNION IN ROMANIA

For the 2014-2020 programming period, the European Union (EU) has allocated around € 349.4 billion to meet its cohesion policy objectives. It aims to support job creation, business competitiveness, economic growth, sustainable development and improving the quality of life of citizens (European Court of Auditors, 2018). To achieve these objectives, funding is allocated to projects implemented by beneficiaries in the Member States (Dinu et. al, 2020; Morosan-Danila & Grigoras-Ichim, 2020; Dornean, 2015, Lucian, 2014). The authorities in these states select projects for funding and monitor their implementation. It is essential to ensure effectiveness in the allocation of funding - in other words, the expected results must be achieved.

The financing of the projects is ensured by the structural instruments, each having a specific destination, of which we mention the most important:

a) The European Regional Development Fund supports investments in infrastructure, the development of production and processing facilities, institutional structures for new business, tourism development, urban regeneration, medical and educational facilities, and the improvement of the quality of the environment.

b) The European Social Fund (ESF) is the main instrument by which Europe seeks to promote employment and geographical and occupational mobility of workers within the Union, as well as to facilitate adaptation to industrial change and the evolution of production systems, especially through vocational training and retraining.

c) The Cohesion Fund (CF) finances environmental, energy and transport infrastructure projects, by increasing energy efficiency, using renewable energy sources, developing rail transport, supporting intermodality, consolidating public transport, etc. The money from this fund is intended for Member States whose gross national income per capita is less than 90% of the European Union average.

The European Regional Development Fund is the main financing instrument through which Community funds are made available to regional entities, with a view to carrying out investments leading to the

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strengthening of economic and social cohesion between the various European regions.

A significant share of these funds is allocated to the Regional Development Policy, which is the European Union's main investment policy and addresses all regions and cities in the Member States of the Community bloc, supporting job creation, business competitiveness, growth, development sustainable development and improving the quality of life.

At national level, the implementation system of European funds has been streamlined as a result of the simplification of the institutional structure, by establishing the coordination of projects by entrusting the responsibilities of Managing Authority to the level of three ministries (with the enumeration of the programs included in the period 2021-2027), as follows:

- The Ministry of European Funds will be the managing authority for the Sustainable Development Operational Program (PODD), the Smart Growth and Digitization Operational Program (POCID), the Health Operational Program (POS), the Human Capital Operational Program (POCU), the Poverty Reduction Operational Program (POCS), the Technical Assistance Operational Program (POAT) and the Fair Transition Operational Program (POTE);
- The Ministry of Transport, Infrastructure and Communications will be the managing authority for the Transport Operational Program (POT);
- The Regional Development Agencies will be managing authorities for the eight Regional Operational Programs (POR) implemented at the regional level.

For the period 2007-2013, Romania received from the European Union funds of 36,882.78 million euros, and for the period 2014-2020 it received 33,749.72 million euros. These amounts represent funding for the Structural and Cohesion Fund, Rural Development and Fisheries Funds, the European Agricultural Guarantee Fund and other post-accession funds. In period 2014-2020, the biggest amount of the found were directed to the Structural and Cohesion Fund, with more than 39% of the total amount, followed by the European Agricultural Guarantee Fund, with more than 35%.

Although the amounts spent reach important values, the rate of absorption of funds is low, figure 2 presenting an updated situation for the period 2015-2021, as presented by the Ministry of European Funds (2022).

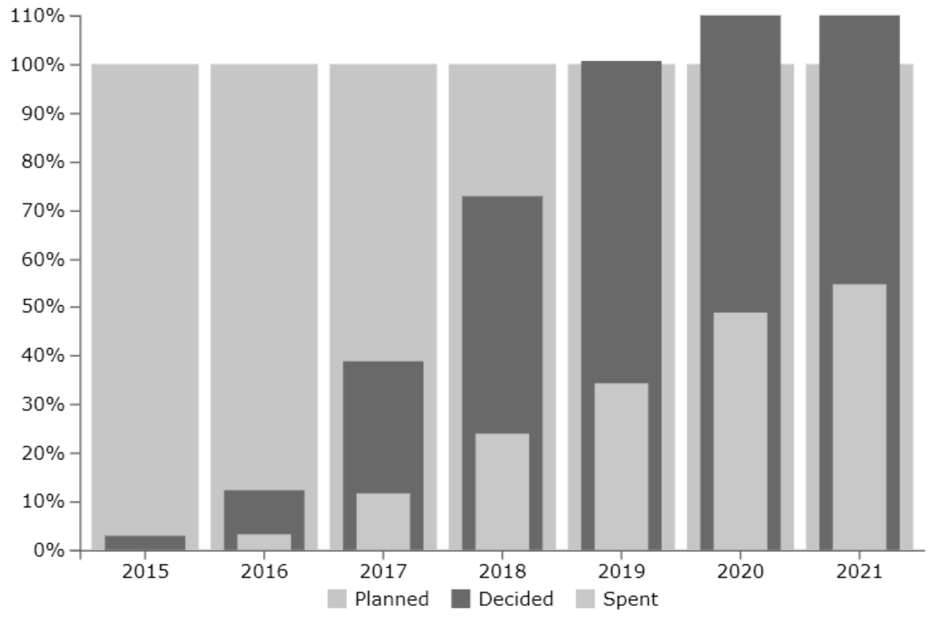

Figure 2 - Implementation Progress of European funds (total cost) for Romania
Source: Ministry of European Funds (2022)

Although Romania paid, in the period 2007-2021, to the budget of the European Union the amount of 24,516.29 million euros, this value is significantly lower than the amounts collected according to the multiannual financial framework.

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IV. CONCLUSION

The European Union has created the necessary levers for Member States to stimulate investment in the economy and increase the quality of life, depending on the latter attracting and using the various funds available. The funds made available to the Member States are extremely important, especially in the new Member States. Romania is one of these states, although after 15 years it has not yet managed to reach the performance of spending all the amounts negotiated with the EU. The trend is increasing, but not enough.

The pandemic generated by the SARS-Cov-2 virus has increased the degree of absorption of European funds in Romania (Bordeianu et. al, 2021; Morosan-Danila & Bordeianu, 2021, 2020; Grigoras-Ichim et. al, 2020; Lucaci & Nastase, 2020), but it is still considered small. For example, in 2020, a percentage of 130% of the budget planned for financing was approved for Romania, but funds were spent up to a percentage of 49%. In 2021, the value of European funds spent by Romania represents 55% of the planned value, although an amount of 152% of the planned value was approved.

The causes of the absorption of European funds are diverse and at the same time complex, starting from the cumbersome legislation, complex and constantly changing access and implementation procedures, being necessary a more transparent and efficient framework for implementing operational and sectoral programs, both at national level, as well as territorial.

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