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EUROPEAN FUNDS – VECTORS OF SUSTAINABLE EVELOPMENT. AN ANALYSIS IN THE *NORD-EST* REGION

ABSTRACT

The sustainable development issue has raised many debates over time, both at national and local level, from the perspective of economic performance of each area, but especially in terms of cultural and behavioural differences characterising each community. Starting from the stock of available resources, as well from the modality of their use, the attraction of European funds significantly contributes to the sustainable development of each area. In this context, the present approach aims to make an analysis of the absorption degree of EU funds in the Nord-Est Region.

Key words: European funds, sustainable development, absorption degree.

JEL Classification: O1, Q01, Q14.

1. INTRODUCTION

European funds have represented an important financial source in support of development, at both national and mainly local level, ever since they were granted. Their use allowed significant investments to be made, their effect materialising, among other things, in ensuring the necessary framework for local development and improving the quality of life. However, at regional level, there are still discrepancies not only in terms of attracting European funds, but also at different levels of local development – development regions or local communities (cities, communities, villages).

2. STATE OF KNOWLEDGE

The European funds allocated to member states by the European Union represent a key resource for their short, medium- and long-term development. The purpose of such allocations is to reduce the development gaps between member states and strengthen the economic, social and territorial cohesion at their level.

The emergence of these funds was based on the need to facilitate the complex economic development processes among member states (Mazilu, 2010).

As elements of budgetary sustainability, in the light of the investment strategy and non-reimbursable nature, the European funds have been and continue to be a subject of debates among member states, not only in terms of their distribution across countries but mainly in terms of their different degrees of absorption, as well of control of their utilisation, in order to eliminate fraud attempts.

In the context of the above, starting from each managing authority up to the European Commission level, analyses are performed on how European funds are used, and reports are elaborated on their correct management, in accordance with the stated objectives.

Such analyses and reports, regardless of the level at which they are prepared, provide local and European authorities an overview of how European funds are used.

At the same time, these represent a starting point in the identification of new investment needs, for the sustainable development of local communities and the continuous improvement of the living standard of the population.

Although there is not yet a high transparency degree of these analyses, in the sense of publishing/updating the information on the degree of absorption, the aggregate information provided by the Ministry of European Investment and Projects (MEIP) on the funding from European Funds is relevant, at least at national level.

In this sense, such information was identified at the level of each county/locality, and its aggregate analysis supplies relevant data on the use of European funds, at regional/national level inclusively.

3. MATERIAL AND METHOD

From the methodological point of view, the present approach is based on public data supplied by MEIP, information available on 31.03.2022, as well as on information from Tempo-Online database.

At the same time, this approach has also in view the utilisation of established statistical methods, namely comparisons, weights and structures. The analysed European funds refer to those related to the following operational programmes:

1. Large Infrastructure Operational Program (LIOP);
2. Regional Operational Program (ROP);
3. Human Capital Operational Program (HCOP);
4. Competitiveness Operational Program (COP);
5. Administrative Capacity Operational Program (ACOP);
6. Operational Programme Technical Assistance (OPTA).

4. RESULTS AND DISCUSSIONS

4.1. GENERAL CONSIDERATIONS ON THE NORD-EST REGION.

The Nord-Est Region consists of six counties (Bacău, Botoşani, Iaşi, Neamţ, Suceava and Vaslui), being the largest region in Romania in terms of population size. In the year 2022, the Nord-Est Region had a population of 3.98 million inhabitants, accounting for 18.1% of total national population. About 25% of the region's population is found in Iaşi county, followed by Suceava (19.1%) and Bacău (18.2%). Practically, these three counties together account for 62% of the region's population. The other four countries cumulate 38% of the region's population, with percentages ranging from 11.4% (Botoşani) to 13.9% (Neamţ).

From the administrative organisation point of view, this region has 29 towns, 17 municipalities, 506 communes and 2414 villages, their distribution by counties being shown in Table 1.

Although the Nord-Est region ranks first in the eight development regions in terms of number of population, this continues to be a poor region. Calculated as share of poor persons in total population, in the year 2020, the relative poverty rate was 35.6%, higher by 12.2% than the national average. Practically, this ranks the region on the top position, with the highest poverty rate.

Table 1

The administrative organisation of the Nord-Est Region in the year 2021

Administrative unit	Region /county	No.
Municipalities	NORD-EST	17
	Bacău	3
	Botoşani	2
	Iaşi	2
	Neamţ	2
	Suceava	5
	Vaslui	3
Towns	NORD-EST	29
	Bacău	5
	Botoşani	5
	Iaşi	3
	Neamţ	3
	Suceava	11
	Vaslui	2
Communes	NORD-EST	506
	Bacău	85
	Botoşani	71
	Iaşi	93
	Neamţ	78
	Suceava	98
	Vaslui	81

Table 1 (continued)

Villages	NORD-EST	2414
	Bacău	491
	Botoşani	333
	Iaşi	418
	Neamţ	344
	Suceava	379
	Vaslui	449

Source: Information from Tempo-Online database, NIS, 2022

Except for Bucureşti-Ilfov region, where the relative poverty rate is only 2.4%, the relative poverty rates of the other regions range from 15.5% (Nord-Vest) to 32.7% (Sud-Vest Oltenia).

The high degree of poverty also impacted the regional economic performance, overall and across counties. As an aggregate economic indicator, the GDP of the Nord-Est Region was 109.5 billion RON in 2019 (Table 2), accounting for 10.3% of total GDP nationwide. The Nord-Est Region ranks third among the 8 development regions, after Sud-Vest Oltenia and Vest regions, with the lowest GDP levels.

Table 2

GDP at the level of component counties of the Nord-Est Region, in the year 2019

	GDP (billion. RON)	% in total region
Bacău	20.4	18.6
Botoşani	10.7	9.8
Iaşi	34.2	31.3
Neamţ	14.6	13.3
Suceava	20.3	18.5
Vaslui	9.3	8.5

Source: Author's calculations based on Tempo-Online database, NIS, 2022.

4.2. SHORT DESCRIPTION OF THE OPERATIONAL PROGRAMS

LIOP was designed to respond to Romania's development needs, being the second largest programme in the European Union, financing activities in four sectors: transport infrastructure, environmental protection, risk management and adaptation to climate change, energy and energy efficiency, contributing to the EU strategy for a smart, sustainable and inclusive growth.

ROP finances investments aimed at increasing economic competitiveness and improving the living conditions of local and regional communities, by supporting the development of the business sector, infrastructure and services, for

the sustainable development of regions, so that these can efficiently manage their resources and put into value their innovation and technological progress assimilation potential.

HCOP focuses on the investment priorities, specific goals and actions undertaken by Romania in the field of human resources, continuing the investments made in the 2007–2013 programming period and contributing to reaching the general objective of the Partnership Agreement: reducing the economic and social development disparities between Romania and EU Member states.

COP finances investments that respond to the needs and challenges related to the low economic competitiveness level, as well as investments for the research, development, innovation (RDI) and information and communication technology (ICT) sectors. Specifically, the following areas of smart specialization are financed through COP: bioeconomy, information and communication technology, space and security; energy, environment and climate change; eco-nano-technologies and advanced materials.

ACOP promotes the creation of a modern public administration, capable of facilitating the socio-economic development, through competitive public services, investments and quality regulations. The following types of beneficiaries will be able to obtain funding under ACOP: central public authorities and institutions, autonomous administrative authorities, NGOs, social partners, accredited higher education and research institutions, the Romanian Academy, local public authorities and institutions, at the level of counties and municipalities, local public authorities and institutions – ITI beneficiaries, institutions from the judicial system.

OPTA aims to ensure a correct implementation of ESI funds in Romania, in accordance with the responsibilities assumed towards the European Commission. At the same time, OPTA supports the coordination structure of the 2014–2020 Partnership Agreement and of the post-2020 programming period, as well as the coordination of the implementation of the strategy for the integrated development plan of Integrated Territorial Investment (ITI) in the Danube Delta Biosphere Reserve, the integrated territorial investment being a newly-introduced tool in the period 2014–2020 that promotes the integrated utilization of funds for a better aggregate result for the same value of public investment.

4.3. STRUCTURAL FUNDS AT THE LEVEL OF NORD-EST REGION

According to information from the Ministry of European Investments and Projects (MEIP), as of March 31, 2022, a number of 1592 projects have been implemented/under way of implementation in the Nord-East region under the six operational programmes mentioned above. By component counties, the number of projects varies across counties and operational programmes, Iași county ranking first in terms of total number of projects (26.9% of total) (Table 3).

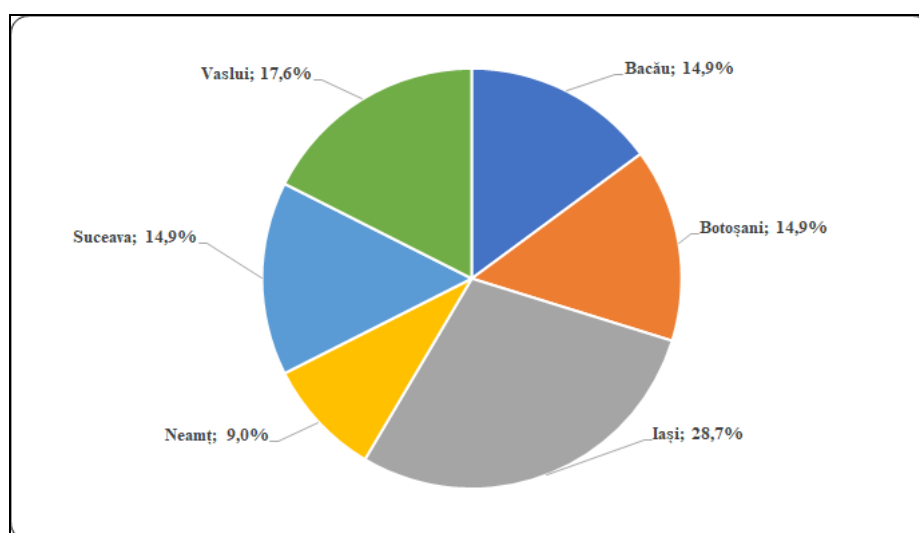
Table 3

Situation of projects by operational programmes, across counties
in the Nord-Est Region, March 2022 (no.)

Operational programme	Bacău	Botoşani	Iaşi	Neamţ	Suceava	Vaslui	Total
LIOP	18	36	42	15	38	35	184
ROP	207	91	256	154	249	78	1035
HCOP	28	22	45	38	17	20	170
COP	7	12	82	10	22	25	158
ACOP	10	8	3	6	6	11	44
OPTA	0	0	0	1	0	0	1
TOTAL	270	169	428	224	332	169	1592

Source: Calculations based on MEIP data, 2022.

Out of total of component localities of counties, only 188 de localities have attracted funds through operational programmes, 28.7% in Iaşi county, followed by Vaslui, Botoşani, Bacău, Suceava and Neamţ counties (Figure 1).



Source: Calculations based on MEIP data, 2022.

Figure 1. Share of localities in each county in total localities that implemented/are still implementing projects through operational programmes (%)

The cumulated value of projects is 22662.3mil. RON, Iaşi county also ranking first, with 37% of the total value of projects from the six operational programs.

It should be noted that 46.7% of the total value is absorbed by the ROP, followed at short distance by LIOP (44.7%). Moreover, the two operational programmes absorbed 91.5% of the total value of projects from the six programmes (Table 4).

Table 4

Value of projects by operational programmes and counties, March 2022 (mil. RON)

Operational programme	Bacău	Botoşani	Iaşi	Neamţ	Suceava	Vaslui	Total
LIOP	4125.8	511.2	2903.5	48.2	1849.8	700.6	10139.1
ROP	1392.0	1110.4	4567.4	1121.5	1577.0	820.1	10588.5
HCOP	119.4	162.7	219.8	140.4	76.1	147.9	866.4
COP	30.6	27.2	674.5	34.9	63.2	151.2	981.7
ACOP	17.2	13.7	9.8	11.3	16.0	16.0	84.0
OPTA	0.0	0.0	0.0	2.5	0.0	0.0	2.5
TOTAL	5685.1	1825.3	8375.0	1358.8	3582.2	1835.9	22662.3

Source: MEIP information, 2022.

It should also be noted that the percentage of European funds in the total value of projects oscillated in total by percentages from 51.2% (Iaşi) to 74.4% (Botoşani), while by each operational programme, it ranged from 59.6% (COP, Vaslui) to 87% (HCOP, Bacău) (Table 5).

Table 5

The EU funding percentage in total value of projects, by programmes and counties, March 2022 (%)

Operational programme	Bacău	Botoşani	Iaşi	Neamţ	Suceava	Vaslui	Total
LIOP	68.6	73.3	66.9	83.4	70.7	69.4	68.8
ROP	70.3	73.3	37.2	72.0	66.3	73.4	56.2
HCOP	87.0	85.3	83.9	85.8	86.4	86.9	85.6
COP	84.1	70.5	66.9	73.6	79.2	59.6	67.5
ACOP	84.1	84.8	85.0	84.5	85.0	84.8	84.7
OPTA				84.7			84.7
TOTAL	69.5	74.4	51.2	74.0	69.3	71.9	63.6

Source: Calculations based on MEIP database, 2022.

The analysis of MEIP information also revealed that through LIOP, projects for the population health protection in the context of Covid-19 crisis were also submitted.

In this sense, 124 projects were implemented under Priority Axis 9 – *Protecting the health of the population in the context of COVID-19 pandemic*, Specific Objective 9.1 – *Increasing the capacity to manage the COVID 19 health crisis*, and the Specific objective 10.1 *Support for mitigating the effects of the crisis in the context of the COVID-19 pandemic and its social consequences*.

It should be specified that each county implemented such projects, their number varying from 6 (Botoşani) to 29 (Suceava) (Table 6).

On a cumulated basis, the counties Botoşani, Iaşi, Suceava and Vaslui implemented 106 projects, accounting for 85.5% of the total number of projects dedicated to population protection in the context of the COVID-19 crisis.

Table 6

Value of implemented projects dedicated to population protection in the context of COVID-19 crisis and their share by counties in total region

	Bacău	Botoșani	Iași	Neamț	Suceava	Vaslui	Total
Value (mil. RON)	56.0	68.2	17.8	14.5	123.9	28.0	308.4
% in total	18.1	22.1	5.8	4.7	40.2	9.1	100.0

Source: Calculations based on MEIP data, 2022.

5. CONCLUSIONS

As financial instruments developed by the European Union, with the intention to develop certain fields of activity and areas for meeting certain economic, social and cultural development standards, the European funds have been playing an important role in the Romanian economy, both at national and regional (local) level.

Regardless of the modality to access the EU funds and the existing operational programmes, the Nord-Est development region has attracted such funding in all its six component counties, the number of projects and their value being different by counties and operational programmes.

However, the low development degree of the region, correlated with a high relative poverty rate, have induced the need to accelerate the attraction of European funds for sustainable local development, with direct benefits for the living standard of the population. At the same time, a high degree of absorption of European funds in this region creates the conditions for narrowing the gaps between the Nord-Est region and the other development regions.

On the other hand, deepening the analysis to the level of each component county, it results that there are counties that have managed to attract significant EU funds through the projects submitted and implemented, in order to achieve local development objectives.

However, we consider that at the level of this region, given its potential as well as the financing needs to ensure a sustainable development, there is still a need for concerted efforts of local/central authorities to attract considerable EU funding, which would make it possible to reduce intra- and inter-regional gaps.

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