

Policies to attract European funds: New Challenges

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Abstract. *Based on the premise that European funds are one of the most important sources of financing regional development, through this approach we set out to conduct an investigation to confirm this and, at the same time, to present the future impact of European funds, on regional development in Romania. It is well known that in order to know the future, the present must be known. For this reason, the present scientific approach aims at two very important aspects that are meant to evaluate the impact of European funds on the regional development of Romania. The first aspect concerns the assessment of the impact of the European funds drawn so far on regional development. Regarding the second aspect, it is specified that it aims at evaluating the European funds allocated by the European Union to Romania in order to ensure the financial sustainability of the new regional development policy. Of course, like any scientific approach, at the end of it we presented the conclusions considered to be the most important regarding the research conducted.*

Keywords: european funds, absorption rate, financial year 2014-2020, programming period 2021-2027, regional development, structural and cohesion funds

JEL classification: F15, F36, G00, G10, G20, G21, H00

1. Introduction

Romania's regional development aims to eliminate or at least alleviate those economic, social, cultural and territorial disparities that exist between its eight regions. Once this aspect is achieved, Romania will directly register economic growth and development, respectively it will be able to offer a decent life to the population. If, from a theoretical point of view, these goals seem to be achievable in an easy way, the reality has shown us the opposite. Respectively, reality has shown us that without the existence of an effective regional development policy these goals cannot be achieved. The problem, however, is not the lack of an efficient regional development policy of the Romanian state but the insufficiency of funding sources for this strategy. It is well known that, like any strategy and regional development policy, it needs to ensure financial sustainability, ie clear and realistic sources of funding, in order to be able to implement it. For this reason, given their well-defined purpose by the European Commission, namely to finance regional development, European funds or the Structural and Investment Funds, as they are still known, play the most important role.

Compared to those mentioned, taking into account the crisis caused by the COVID-19 pandemic and the current internal crisis that the Romanian state is going through, we appreciate that the approach deals with a particularly important topic for Romania, as a member of the European Union. Thus, we consider that the evaluation of the impact of European funds attracted by Romania so far and their role in financing the future of regional development, is a current and extremely important issue given the current context, no one can dispute this issue.

Regarding the choice of the research topic, we mention that we also took into account the following considerations, respectively:

- at present, the negative effects of the COVID-19 pandemic have increased the “appetite” for accessing European funds to all actors in the Romanian economy, whether they are in the public sector, private sector or non-governmental organizations, because structural and investment funds are one of the more accessible and cheaper sources of financing;

- used correctly and efficiently, European funds can quickly contribute to the economic recovery, growth and development of the Romanian economy;

- despite the process of absorbing the “modest” European funds registered in the programming periods 2007-2013 and 2014-2020, the experience of the Romanian state reflects the fact that the European funds have a positive impact on the regional development and of course on the economy as a whole;

- structural and investment funds are a strictly regulated source of funding at both national and European level and are strictly aimed at the financial sustainability of those projects that directly contribute to regional development, which once again highlights their effectiveness.

Regarding the general objective of this study, it can be stated that it is represented on the one hand by a research on the evaluation of the absorption rate of European funds registered by Romania in the programming period 2014-2020, and on the other hand to analyze and evaluate the trend of European funds in the new financial year 2021-2027, in order to observe their impact on regional development.

In order to achieve this goal, the scientific approach was structured in two parts preceded, naturally, by a section in which the conclusions obtained from the research are presented. Regarding the methodology used to conduct the research, it can be stated that several research techniques were used, namely: the observation method, the descriptive method, the comparative analysis, etc. It is specified that the research was carried out on the basis of consulting the databases identified especially on the websites of the main institutions in Romania and not only those that manage and monitor the structural and cohesion funds. At the same time, the research is based on the documentation of the extensive bibliography as well as of the national and European legislation in the field of regional development.

Thus, in the first part, the architecture of this study allowed us to conduct a research on the rate of absorption of European funds recorded by Romania in the 2014-2020 programming period, which has as its main objective the reflection of the present so that the future can be anticipated and easily known. The decision to analyze and evaluate the current absorption rate of European funds for the 2014-2020 programming period registered by Romania was not made by chance. The absorption rate of the Structural and Cohesion Funds is the main economic indicator that reflects the amount of money attracted by a Member State out of the total funds allocated by the European Union. The evaluation was carried out taking into account both the quantitative and the qualitative aspect of the European funds allocated to Romania in the financial year 2014-2020 and absorbed by it, in order to be able to argue their usefulness.

Once the present is known and taking into account the objective of the present approach, the direction of research in the second part is easy to anticipate. Basically, in this sequence the research will aim to evaluate the future of attracting European funds that will have to support the process of regional development in Romania in the period 2021-2027. In this sense, the research will analyze quantitatively and qualitatively the absorption of European funds allocated to Romania for the new programming period, highlighting their trend and impact on regional development. In this part, we set out to highlight the way in which the Romanian state has managed to adapt its strategy on financing regional development, taking into account the needs identified at national level, but also the objectives imposed by the cohesion policy agreed by the Union. European.

In the last part of the approach we aimed to present the conclusions obtained on the impact assessment of European funds allocated to the Romanian state, seen as the

main source of financing regional development, focusing on strengths and weaknesses of absorption, but also highlighting opportunities and the threats they may pose to Romania in the future.

2. Financing regional development in the financial year 2014-2020

In this part, the research was aimed at identifying those pros and cons regarding the usefulness of European funds in financing regional development. In this sense, the approach is distinguished by a detailed analysis of the current absorption rate of structural and cohesion funds allocated to Romania in the financial year 2014-2020. The research aims to highlight the quantitative and qualitative aspects that can highlight the role and impact of European funds on regional development in the 2014-2021 programming period, as in 2021-2027 the absorption of European funds was not well underway.

In order to achieve the above, we considered it appropriate, in the first part of this approach, to present the evolution of the structural and cohesion funds allocated and absorbed by Romania in the financial year 2014-2020. Thus, in the following table we presented the situation of the European funds allocated to Romania in the financial year 2014-2020, respectively:

Table 1. Structural and investment funds allocated to Romania in the financial year 2014-2020

Nr. Crt.	Name of funding program	Allocation (euro)
1	Regional Operational Program	6.860.000.000
2	Large Infrastructure Operational Program	9.122.404.947
3	Competitiveness Operational Program	2.379.787.234
4	Human Capital Operational Program	4.362.057.078
5	Administrative Capacity Operational Program	563.588.476
6	Technical Assistance Operational Program	332.765.958
7	National Rural Development Program	10.968.146.956
8	Operational Program for Fisheries and Maritime Affairs	168.421.371

Source: <https://data.gov.ro/dataset/stadiul-absorbtiei-fondurilor-europene>, website accessed on 11/29/2021

It should be noted that, during the research, the analysis of structural and investment funds was performed, as seen in Table no. 1, taking into account the main financing programs that have been established in order to finance the regional development of Romania, not taking into account the Operational Program for Territorial Cooperation also financed from structural and investment funds. In addition, we appreciate the fact that the European Union has allocated European funds to Romania through the Operational Program for Helping Disadvantaged People¹ and the European Agricultural Guarantee Fund².

¹ Allocation of approximately 497,013,044 euros, according to the website <https://data.gov.ro/dataset/stadiul-absorbtiei-fondurilor-europene>, accessed on 11/29/2021

² Allocation of approximately 11,297,701,644.75 euros, according to the website <https://data.gov.ro/dataset/stadiul-absorbtiei-fondurilor-europene>, accessed on 11/29/2021

From the information presented in Table no. 1 the following conclusions can be drawn regarding the European funds allocated to Romania in the financial year 2014-2020, respectively:

- the European funds allocated to regional development in the financial year 2014-2020 amounted to a not insignificant amount, respectively approximately 34,757,172,020 euros³;
- in order to ensure the financing of the regional development at the level of Romania, 8 operational financing programs were created;
- each financing program was specialized, which highlights the efficiency of European funds, respectively ensured the financing of an essential component of regional development, namely: agriculture, fisheries, SMEs, infrastructure, administration, digitization, research, etc.;
- the eight financing programs have been designed so that the priorities established by the regional development strategy by Romania but also those established by the cohesion policy of the European Union can be carried out in an efficient way;
- the level of allocation of European funds for the eight funding programs reflects the fact that the order of priorities of the regional development strategy in the financial year 2014-2020 was as follows: agriculture, large infrastructure, economic competitiveness and improving the living standards of local and regional communities⁴, human capital, economic competitiveness, administration, technical assistance and fish farming;
- in the period 2014-2020, the largest allocation of funds was aimed at rural development⁵, an aspect that emphasizes the strategy of eliminating or at least mitigating economic, social and cultural disparities between rural and urban regions in Romania.

In addition to the above, we would like to point out that the establishment of the budget for European funds allocated for the period 2014-2020, as well as its distribution on funding programs, was done on the basis of strategic documents, such as: local development strategies, development, regional development strategies, etc. In order to elaborate these documents, the Romanian state institutions in the field at local, regional and national level were involved, as well as the institutions specialized in regional development at European level, an aspect that confirms the efficiency of the use of European funds. And the management of European funds in the period 2014-2020 was carried out by the managing authorities, intermediate bodies and various ministries in partnership with the relevant institutions of the European Union.

Once familiar with the way in which they were allocated to European funds and how they ensured the sustainability of regional development in Romania in the period 2014-2020, the trajectory of the investigation was oriented towards the analysis of their effective absorption rate. In this sense, in Table no. 2 we presented the effective absorption rate of European funds on part-financing program, registered on 29.10.2021, respectively:

³ According to the information presented on the website <https://data.gov.ro/dataset/stadiul-absorbției-fondurilor-europene> , accessed on 11/29/2021

⁴ The general objective of the Regional Operational Program 2014-2020 according to the website of the Ministry of European Funds: <https://www.fonduri-ue.ro/por-2014> , accessed on 11/29/2021

⁵ The National Rural Development Program benefited from an allocation of approximately 10,968,146,956 euros, according to the website <https://data.gov.ro/dataset/stadiul-absorbției-fondurilor-europene> , accessed on 11/29/2021

Table 2. Effective absorption rate of structural and investment funds allocated to Romania in the financial year 2014-2020

Nr. Crt.	Name of funding program	Allocation (euro)	Effective absorption rate (%)
1	Regional Operational Program	6.860.000.000	39,81
2	Large Infrastructure Operational Program	9.122.404.947	43,60
3	Competitiveness Operational Program	2.379.787.234	21,22
4	Human Capital Operational Program	4.362.057.078	44,55
5	Administrative Capacity Operational Program	563.588.476	37,46
6	Technical Assistance Operational Program	332.765.958	59,74
7	National Rural Development Program	10.968.146.956	57,56
8	Operational Program for Fisheries and Maritime Affairs	168.421.371	37,51

Source: <https://data.gov.ro/dataset/stadiul-absorbtiei-fondurilor-europene>, website accessed on 11/29/2021

The effective absorption rate of European funds represents the amounts of money received from the European Commission by Romania, not taking into account the amounts received from the European Commission in the form of pre-financing. Thus, considering the data presented in Table no. 2 and making a simple mathematical calculation, it can be seen that on 11/29/2021 of the total funds allocated to Romania by the European Union for financing regional development only a percentage of 45.87%⁶ were attracted to it. Even if the implementation period of the projects financed from European funds related to the financial year 2014-2020 will last until 31.12.2023, the effective absorption rate registered by Romania on 29.11.2021 places the Romanian state among the places in the queue at European level.

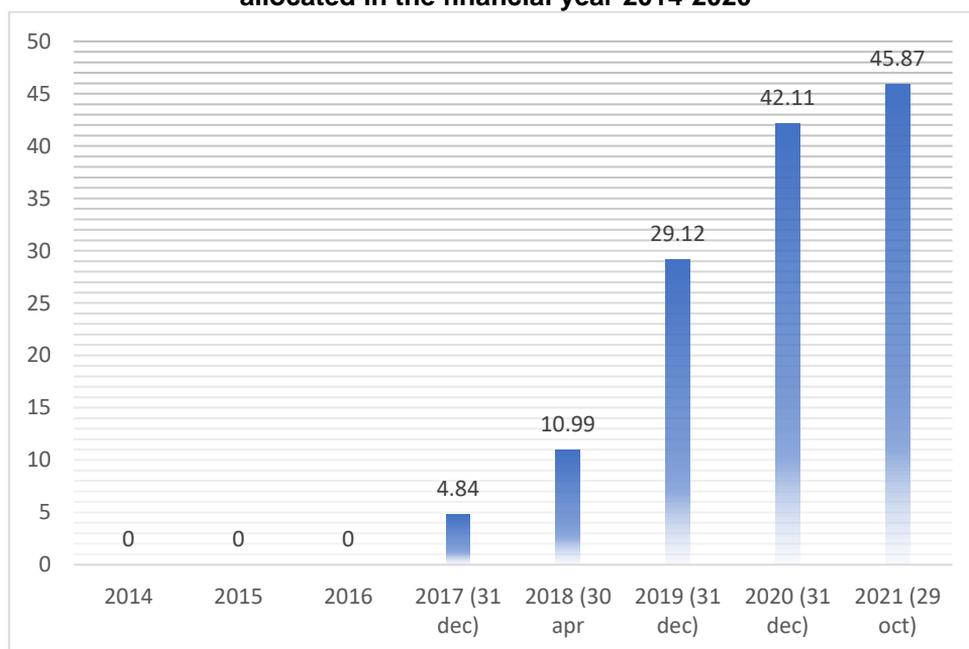
We appreciate that this aspect underlines the inefficiency of the European fundraising policy implemented by Romania. If, in the 2007-2013 programming period, the Romanian state had as main arguments for the modest level of the absorption rate of European funds: lack of experience in the field of the staff involved, inadequate institutional framework, non-harmonized legislation with that of the European Union, we consider that, with regard to the low level of absorption rate for the 2014-2020 programming period, these arguments can no longer be taken into account. Indeed, the crisis caused by the COVID-19 pandemic affected the absorption of European funds, especially at the beginning of it, when all governments in the world were focused on resolving the health crisis, but digitizing the process of submitting, evaluating, contracting and monitoring funding applications. which was carried out before the beginning of the crisis, with the implementation of the online application MYSMIS2014, did not prevent the absorption in Romania. Nor can the lack of experts and / or consultants in accessing

⁶ According to the Romanian Government's website: <https://data.gov.ro/dataset/stadiul-absorbtiei-fondurilor-europene>, accessed on 30.11.2021

European funds or implementing European-funded projects be considered a cause for the slow evolution of absorption. However, the lack of applicants for European funds did not negatively affect the process of absorbing European funds. On the contrary, in this respect, for example, the private sector affected by the COVID-19 crisis reacted positively in 2020, when despite the rather small budget allocations for the May and November 2020 calls for projects funded by the Operational Regional 2014-2020, Axis 2.2 showed a very high 'appetite' for attracting funds to carry out projects that would contribute to increasing the competitiveness of SMEs.

With the beginning of the crisis caused by the COVID-19 pandemic, the absorption of European funds destined for regional development registered a rather slow rhythm, an aspect that can be observed in Chart no. 1, respectively:

Chart 1. Effective absorption rate of structural and investment funds allocated in the financial year 2014-2020



Source: elaborated by the authors based on the data published on the website of the Romanian Government⁷

The data presented in Chart no. 1 highlights the following:

- Romania did not attract any euro from the structural and investment funds allocated by the European Union in the first three years of the financial year 2014-2020, which highlights the inefficiency of the administrative apparatus involved in the field of regional development;
- starting with 2017, the Romanian state started to absorb European funds registering a 'boom' at the end of 2019 when the effective absorption rate of European funds registered a level of 29.12% from 4.84% level registered in 2017, demonstrating that it has started to implement an effective absorption policy;
- 2020, the first year affected by the COVID-19 pandemic, continues to be a good year in terms of absorption, a year in which funds for projects contracted in the previous years 2017-2019 were actually paid by the European Commission;

⁷ Website: <https://mfe.gov.ro/stadiul-absorbtiei-fondurilor-ue/>, accessed on 30.11.2021

- the current year, 2021, reflects a very small increase in the absorption rate, a worrying aspect highlighting a blockage in the process of absorption of European funds and an inefficient policy in this regard.

As we mentioned, we consider that the slow evolution and the low level of absorption rate are primarily due to the inadequate strategy implemented in Romania. A simple example in this sense is the management of funds allocated to the private sector through the Regional Operational Program 2014-2020, Axis 2.2. We gave this example, taking into account that the mentioned financing program aims at improving the competitiveness and productivity of SMEs in Romania, a sector which, we appreciate, could contribute directly and in a short time to regional development. This program finances investments by SMEs that contribute to: job creation, reduction of unemployment, increase of exports, increase of energy efficiency, protection of the environment, increase of the degree of innovation, internationalization of business, etc. These types of projects have positive effects in both the short and medium and long term. In the short term, first of all, it would contribute to the capital infusion from the applicants in the Romanian economy. Respectively, the main condition for signing the financing contract for each applicant is that it be involved with a co-financing of at least 30% of the eligible value of the project to which is added the total value of ineligible expenses which includes VAT related to the total value of the project. Basically, in order to benefit from non-reimbursable European funds amounting to 1 million euros, the applicant will have to provide an amount of at least approximately 428,571.43 euros plus approximately 271,428.57 euros representing VAT related to the total value of the project to be carried out.

Therefore, in order to attract European non-reimbursable funds amounting to 1 million euros, representing 70% of the value of the project, the applicant will have to provide an amount of approximately 700,000 euros. This amount will either be provided from own funds or will be provided by bank credit, thus involving the banking institutions in the absorption process. The involvement of banking institutions in the process of absorbing European funds is another positive aspect of these projects, visible in the short term, given the rigor with which banks verify the profitability and bankability of projects for the granting of loans. In the medium and long term, the effects of the projects financed by this financing program are obvious: increasing the value added related to the sectors in which the investment is made, product and service innovation, process innovation, increasing the quality of goods and services, increasing jobs, etc. All these aspects contribute directly to the economic development of the areas in which the investment is made and of course to the regional development of Romania.

It should be noted that the eligible SMEs submitted projects in the May and November 2020 calls related to the Regional Operational Program 2014-2020, Axis 2.2. Due to the „modest“ budgets allocated to the two project launches and despite the low level of absorption rate, no decision has yet been taken on the contracting of projects that have entered the 'reserve list' due to consumption of budgets of the two calls. This aspect is also notified by the Association of Management Consultants in Romania⁸, which states that: „there are currently more than 5,000 projects, totaling EUR 6,580 million in requested grants, in various stages of analysis and evaluation (over 90% of which have already been evaluated) which would lead to a rapid contracting and a favorable solution and speed of the current impasse within the ROP 2.2. - "Improving

⁸<https://www.fonduri-structurale.ro/stiri/27773/petitie-catre-autoritati-pentru-suplimentarea-bugetului-alocat-cresterii-competitivitatii-mediului-de-afaceri-din-cadrul-por-2014-2020?fbclid=IwAR1x4uE70-M7A1bE7SgFTZsF-IgGjJrESE4LOTioibn4iDAoPUZgtifwUQg>, website accessed on 30.11.2021

economic competitiveness by increasing labor productivity in SMEs in the competitive sectors identified in the CNS" (calls 2 and 3)."

We appreciate that a solution to unblock these situations, such as the one mentioned above, would be to relocate funds from funding programs for which there was no demand to programs where there is demand, such as the Regional Operational Program 2014-2020, Axis 2.2. in order to finance at least the projects that obtained good evaluation scores. We believe that this solution would contribute to streamlining the spending of public funds as the Romanian state has already consumed resources to assess them both human, material and financial, to stimulate and strengthen the private sector affected by the COVID-19 crisis which is the main 'engine' of the economy. but also to increase the absorption rate.

Compared to those mentioned, given that Romania will identify solutions so that the European funds allocated in the period 2014-2020 are absorbed, we believe that their usefulness can not be questioned. In addition to the above-mentioned positive impact on SMEs, other arguments regarding the usefulness of these funds would be the following:

- aims at the development of the infrastructure, an aspect that leads to the development of the other branches of the Romanian economy;
- attract other complementary sources of financing in the Romanian economy, as most projects financed with European funds involve co-financing from the beneficiaries, a very important aspect considering the current crisis in which all the countries in the world are caused by the COVID-19 pandemic. funding is very high;
- involves the responsibility of the beneficiaries by requesting co-financing, which makes them responsible by ensuring a guarantee regarding the achievement of the indicators proposed by the projects financed with European funds;
- support the research and development sector, innovation, Information and Communication Technologies sector;
- contributes to the increase of the living standard of the population, to the creation of new jobs;
- promotes environmental protection, supports energy efficiency.

3. The role and usefulness of European funds in the period 2021-2027

The new financial year 2021-2027 creates new opportunities for financing Member States' regional development. Basically, in this new programming period, the European Union proposes an 'upgrade' of cohesion policy with new objectives aimed at achieving its goal, namely the elimination of economic, social, cultural and territorial disparities between regions. This time, the objectives of the new regional development policy of the European Union have changed according to the new needs identified at Member State level, being adapted to the new challenges. Thus, the new cohesion policy has the following objectives ⁹:

- „a more competitive and smarter Europe;
- a greener transition, with low carbon emissions, to an economy with net carbon dioxide emissions;
- a more connected Europe by strengthening mobility;
- a more social and inclusive Europe;
- a Europe closer to the citizens by promoting the sustainable and integrated development of all types of territories"

⁹ https://ec.europa.eu/regional_policy/en/policy/how/priorities?etrans=ro, website accessed on 30.11.2021

In order to meet these priorities, the European Commission has set a total budget for the current financial year of approximately¹⁰: 392 billion euros. This budget will pursue the following objectives which will lead to the fulfillment of the priorities set in the framework of the regional development policy at European level, as follows:

Table 3. Budgetary allocation for European Union cohesion policy for the financial year 2021-2027

Nr. Crt.	Objectives	Approximate budget allocation (billion euros)
1	Investments for Jobs and Growth Goals	361,056
2	Just Transition Fund	19,236
3	Interreg: The purpose of European Territorial Cooperation	9,041
4	European Union Instruments	1,211
5	Technical Assistance	1,332

Source: developed by the authors based on data from the European Commission's website ¹¹

It should be noted that the budget allocations for achieving the objectives presented in Table no. 3 will be funded through the eight instruments created for this purpose, namely¹²: European Regional Development Fund, European Social Fund Plus, Cohesion Fund, Fair Transition Fund, European Maritime, Fisheries and Aquaculture Fund, Asylum and Migration Fund, Internal Security Fund and Border and Visa Management Instrument.

Carrying out a comparative analysis of the regional development policy budget for the year 2021-2027 with the cohesion policy budgets of the European Union for the other financial years, respectively 2007-2014 and 2014-2020 we will see that from each programming period to another the budget allocated to the policy cohesion policy has been supplemented, respectively:

Table 4. Level of budgetary allocation for European Union cohesion policy in the financial year: 2007-2013, 2014-2020 and 2021-2027

Nr. Crt.	Financial exercise	2007-2013	2014-2020	2021-2027
1	Budget allocation (billion)	347,4	351,8	392

Source: developed by the authors on the basis of data published on the European Commission¹³

¹⁰ <https://cohesiondata.ec.europa.eu/stories/s/2021-2027-EU-allocations-available-for-programming/2w8s-ci3y> , website accessed on 01.12.2021

¹¹ <https://cohesiondata.ec.europa.eu/stories/s/2021-2027-EU-allocations-available-for-programming/2w8s-ci3y> , website accessed on 01.12.2021

¹² https://ec.europa.eu/info/funding-tenders/find-funding/funding-management-mode/common-provisions-regulation_ro , website accessed on 01.12.2021

¹³ https://ec.europa.eu/regional_policy/ro/policy/what/investment-policy/ http://ec.europa.eu/regional_policy/ro/information/publications/brochures/2008/working-for-the-regions-eu-regional-policy-2007-2013 <https://cohesiondata.ec.europa.eu/stories/s/2021-2027-EU-allocations-available-for-programming/2w8s-ci3y> , web pages accessed on 01.12.2021

The issues discussed in the previous lines highlight the following:

- the importance of the regional development policy and the efficiency of the instruments used, respectively the efficiency of the European funds in financing the regional development;
- the increased confidence of the European Union in the effectiveness of European instruments and funds in the sustainability of cohesion policy;
- the increased need to finance regional development with structural and investment funds, taking into account that they are a less expensive source of financing compared to the traditional sources of financing.

Regarding the budget of the cohesion policy of Romania for the financial year 2021-2027, it can be appreciated that it benefits from the European Union of a substantial financial support in order to ensure the sustainability of the regional development process. Like each Member State, Romania has adapted its regional development strategy for the 2021-2027 programming period, taking into account the needs identified at regional level and of course the cohesion policy of the European Union. Thus, according to the European Commission's website¹⁴ in order to finance regional development, Romania will benefit from the following financial allocations, respectively:

Table 5. Budgetary allocation for European Union cohesion policy for the financial year 2021-2027

Nr. Crt.	Objectives	Approximate budget allocation (billion euros)
1	Investments for Jobs and Growth Goals	29,937.4
2	Just Transition Fund	2,139.5
3	Interreg: The purpose of European Territorial Cooperation	0,372.6

Source: developed by the authors based on data from the European Commission's website¹⁵

From the information presented in Table no. 5, making a simple mathematical calculation, we can conclude that, in the period 2021-2027, Romania has been allocated, in order to finance regional development, approximately 32.45 billion euros a higher amount than the allocation of 30.88 billion euros¹⁶ for the 2014-2020 programming period. This amount will support the regional development of the Romanian state and will contribute to the achievement of the priorities established by the cohesion policy of the European Union by financing the following financing programs established by the Romanian state authorities in the field, respectively:

¹⁴ <https://cohesiondata.ec.europa.eu/stories/s/2021-2027-EU-allocations-available-for-programming/2w8s-ci3y/> accessed on 01.12.2021

¹⁵ <https://cohesiondata.ec.europa.eu/stories/s/2021-2027-EU-allocations-available-for-programming/2w8s-ci3y/>, accessed on 01.12.2021

¹⁶ <https://www.startupcafe.ro/bani-europeni/fonduri-absorbti-e-romania-2007-2018-euroimpact.htm>, website accessed on 01.12.2021



Figure 1. Financing programs that support Romania's regional development in the financial year 2021-2027

Source: prepared by the authors on the basis of information published on the website of the Ministry of European Funds¹⁷

Analyzing the structure of the financing programs presented in Figure no. 1, we appreciate that the following conclusions can be drawn regarding the European funds that will support Romania's regional development policy:

- the financing instruments for regional development in Romania are represented by 8 financing programs elaborated at national level and an operational program that will be elaborated at the level of each regional development region;

- the 8 operational programs with national addressability, as they appear from their name, will aim to finance those projects that will lead to the achievement of the main objectives set by the cohesion policy of the European Union, among which we can list: fair transition, social inclusion, transport infrastructure, education, labor, human resources, health, environmental protection, climate change, digitization, research, technical assistance;

- for the period 2021-2027, the eight development regions of Romania: South Muntenia, Center, Bucharest-Ilfov, West, North-West, South-West Oltenia, North-East, South-East will develop their own regional operational program with the help of which will ensure the financial sustainability of their own development strategies, this fact highlighting the decentralization and the beginning of the financial autonomy of the regions, an aspect that will obviously contribute to their development.

Carrying out a comparative analysis of European funds distributed to regional development, both in Romania and in the European Union, depending on the level of allocation and distribution in the financial year 2021-2027 compared to 2014-2020, we believe that we can draw the following conclusions:

- the level of allocation of European funds for the sustainability of regional development policy is considerably higher in the financial year 2021-2027 compared to 2014-2020, by about 40.2 billion euros in the European Union, and about 1.57 billion euros in the level of Romania, according to the mathematical calculation made on the basis of the presented data;

¹⁷ <http://mfe.gov.ro/minister/perioade-de-programare/perioada-2021-2027/> and <https://www.fonduri-structurale.ro/2021-2027>, websites accessed on 01.12.2021

- The European Union, as well as Romania, has adapted its development strategy taking into account the new needs identified at regional level, channeling most funds to priorities such as: sustainable development, a greener environment with low CO2 emissions, competitiveness, digitalization, inclusion social, etc .;

- taking into account the fact that the Regional Operational Program will implement and monitor at the level of the 8 development regions this aspect that promotes decentralization;

- given the evolution of the absorption rate, it seems that the absorption process for the financial year 2021-2027 is similar to that of the period 2014-2020, when as we presented in the preamble of the research in the first three years the absorption of European funds was zero;

In the last sequence of the approach, the research aimed to present a SWOT analysis on the structural and investment funds that support regional development, in order to highlight their usefulness, respectively:

Table 6. SWOT analysis of European funds allocated to Romania in the financial year 2021-2027

Strong points	Weaknesses
<ul style="list-style-type: none"> • the entire process of managing European funds for the financial year 2021-2027 is digitized; • The Regional Operational Program promotes financial autonomy without which local autonomy cannot exist; • the elimination of the managing authorities related to the Central Operational Program at the central level will lead to the reduction of bureaucracy and the simplification of the procedures regarding the management of the funds; • simplification of the legislative framework in the field both at European and Romanian level; • clear funding programs with precise objectives aimed at addressing the current needs of regional development at European and global level; 	<ul style="list-style-type: none"> • the “modest” way in which European funds are managed by the authorities in the field; • failure to promote true specialists in the process of managing European funds; • to date, the regional institutions that manage European funds allocated through cohesion policy are not certified either; • despite the experience gained in previous financial years: 2007-2013 and 2014-2020 the institutions involved in the regional development process in Romania repeat the same mistakes regarding the start of the process of absorption of European funds; • excessive involvement of the political factor in the process of absorbing European funds.
Opportunities	Threats
<ul style="list-style-type: none"> • much more efficient management of European funds by involving real specialists in the field; • the use in the stages of submission, contracting, implementation and monitoring of projects financed with European funds of a single computer application; • increasing the accessibility and management of these tools; 	<ul style="list-style-type: none"> • the amplification of the sanitary crisis caused by the COVID-19 pandemic and the cessation of the financing of the cohesion policy at the level of the European Union, respectively at the level of the Romanian state; • full politicization of the institutional framework involved in the process of absorbing European funds; the development of evaluation grids for certain evasive funding applications, unrelated to regional development objectives, which may jeopardize the

	achievement of cohesion policy objectives;
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Source: elaborated by the authors

All the above highlight the fact that the funds destined for regional development allocated to Romania in the period 2021-2027, together with the funds allocated through REACT-EU¹⁸ worth about 1.423 billion euros¹⁹ and the funds allocated to support the National Recovery and Resilience Plan amounting to approximately EUR 30.5 billion²⁰ they will contribute to the economic development and increase of the living standard of the population in the conditions in which they will be attracted. We remind you that REACT-EU supports measures to recover the Romanian economy in the main areas affected by the COVID-19 pandemic, respectively: the SME sector, the labor force and health. Regarding the National Recovery and Resilience Plan, it aims to mitigate the negative impact of the COVID-19 pandemic.

4. Conclusions

As a general conclusion of this approach, we appreciate that European funds are an indisputable source of funding for regional development and are used through the regional development strategy from one financial year to another increasingly efficient by Romania. It can be specified that Romania's regional development strategy for 2021-2027 has been correlated with the cohesion policy of the European Union, thus contributing to streamlining the process of absorbing European funds through digitization, simplifying the legislative framework, promoting decentralization and local autonomy. Even if the beginning of the financial year 2021-2027 does not seem optimistic in terms of the absorption of European funds, we believe that in the coming years the actors involved in the regional development process will mobilize and succeed in successfully implementing this policy. It is specified that the process of absorption of funds is not limited to a correctly developed regional development strategy but also to facts, respectively to the elaboration of quality projects, evaluated, contracted and implemented in a timely manner. It must be understood that the implementation of a regional development strategy involves the promotion of clear and well-defined activities as time that have a domino effect on the whole process. If an activity is not done correctly and in a timely manner there is a very high risk that the whole process will be blocked, for this reason the actors involved in the process must be true professionals.

Taking into account the negative effects that the COVID-19 pandemic has produced on the Romanian economy, we believe that the Romanian state must make the most of the opportunity offered by attracting European funds and record a rate of absorption as high as possible in the next few years. Only in this way, by attracting funds in the economy that will really contribute to the creation of added value, the Romanian economy will be able to recover and consolidate. We support this because we believe that the most relevant strengths of the absorption of European funds are the fact that:

- is a secure source of funding for those projects that clearly contribute to regional development;

¹⁸ EN - Recovery Assistance for Cohesion and the Territories of Europe

¹⁹ <https://www.startupcafe.ro/fonduri-europene/ajutoare-imm-react-eu-proiecte-2021.htm>, website accessed on 02.12.2021

²⁰ <https://www.fonduri-structurale.ro/2021-2027>, website accessed on 02.12.2021

- compared to bank credit, leasing or other forms of financing do not involve significant costs, they do not carry interest or commissions but only clear and realistic projects that lead to the achievement of cohesion policy objectives;
- whereas most projects with European non-reimbursable funds to be contracted and implemented are conditional on co-financing from the applicant, attracting additional sources of funding, in many cases involving banking institutions, which is particularly important for the smooth running of an economy;
- contributes to the accountability of the applicants through their financial involvement, respectively through the obligation to pay the co-financing from own sources or from loans;
- the fact that it also involves banking institutions in the absorption process, further reflects their efficiency, taking into account that a bank never finances a project from which it does not make a profit;
- are a transparent and accessible source of funding for all those eligible, as the process of absorbing European funds for the 2021-2027 financial year is currently fully digitized;
- the degree of accessibility is high also due to the fact that in the financial year 2021-2027 as in the previous one the European funds are granted both through the mechanism of the reimbursement requests and through the one of the payment requests;
- the absorption process involves the involvement of quality human resources, true specialists in regional development, project development and project management, otherwise the negative effects are visible and felt by the economy in a very short time;
- contributes to the increase of financial autonomy, especially those addressed to the territorial administrative units, an aspect that promotes local autonomy and decentralization, the main signs of local development.

In view of the above, we consider that the main objective of the Romanian state and at the same time its biggest challenge at the moment is to identify those solutions so as to record a high rate of absorption of funds for the financial years 2014-2020 and 2021-2027, as well as those allocated through the REACT-EU and PNRR program whose usefulness no one can dispute. We believe that Romania does not have the right to fail in this goal, as European funds are the safest, most efficient and cheapest source of financing the economy for the 2021-2027 programming period.

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