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**European Funds Management Related
to the Cohesion Policy 2021-2027**

Manuela Panaitescu¹

Abstract: According to the allocations proposed by the European Commission for Cohesion Policy, in the period 2021-2027, Romania will benefit from a financing of about 30 billion euros. The purpose of the research is to analyze the changes proposed by the EC in comparison with the programming period 2014-2020 and the importance of the European funds for Romania and the previous research in the field continues. The study will lead to a better information of the potential beneficiaries of the European projects that can be prepared in advance, thus contributing to the increase of the absorption of the allocated funds.

Keywords: Programming documents; Cohesion Policy; European Structural and Investment Funds

JEL Classification: D73; E61; O38; F36

The European Union is making great efforts to successfully implement the principle of cohesion by investing money in infrastructure and assisting regions. Currently, there is only one set of rules governing the European Union's Structural and Investment Funds, namely the ESF (European Structural and Investment Funds). These rules aimed at establishing a clearer link between the Europe 2020 strategy in terms of stimulating smart, supportive and sustainable growth of EU inclusion, as well as improving coordination and ensure consistency in the implementation of these principles and simplify, as far as possible, the access of FESI by potential beneficiaries.

The European Commission has issued common rules for seven shared-management funds to reduce the fragmentation of the use of financial resources made available to Member States from the European Union budget. At the same time, the proposal for a common regulation aims at improving the coordination and harmonization of the implementation of funds providing contributions under cohesion policy, namely the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF), with the Fund for the maritime and fisheries sector and the European Fisheries and Maritime Fund (EMFF). Consideration was also given to ensuring an adequate and complementary joint response to the challenges posed by migration and security crises, i.e. joint governance with funds related to internal affairs, namely the Asylum and Migration Fund, the Internal Security Fund and the Instrument for border and visa management (Figure no. 1).

In accordance with the principle and rules of shared management, Member States have the primary responsibility for the management and control of Union non-reimbursable financial assistance, and the legislative package promoted for this purpose for the implementation of European funds 2021-2027

¹ Senior Lecturer, PhD, Danubius University of Galati, Faculty of Economic Sciences, Romania, Address: 3 Galati Blvd., Galati, Romania, Tel.: +40372361102, Fax. +40372361290, Corresponding author: manuelapanaitescu@univ-danubius.ro.

under shared management includes a number of regulations imposed on the Member States administrative and organizational action regarding the establishment of the institutional framework, tasks and responsibilities of the various bodies within the management and control system for these funds.

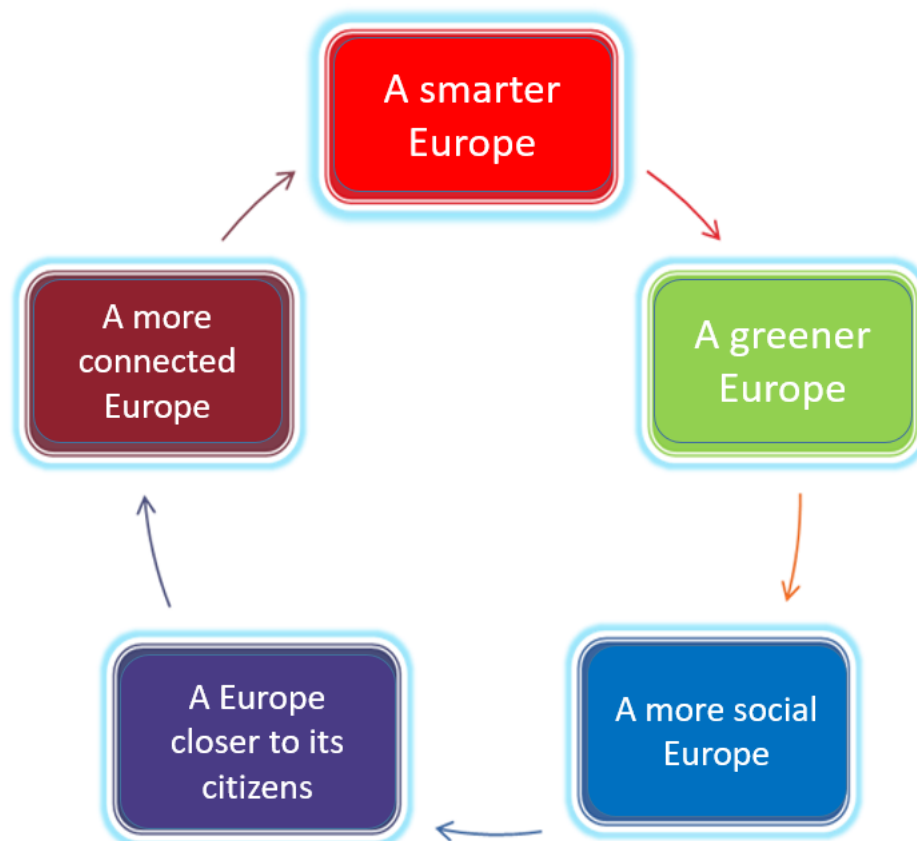


Figure 1. Objectives of Cohesion Policy

(Source: www.fonduri-ue.ro)

Taking into account the provisions regarding the management and control system in the draft common regulation, this Memorandum was elaborated, which aims at establishing the institutional architecture that will ensure the functioning of the management and control system of European funds allocated to Romania in shared management.

In order to ensure a smooth transition from the 2014-2020 financial programming period to the future 2021-2027 programming period, as well as ensuring a continuity of funding from the European Union budget, the intention is to maintain the management and control system of the European funds related to cohesion policy from the 2014-2020 programming period. At the same time, it is envisaged to improve and simplify certain aspects in order to support the beneficiaries of this policy, so as to ensure the premises for an efficient and effective use of European funds.

The proposed institutional framework for the 2021-2027 programming period is based on lessons learned, decentralization of implementation and proximity to beneficiaries, in order to increase leadership in the implementation of European funds and limit the dispersion of functions in many institutions.

Considering the quality of the Ministry of European Funds (MFE) as a central public institution responsible for coordinating the non-reimbursable financial assistance granted to Romania by the European Union for the financial programming period 2021-2027, the elaboration of the National Strategy on national investments supported by European funds and national programming documents of the European funds 2021-2027, in conjunction with the proposal for a general regulation for the new programming period, in compliance with the functions related to the management and control system, the following operational programs and institutional architecture are proposed:

Operational programs related to the implementation of cohesion policy at national level:

1. Sustainable Development Operational Program (PODD)
2. Transport Operational Program (POT)
3. Intelligent Growth and Digitization Operational Program (POCID)
4. Health Operational Program (multi-funding) (POS)
5. Human Capital Operational Program (POCU)
6. Poverty Reduction Operational Program (POCS)
7. Regional Operational Programs - implemented at regional level (8 ROP)
8. Technical Assistance Operational Program (multi-funding) (POAT)
9. Operational Program for a Fair Transition

In total, Romania could benefit from EU funds of funds between 30 and 45 billion euros¹ for the period 2021-2027 (distribution according to figure no. 2), 40% more than in the period 2014-2020. The amount depends on the negotiations, when the heads of state and government discuss the next budget of the Union, for the period 2021-2027.

President Iohannis must convince Europeans that we need more money for infrastructure - a chapter in which we are stuck - and agriculture.

This is while rich states want the Union's money to go in a new direction - more for the environment, research, and digitalization.

The major disagreement at the negotiating table stems from the fact that more developed and richer countries, such as Germany, the Netherlands and Denmark, would like the money to be directed towards digitalisation, research and the environment.

This is while the poorer states, including Romania, want the funds to be allocated mainly for investments in infrastructure and agriculture, and this is just one of the aspects that strongly means force the big states, the ones that bring the most money to the budget of the Union.

¹ Five rounds of negotiations have taken place so far and the final amount is still being negotiated with the European Commission.

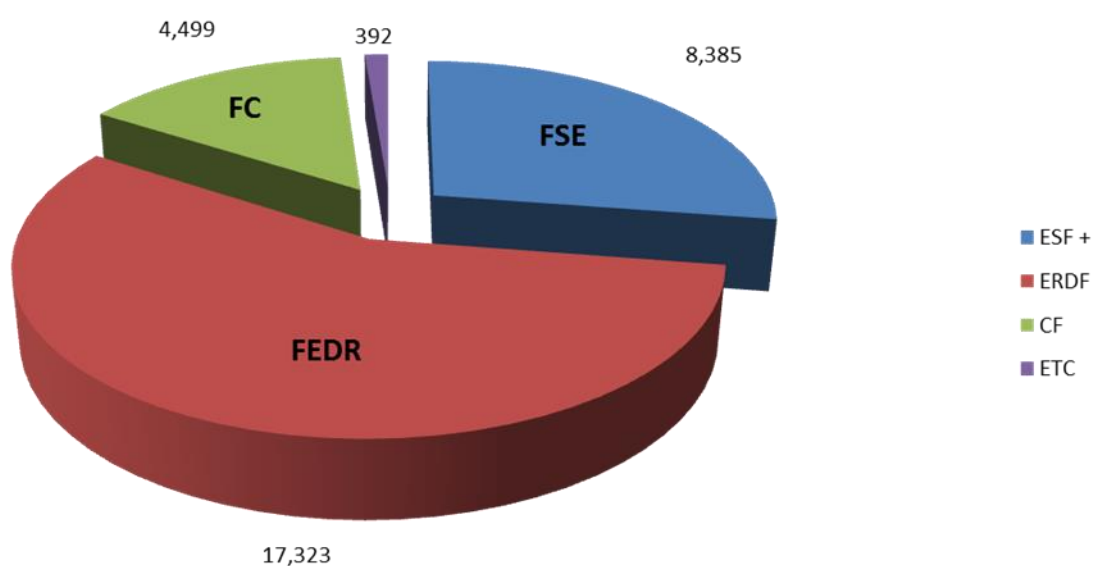


Figure 2. Allocation of Cohesion Policy 2021-2027

(Source: www.fonduri-ue.ro)

Charles Michel, President of the European Council: “Everyone has their own priorities and interests, and our goal is to bring our positions closer together. The last steps are always the hardest to follow. ”

Officials in Bucharest fear that the budget discussed in Brussels could bring us less money right where we need it most - for highways, roads, water and sewage.

Several rounds of informal negotiations of Romania with the European Commission took place, where the following issues were addressed:

- General aspects regarding the programming process of cohesion funds;
- Schedule of the programming process and actions taken;
- Discussions based on the Country Report;
- Identifying the strategic vision and investment needs in the sectors: environment, energy, broadband and transport (Table no. 1);
- Stage of fulfilling the favorable conditions regarding the sectors: circular economy (waste), water / wastewater, biodiversity;
- The need for technical assistance for these sectors;
- Discussions on the sectors: transport, energy, research, ICT, social inclusion and poverty reduction, employment, education, health, territorial / urban investments;
- Vision on the architecture of operational programs;
- The stage of fulfilling the favorable conditions regarding the Roma community, gender equality, the Charter of Human Rights, disabilities;
- Cooperation with other Member States or regions;
- Administrative capacity.

Table 1. National investment priorities for funding from post-2020 European Funds

Policy objectives 2021-2027	Investment priorities
A smarter Europe	Research and innovation / Digital public services and the integration of digital technologies by enterprises / Digitization / SMEs
A greener Europe	Energy / Climate change / Water and wastewater / Waste management Biodiversity / Multimodal mobility in urban areas
A more connected Europe	Transport / Digitization and Broadband
A more social Europe	Labor market policies / Education / Inclusion, poverty / Health
A Europe closer to its citizens	Integrated Territorial Development - CLLD / ITI / Urban Development / Tourism / Culture / Cultural Heritage

European funds support integrated territorial development through local and territorial development strategies implemented through ITI-type territorial instruments, DLRC (community-based local development) or other instruments developed at national level.

ITI is an optional territorial development tool that makes it possible to combine resources from several European funds, within the priority axes of one or more Operational Programs.

Regarding the ITI, the proposal for the financial year 2021-2027 is:

- to continue the investments related to the Strategy for Sustainable Integrated Development of the Danube Delta (ITI DD)
- to implement a new ITI instrument in the Jiu Valley region, taking into account the new initiatives promoted at European Union level, namely the Platform of Carboniferous Regions in Transition to which Romania joined the Jiu Valley pilot region, as well as the establishment of the Fair Transition Fund Transition Fund), designed to help affected communities in the area and build new strong, resilient and diversified energy savings. For this region, the financing of the elaboration of the Strategy of economic reconversion of the area within the Support Program for Structural Reforms, under direct management at EC level, was approved. At the same time, for financing from the Fair Transition Fund, five more counties are considered, respectively Galati, Hunedoara, Dolj, Prahova and Mures.

Conclusions

In order to ensure an increased degree of absorption of European funds in the period 2021-2027, the responsible institutions must publish the funding guidelines in time, so as not to repeat the mistakes of previous programming periods, when they were launched with a delay of two years.

At the same time, in the context of the special needs resulting from the outbreak of the COVID-19 epidemic worldwide, the Commission proposes to activate emergency assistance support for the affected countries. The need to finance urgent investments resulting from the crisis is unprecedented, so reallocations of funds will be decided at Union level.

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