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COMPARATIVE ANALYSIS ON THE IMPLEMENTATION OF EUROPEAN PROJECTS AT THE LEVEL OF THE EUROPEAN UNION AND ROMANIA IN THE PERIOD 2007-2013 AND 2014-2020

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Abstract: *The EU's Structural and Investment Funds are the EU's largest regional investment program, supporting the social and economic development of Europe's various regions by bridging the gap between them. The main purpose of the article is to analyze European funding instruments. For this, the analysis and description of some main terms regarding the European projects, the analysis of the financial instruments, the implementation of the European projects in the period 2007-2020, both at the EU level and at the Romanian level, were performed.*

Keywords: *project management, financing, structural funds, European Union*

JEL Classification: *E22, F3, F5, F6, H5*

Introduction

Regional equalization policy is by nature the most complex expression of EU solidarity. This is primarily due to the funding of regional structural funds in the EU budget, the variety and content of projects, as well as those implemented with the financial support of these funds.

One of the key elements of the functioning of the Euroregions, which is of fundamental importance, is the economic component. The economic component covers the issues of economic equalization of the adjacent territories, the financing of projects, offers a common search for ways to overcome barriers to economic activity.

A significant role in equalizing the socio-economic development of the Euroregions belongs to the budgetary policy, because it determines the amount of funds allocated for the implementation of the supranational regulation. Fiscal policy is a key instrument of macroeconomic policy, designed to support stable growth, combat crises and inflation, and ensure a high level of human resource employment. The EU's general budget is a unique joint project of a large number of countries that have pooled their resources to solve common problems (Dornean, 2012).

Initially, the Structural Funds, even during their formation, were mainly aimed at leveling regional and social disparities in the EU. The theoretical rationale for allocating funds raises issues such as the inability of some states (regions) to correct their internal economic imbalances and the fact that EU funding will be much more coordinated and organized (Russu, 2019).

The Structural Funds allow regions to obtain additional resources to stimulate development, reduce unemployment and intensify investment activities. At the same time, the dependence of EU Member States on the financial resources of national governments is low, which gives reason to speak of the EU as a „Europe of the regions”. Coordinating the regional development of the Single European Center allows for the implementation and maintenance of advanced regional policy directions in the backward territories (Lock, 2014).

Comparative analysis on the implementation of European projects at EU level

In the 2007-2013 programming period, 25 of the 28 Member States used financial instruments created under the umbrella of the European Regional Development Fund (ERDF) and the European Social Fund (ESF): A total of 972 instruments were created under EU funding through ERDF instruments and 53 ESF financial instruments. By the end of 2014, around € 16 billion of ERDF and ESF operational programs had been paid in the form of contributions to these instruments (Paul, 2014).

This represents a significant increase from € 1.3 billion in the 2000-2006 programming period and from € 0.6 billion allocated for the 1994-1999 programming period for this type of instrument. Over the same period, 2007-

2013, the total contribution from the EU budget to the 21 financial instruments managed directly or indirectly by the European Commission amounted to around € 5.5 billion. These centrally managed financial instruments operate in all EU Member States (Ivascu, 2021).

In the period 2014-2020, the Structural and Investment Funds amounted to 654,508,262,340 euros, of which 471 090 666 468 euros were EU funding and 183 417 595 872 euros were funded by Member States.

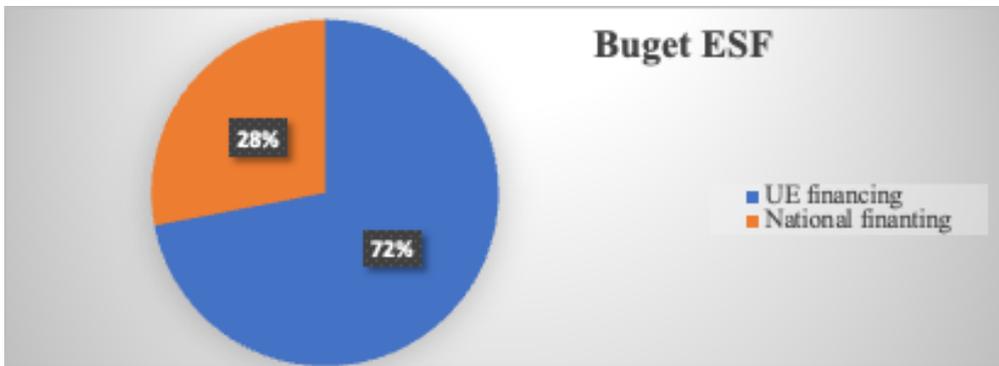


Figure 1. Sources of funding for the 2014-2020 ESI budget

Source: own processing, according: <https://cohesiondata.ec.europa.eu/overview>

In turn, this budget consisted of several funds:

- Cohesion Fund: 72.761 billion euros and constitutes 11.1% of the total budget;
- European Social Fund: 122.329 billion euros and constitutes 18.7% of the total budget;
- European Regional Development Fund: 282.244 billion euros and constitutes 43.1% of the total budget;
- European Agricultural Fund for Rural Development: 158.947 billion euros and constitutes 24.3% of the total budget;
- Youth Employment Initiative: € 10.453 billion and represents 1.6% of the total budget;
- European Fisheries and Maritime Fund: € 7.861 billion and represents 1.2% of the total budget.

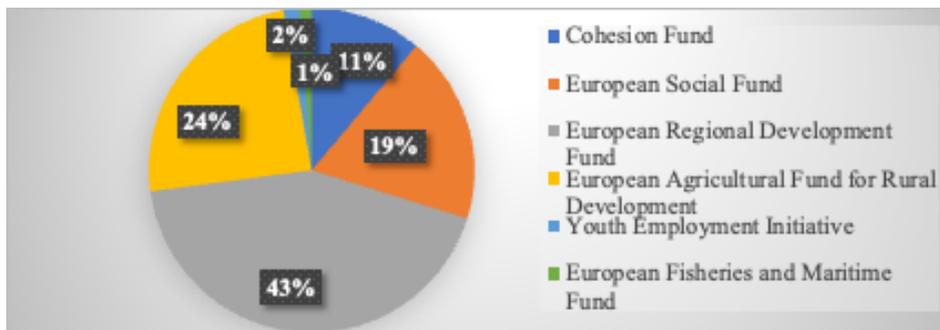
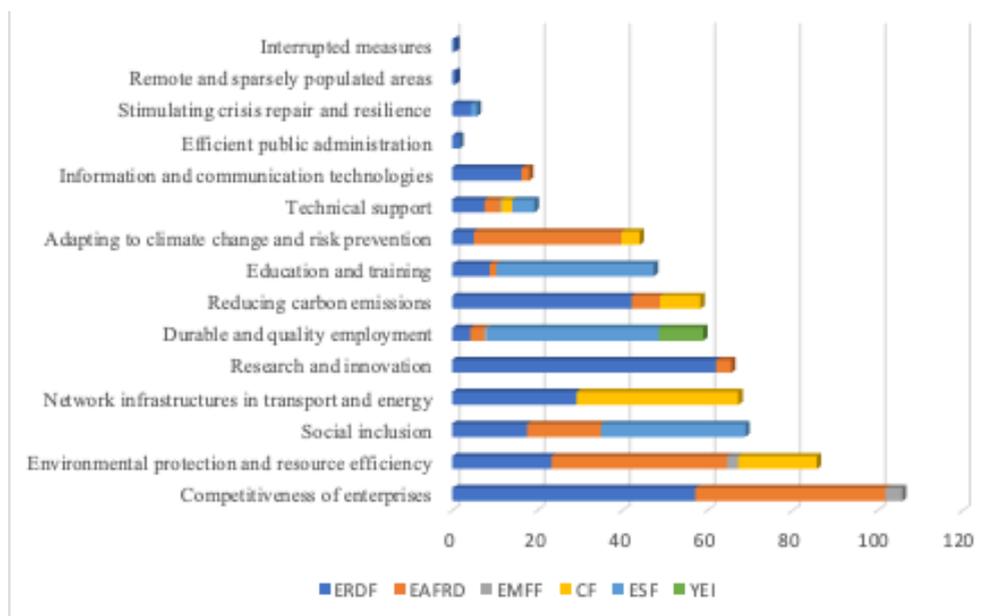


Figure 2. Total ESI budget structured on funds in the period 2014-2020

Source: own processing, according to: <https://cohesiondata.ec.europa.eu/overview>

The main purpose of these funds was to support 15 main objectives. Therefore, Chart 1 shows the allocation of funding for these 15 objectives.

Chart 1. Allocation of funds to specific objectives



Source: own processing according to: <https://cohesiondata.ec.europa.eu/overview>

As can be seen from Table 1, and in particular from Chart 2, the largest share of funding was allocated to the competitiveness of enterprises of € 105 billion, of which € 57 billion from the ERDF and € 44 billion from the EAFRD. The lowest funding was allocated to targets for remote and sparsely populated areas, and for disrupted measures.

Table 1 Allocation of European funds by country.

<i>Country</i>	<i>ERDF</i>	<i>ESF</i>	<i>CF</i>	<i>EAFRD</i>	<i>EMFF</i>	<i>YEI</i>
Poland	47,969	15,148	27,223	13,612	0,71	0,586
Italy	31,198	16,969	-	20,912	0,979	2,362
Spain	29,551	10,288	-	12,29	1,438	3,03
France	18,985	9,808	-	18,236	0,765	1,141
Germany	18,085	12,660	-	15,793	0,29	-
Romania	13,444	5,483	7,688	9,644	0,223	0,329
Portugal	15,203	8,686	3,271	5,054	0,503	0,49
Czech Republic	17,548	4,5	7,22	3,771	0,041	0,029
Hungary	12,615	5,723	7,088	4,166	0,05	0,108
Greece	11,663	5,038	3,265	5,195	0,514	0,587
UK	10,256	8,533	-	6,539	0,31	0,531
Slovakia	9,057	3,308	4,787	2,099	0,015	0,187
Croatia	5,547	1,664	2,506	2,374	0,345	0,224
Interreg	12,631	-	-	-	-	-
Bulgaria	4,315	1,965	2,596	2,895	0,104	0,120
Austria	2,463	0,875	-	7,697	0,013	-
Finland	1,748	1,107	-	7,532	0,014	-
Lithuania	4,243	1,449	2,399	2,023	0,82	0,69
Sweden	1,95	1,436	-	4,675	0,159	0,132
Ireland	0,941	0,832	-	5,378	0,239	0,204
Latvia	2,901	0,761	1,466	1,531	0,183	0,063
Belgium	2,327	2,167	-	1,517	0,68	0,193
Estonia	2,654	0,694	1,528	0,994	0,127	-
Slovenia	1,822	0,898	1,075	1,107	0,029	0,02
Netherlands	1,736	1,334	-	1,593	0,131	-
Denmark	0,524	0,466	-	1,483	0,307	-
Cyprus	0,352	0,176	0,304	0,330	0,052	0,039
Malta	0,453	0,279	0,241	0,129	0,028	-
Luxembourg	0,048	0,109	-	0,366	-	-

Source: own processing according to:
<https://cohesiondata.ec.europa.eu/overview> (mld.euro)

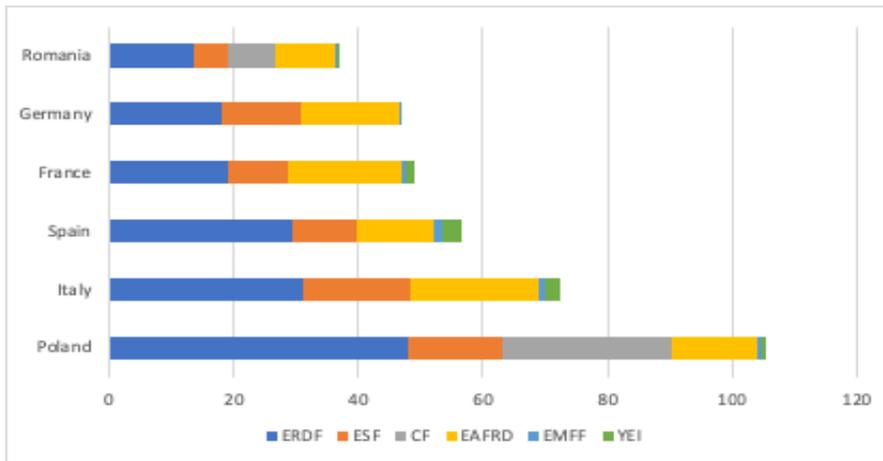


Chart 2. Top 6 countries that received more than half of the total budget

Source: own processing, according to: <https://cohesiondata.ec.europa.eu/overview>

From this graph it can be seen that these 6 countries have obtained funding from various funds amounting to 366,813 billion euros, which represents 56% of the total budget. From Table 1 we can see that Luxembourg received the lowest funding in the period 2014-2020 of 524 million euros from three European funds.

Analysis of the programs financed from the European structural and investment funds in the period 2014-2020 for Romania

From the outset, the European Union (EU) has set itself the goal of promoting greater convergence of economic growth between Member States. Therefore, over time, several investment policy instruments have been developed. ESIF funds are very important for less developed regions, as these funds should help reduce disparities between regions. These interventions are usually motivated by the widespread concern that economic development generates unequal living conditions between regions (Blouri, Ehrlich, 2020).

The European Structural and Investment Funds (ESIF) are real EU support for the structured development of national economies in line with performance targets. It should also not be overlooked that policy elements have consequences for a country's competitiveness.

However, the Union's structural and investment policy cannot be seen in black and white. Several political, economic, social and regional aspects need to be considered. Grants can lead to a loss of well-being for the EU as a whole, and they certainly lead to a loss of well-being in the rest of the world, with investment coming from EU-backed regions (Europa Media, 2019).

The political situation and the relations between the different layers of governance influence the allocation and implementation process (Bouvet, 2010). The accessibility of EU funds is also conditioned by administrative bureaucracy. The role of human capital potential has thus been confirmed in achieving the core objectives of EU cohesion policy.

Romania has benefited from funding from the Structural Funds and investments worth 30.8 billion euros, through 8 national programs, representing an average of 1,548 euros per person for the period 2014-2020.

The total budget was € 36.77 billion, of which € 30.88 billion was EU funding and € 5.88 million was national co-financing.

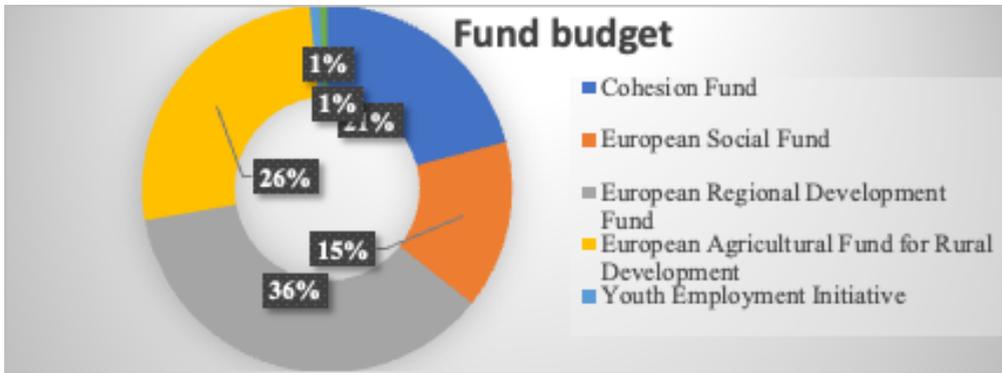


Figure 3. ESIF total budget structured on funds in the period 2014-2020 for Romania

Source: own processing, according to: <https://cohesiondata.ec.europa.eu/overview>

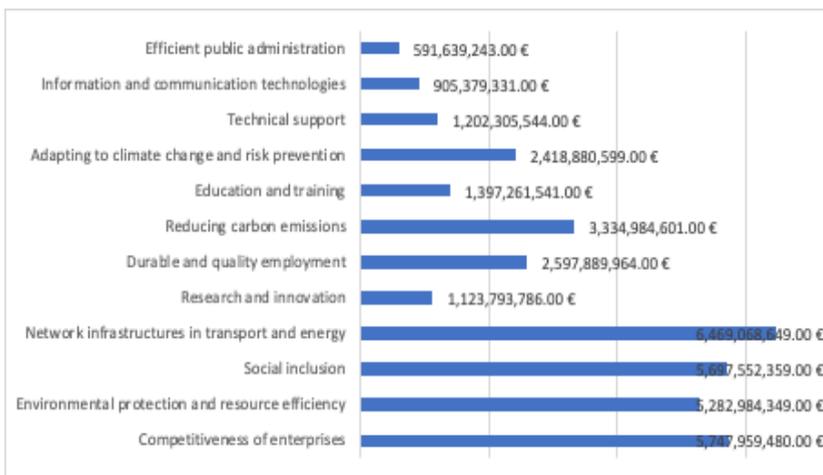


Chart 3. Allocation of financial sources by main objectives

Source: own processing, according to: <https://cohesiondata.ec.europa.eu/overview>

Graph 3 shows that most of the European Structural and Investment Funds were allocated to transport and energy infrastructure, in second and third place after the allocation of funding or positioning investment in business competitiveness and investment in social inclusion, respectively. Significant amounts have also been allocated to environmental protection and resource efficiency, with the lowest share allocated to public administration of EUR 591 million.

But not all of these amounts have been realized in practice. Table 2 shows the budgets of the planned programs, the budget decided and the budget realized in the period 2015-2020.

Table 2. ESIF analysis in the period 2015-2020 for Romania

The year	Planned budget	Budget decided	Budget achieved
2015	36 566 182 862 euro	1 009 077 412 euro	166 100 euro
2016	36 447 518 905 euro	4 478 042 402 euro	1 131 326 705 euro
2017	37 370 222 767 euro	14 502 253 173 euro	4 370 886 093 euro
2018	36 542 899 831 euro	26 641 477 208 euro	8 722 636 175 euro
2019	36 540 922 726 euro	36 748 651 515 euro	12 510 321 721 euro
2020	36 569 092 928 euro	46 314 209 265 euro	17 845 789 758 euro

Source: own processing, according to: <https://cohesiondata.ec.europa.eu/overview>

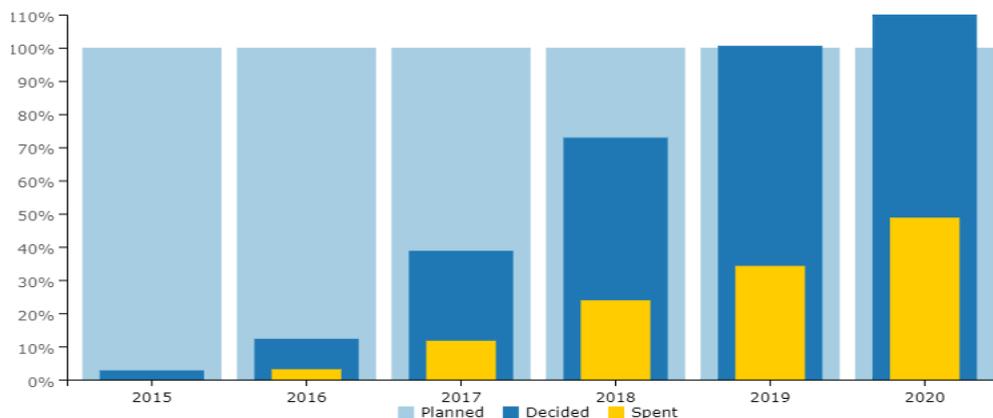


Figure 4. Progress in the implementation of ESIF for Romania in the period 2015-2020

Source: <https://cohesiondata.ec.europa.eu/overview>

From figure 4 we can see that not all the planned funding has been achieved, at the end of 2020 an allocation of 46.3 billion euros was decided, but the planned budget was 36.5 billion euros of which only 17, 8 billion euros.

Table 3 presents data on the ratio between the investments planned for different programs and the investments made from the structural and investment funds.

Table 3. Progress of program implementation in the period 2014-2020.

<i>Name of the fund</i>	<i>Planned financing</i>	<i>Financing achieved</i>	<i>The difference</i>
<i>ERDF</i>	13 444 996 696 euro	4 939 596 642 euro	37%
<i>EAFRD</i>	9 443 453 969 euro	6 797 073 522 euro	72%
<i>ESF</i>	5 438 610 146 euro	2 538 786 992 euro	47%
<i>CF</i>	7 688 231 740 euro	3 474 318 264 euro	45%
<i>EMFF</i>	223 826 463 euro	90 054 206 euro	40%
<i>YEI</i>	329 973 914 euro	5 960 132 euro	2%
<i>Total</i>	36 569 092 928 euro	17 845 789 758 euro	49%

Source: own processing according to: <https://cohesiondata.ec.europa.eu/countries/RO>

From Table 3 we can see that the highest percentage of investment was made from EAFRD funds of 72%, so we can say that the field of agriculture has a greater power to attract and make investment and has a good future in terms of investment future.

Analyzing the data on the use of ESI funds in the period 2014-2020 by Romania, it turned out that this financing was a very important support for regional development, in different sectors of the economy.

<i>Nr. Crt.</i>	<i>Agriculture and rural development</i>
<i>1</i>	More than 29,000 new jobs have been created in rural areas
<i>2</i>	30,000 small farms have been set up thanks to the support of young farmers
<i>3</i>	Investments in 4,000 existing farms to improve product competitiveness
<i>4</i>	Training provided to over 180,000 farmers and small and medium-sized enterprises in rural areas
<i>5</i>	Investments in rural infrastructure and basic services that have led to improved living standards for more than 250,000 people
<i>6</i>	9367 young farmers were supported

Own processing according to: europa.eu

Due to the financing from European funds in the agricultural sector, especially by supporting farmers and small and medium enterprises, the volume of domestic products on the Romanian market has increased, which shows that domestic producers are able to compete with foreign producers.

Nr. Crt.	<i>Social inclusion, research and innovation</i>
1	500 people received improved health services
2	400,000 households were equipped with internet access of at least 30 Mbps
3	270 businesses were supported to create new products on the market
4	437 new full-time researches were employed

Own processing according to: europa.eu

In terms of social inclusion, health services have been the most supported, this support can be considered particularly important in the current conditions. Demand and innovation are particularly important in the current context of maintaining competitiveness in both the internal and external markets.

Nr. Crt.	<i>Energy and environment</i>
1	Increased the amount of recyclable waste by about 940 000 per year
2	170 000 people can benefit from flood protection measures
3	3 300 00 people received access to high-quality drinking water
4	Annual reduction of greenhouse gas emissions

Own processing according to: europa.eu

The energy and environment sector has been based on improving people's quality of life and protecting the environment.

In addition to these positive points, we can add the reconstruction and renovation of 390 km of railways and the construction of 389 km of new roads, the renovation and construction of 74,000 m² of public and commercial buildings. The number of international tourists has increased (45,000 per year), € 3.2 billion has been invested in the competitiveness of SMEs and the support of 1,300 companies through various financial instruments.

Conclusion

The institutional effects of EU funding could, in the long run, prove to be more valuable than their impact on national and regional GDP. Romania has gone through a steep learning curve in adopting and implementing institutions, principles and procedures related to the implementation of EU funds. The latter have contributed to the development of new visions and frameworks for internal development, taking into account long-term priorities, through enhanced cooperation and the creation of new areas of interaction between different social actors.

Moreover, the institutions that manage EU aid, although often isolated from the rest of the administration, could provide a plan for developing administrative capacity and a model for the professionalisation of the public sector in the future. The latter objective is also targeted at specific investments and the adoption of various EU-approved project management principles and procedures, as well as a growing understanding of the importance of data and evidence for public policy development, enhanced by the new principles of public policy reporting and evaluation.

A potentially significant effect refers to a growing awareness of the need for greater accountability and transparency of spending with national public funds. Unifying or harmonizing procedures for EU and national funding, in order to limit arbitrary political interference, could have a major spill-over effect in the future.

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