International Conference KNOWLEDGE-BASED ORGANIZATION
Vol. XXVI No 2 2020

ANALYSIS OF THE CURRENT STAGE OF THE EUROPEAN FUNDS ABSORPTION IN THE FINANCING PERIOD 2014-2020

Diana Elena RANF*, Hortensia GORSKI**

***"Nicolae Bălcescu" Land Forces Academy Sibiu, Romania**
****Romanian-German University Sibiu, Romania**
ranfd@yahoo.com, tenzig11@yahoo.com

Abstract: *The article contains an analysis on a topic that is and will always be important for the simple reason that any topic, change, opportunity or financial restriction with direct or indirect repercussions on the population of a nation will be in the interest of the citizen. And I refer to the citizen in the general way, because the European funds, one of the many good consequences of the great economic union of which we are a part, namely the European Union, aims to increase in each area whose contribution to the gross domestic product can become significant. Private or state environment, company or simply citizen, anyone can become the beneficiary of a project funded by European funds. The proof of this fact is the analysis of the absorption of funds on each operational program. Developing or covering deficiencies in areas of strategic importance, such as infrastructure, can lead to the raising of other areas in the chain and ultimately to the increase of the standard of living and economic growth.*

Keywords: project management, financing, European funds, absorption.

1. Introduction

The 2014-2020 funding period is characterized by special challenges, which test projects developed from European funds and change investment priorities. The article focuses on the degree of absorption of European funds available in the period 2014-2020, according to data published in the last report in April 2020.

This period of development, as well as the previous ones, can be associated with six-year cycles through which Romania has the chance to improve certain competencies, starting from the stage of elaboration of strategic documents that program the financing process, from the elaboration of administrative structures that will be responsible with the management of projects, to improving skills in project management that make a special contribution to the access and absorption of euro funds. [2]

The positive or negative results of these funding cycles are, in the end, nothing more than lessons learned, knowledge passed on and improved, which, put into practice, turn into competencies in the field of projects.

2. General considerations regarding the financing period 2014-2020

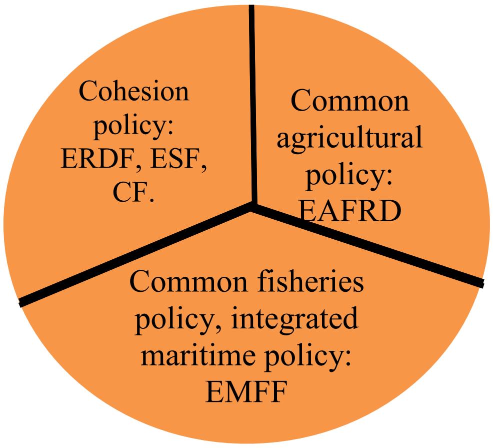
The European Structural and Investment Funds (ESI Funds) are the main instrument of the European Union's investment policy, amounting to a total budget of 454 billion EUR for the period 2014-2020. [3] The European Structural and Investment Funds (ESI funds) are:

- European Regional Development Fund (ERDF);
- European Social Fund (ESF);

DOI: 10.2478/kbo-2020-0059

- Cohesion Fund (CF);
- European Agricultural Fund for Rural Development (EAFRD);
- European Fisheries and Maritime Fund (EMFF).

For the period 2014-2020, Romania benefits from a financial allocation of 30.84 billion EUR from ESI funds. To *Figure 1: European Structural and Investment Funds (ESIF)* [3]



these is added the national contribution of 5.63 billion EUR, with a total budget of 36,47 billion EUR for investments in various fields.

3. Analysis on the state of spending European money in Romania

Romania, like all the member states of the economic union called the European Union, makes a great effort to take advantage of its opportunities. If for other states, there advantages like attracting labor, ensuring a market, the transfer of know-how, Romania focuses on attracting the funds needed to achieve economic cohesion. Figure 2 focuses on the cohesion policy and highlights the value of funding for each operational program. As it can be seen from the figure, the emphasis is on the stage of programming the funds on the large infrastructure. The rationale for this decision is to include these types of infrastructure in the category of critical infrastructure, through the stage of development and functionality they have in the present period, as well as because of the importance they have in the development process of a nation. [1]

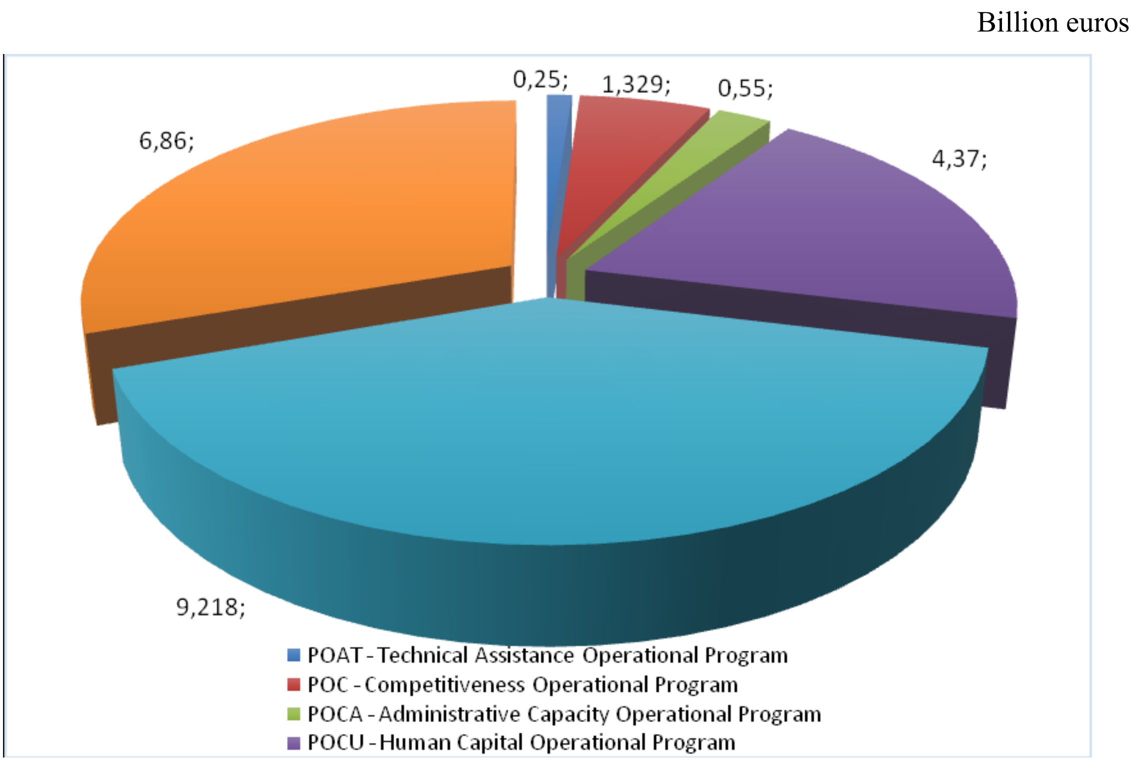


Figure 2: Value of financing for the period 2014-2020 [4]

Figure no. 2 is built on the basis of data reported by the Ministry of European Funds until April 3, 2020.
The data shown in the figure refer to the actual amounts absorbed up to that date, which is why the indicators are still relatively small. It can be mentioned that the value of the funds contracted are many.
According to the figure, up to the analyzed date, most money spent in proportion to the financing is part of the Technical Assistance Operational Program.

Moreover, this program has become an example of good practice by reaching at the end of 2019 a contract of about 111%, justified by the savings of 16% of the total allocation of the Program. A contribution to achieving such performance is attributed to the beneficiaries of European funds in this program, as well as the support provided to them by the MA TAOP (Managing Authority for the Technical Assistance Operational Program) team throughout the life cycle of a project. [8]

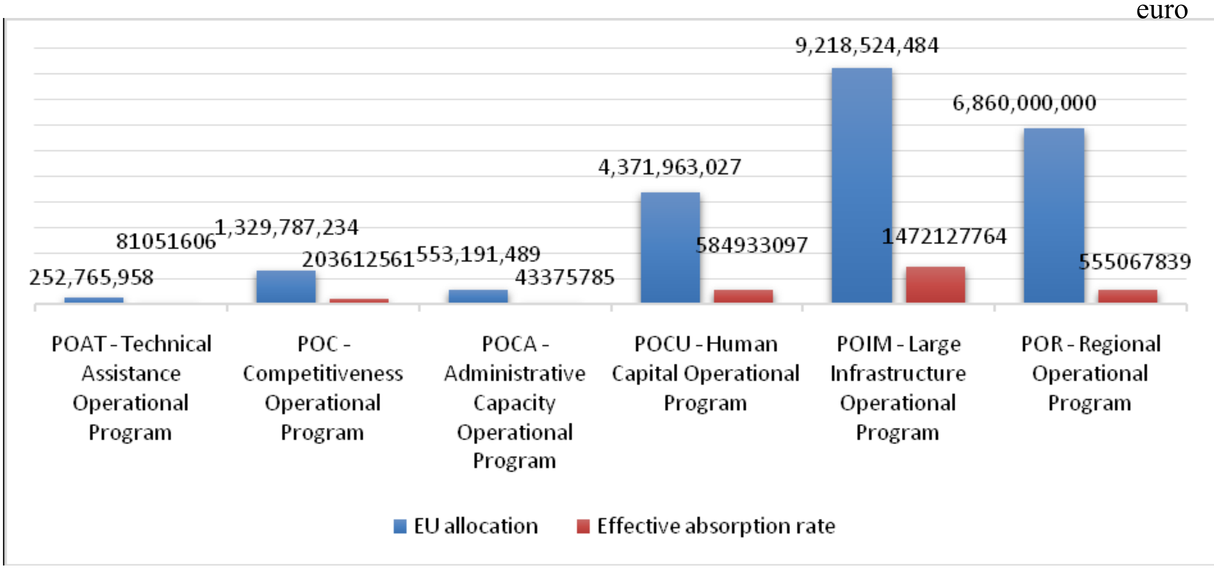


Figure 3: Value of the absorbed funds until April 3, 2020 [5]

Through the Large Infrastructure Operational Program, 23.33% of the value of the funds made available in the period 2014-2020 were absorbed. Although the absorption rate is still low, it must be borne in mind that this program carries out large-scale projects, which require the involvement of a large number of resources, are usually cumbersome in progress, due to the procedures they must follow. According to data published by MFE (the Ministry of European Funds), at the end of 2019 the contracting rate on large infrastructures has recently reached 100%.
The absorption rates of European funds through cohesion policy can be observed in figure no. 3.

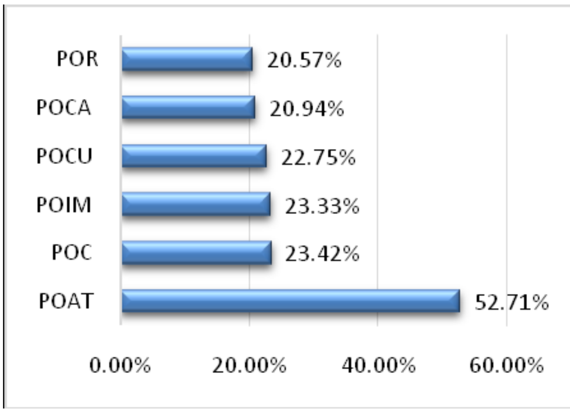


Figure 4: Effective absorption rate by 3 April 2020 [5]

The Common Agricultural Policy financed from the European Agricultural Fund for Rural Development (EAFRD), is put into practice through the program of the National Rural Development Program 2014-2020 (NRDP 2020). The beneficiaries of this program have at their disposal approximately 9 billion euros, non-reimbursable European funds for making investments at European standards, efficient and profitable.

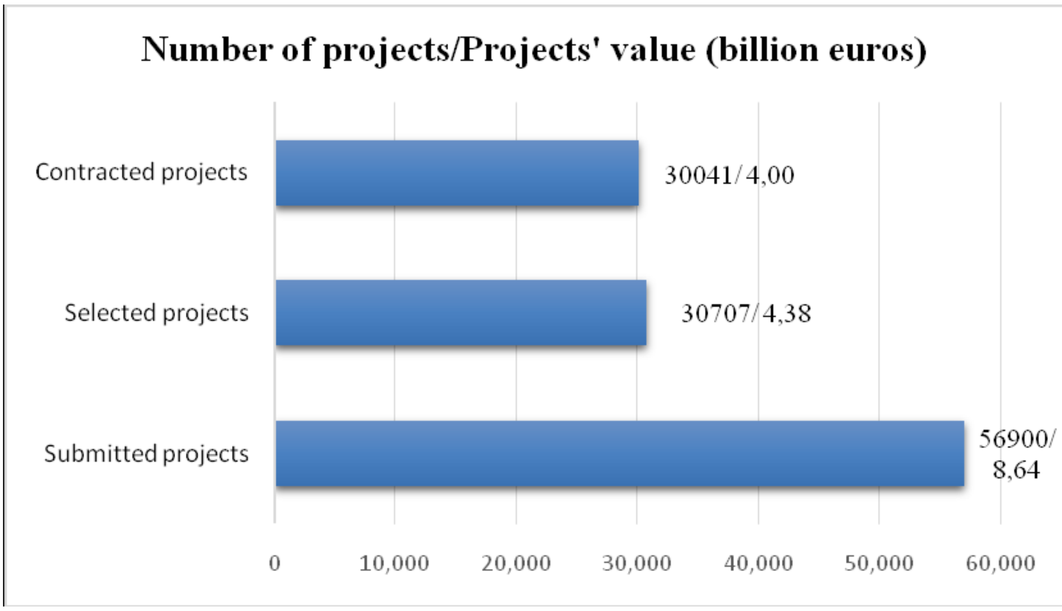


Figure 5: The value of the submitted projects, selected and contracted until 01.03.2019 [6]

Analyzing figure 5, it can be observed that in March 2019 the value of the submitted projects approached the total value available for this program, respectively 9 billion euros. The contracted projects totalled, at that date, half of the financing value.

To get an idea of the implementation of these projects, figure no. 6 highlights the evolution of funds planned, approved and absorbed in the period 2015-2019.

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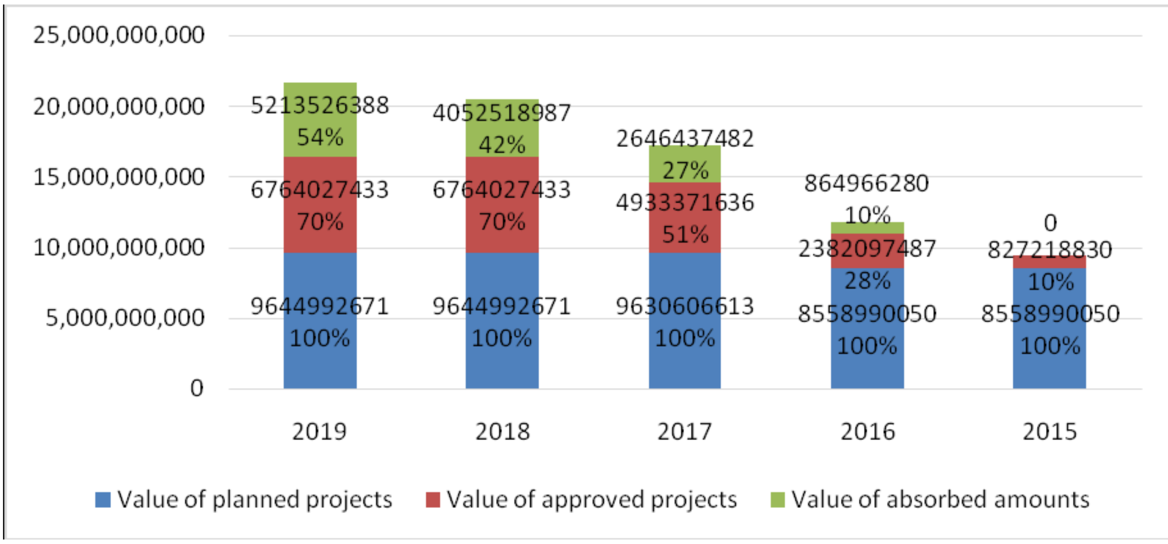

Figure 6: Evolution of funds planned, approved and absorbed by NRDP period 2015-2019 [7]

If the year 2015 started with the planning stage of the projects, ending even with a percentage of 10%, which represents the value of the completed projects, in the year 2019 a positive evolution of this program can be concluded.
With an absorption rate of 54%, NRDP is the program that has managed to spend the most European money so far for the 2014-2020 funding period. This program has also been successful in implementation and in the 2007-2013 funding period and is proof of the fact that the lessons learned were then perpetuated and increased in the field of project management.

6. Conclusions

The article contains an analysis of the current state of absorption of European structural and investment funds, available to Romania in the financing period 2014-2020.
The conclusion of this analysis is an optimistic one. This is an optimistic statement because the period of actual spending of money has not yet ended, and up to this stage a number of positive things can be mentioned, such as: the planning of the funds during this period focused on consolidating large infrastructures as a basis for a later development of the Romanian society and the support of the agricultural sector. We can also mention high absorption rates (over 50%) on important programs such as: TAOP and NRDP.
Based on the premise that there is a correlation between the maturity of project management in the Romanian society in general and the results obtained in the management of European funds, and maintaining the optimistic perspective that things will evolve a little in an equally, it can be concluded that Romania is approaching an advanced level of knowledge and experience in the field.
But because project management is a specialized field of management and a modern way of working that responds to the need for change, and changes are increasingly unpredictable in the society in which we live, it is important to continue to focus on continuous improvement of practice and on its basis, of specialized literature.

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