A new decade for social changes
An analysis of the absorption rate of EU funded social projects at macro-regional level

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Abstract. The current European context is still characterized by the disparities between the Member States, economic and social cohesion being one of the priorities of the European Union, which is found among the key objectives of European and national policies. The Structural Funds are the most important economic policy measure adopted by the European Commission, and their management, which represents an opportunity for socio-economic development, is the responsibility of all Member States. In the national context, the responsibility for a sustainable local development must be placed on the community, one of the most effective tools for achieving the community’s development being social programs, implemented through social projects. The aim of this paper is to carry out an analysis of the projects contracted under the Human Capital Operational Programme, Priority Axis 4 - Social inclusion and combating poverty, for the 2014-2020 programming period, at the level of Romania's development regions. For our country, the European Structural Funds are the main source of funding of the operational programmes which facilitate the socio-economic development at national, regional and local level, based on the premise that the development of social projects can lead to improved living conditions for the citizens of local communities.

Keywords: European funds, absorption rate, social projects, local sustainable development

1. Introduction
Regional European integration is based on the solidarity and cohesion that should exist between the Member States. The current European context is still marked by the disparities between the Member States, with economic and social cohesion being one of the priorities of the European Union and one of the key objectives of European and national policies.

The European Union, through the Europe 2020 Strategy, whose objectives promote employment, research and innovation, climate change and energy, education and the fight against poverty, is committed to generating smart, sustainable and inclusive growth in the EU.
Moreover, the European Union is a partner of the United Nations in the effort to build a safer and better world for all and it plays a key role in the implementation of the 2030 Agenda for Sustainable Development, through its actions. The European Union is committed to achieving the 17 Sustainable Development Goals (SDGs) for 2030 (UN, 2015).

A recent study (Lukšić et al., 2022) shows that innovative tools are needed in order to expand international funding for sustainability purposes, the support for the objectives being dependent on the financial resources.

At the level of the European Union, the cohesion policy is implemented with the help of the structural funds, which are mainly aimed at EU Member States and particularly at the regions. Specifically, the Union aims to reduce the disparities and gaps between the various regions at all economic and development levels, in accordance with Article 174 of the Treaty on the Functioning of the European Union (2012).

The Structural Funds are the most important economic policy measure adopted by the European Commission and their management is the responsibility of the Member States.

Many European countries, especially in the first years after their accession, have encountered difficulties in absorbing structural funds from the European Union’s budget, and the most cited reasons are generated by the lack of a coherent long-term vision of the authorities, insufficient resources to co-finance their projects, low administrative capacity at both local and central level, lack of inter-institutional coordination, failure of public-private partnerships, poorly trained human resources - reasons which can undoubtedly be observed also in the case of Romania. The absorption of structural funds represents an opportunity to support economic and social growth and to reduce development gaps, which in the circumstances of the global recession will become a new challenge for Romania, as well.

2. Literature review

At EU level, policies are based on economic interventions that need to be supported by a proper reflection of the funding priorities as well, since they actually facilitate their translation into results for the citizens.

Structural funds represent an opportunity for social and economic development in the European Union and it is hoped that they will lead to a uniformization of the level of development and of the living standards of the population in different countries and regions. (Maier et al., 2022). According to the European Parliament (2011), the absorption capacity is the extent to which a Member State can spend efficiently and effectively the financial resources allocated from the Structural and Cohesion Funds.

One of the European Union's non-reimbursable structural funds is the European Social Fund (ESF), which is dedicated to improving social cohesion and economic well-being in the regions of the Union. According to the European Commission, it plays an important role in achieving Europe's objectives and in alleviating the consequences of the economic crisis, in particular the rising unemployment and poverty levels.

The European Commission states that the main priorities for action of the European Social Fund for the 2014-2020 period are promoting sustainability and increasing the quality of jobs, while supporting employees’ mobility, strengthening the social inclusion of disadvantaged groups with a view to their sustainable integration into the labor market and combating all forms of discrimination on the labor market, major investments in education and research, training and youth learning, as well as lifelong learning. Last but not least, major investments are proposed in public administration at all its levels and increasing its efficiency through centralized information technologies.
In the national context, the responsibility for a sustainable local development must be placed on the community, one of the most effective tools for community development being social programmes, implemented through social projects (Pârvu and Niță, 2020).

The preparation and implementation of social programmes and projects financed from structural funds requires the involvement of several actors: national and European institutions, regional and local authorities, NGOs, local communities and social partners, including trade unions and companies. A partnership between the public and private sectors is needed (Stan, 2014a), since EU funding processes actively involve multiple stakeholders, such as civil society (Surubaru, 2021), and public institutions, which are designed as instruments for identifying and solving deadlocks that inhibit economic growth, being responsible for allocating financial resources (Di Cataldo, 2017) and businesses, which have a role to play in achieving sustainable development (Leal Filho et al., 2022; Aivaz et al., 2021).

In order to reduce economic and social development disparities between Romania and the other EU Member States, the European Commission approved the Human Capital Operational Programme (HCOP) 2014-2020, which finances interventions within 8 priority axes. The Human Capital Operational Programme allocates funds to social areas, such as: combating poverty, education and prevention of school dropout, development of discriminated or marginalized communities (e.g., Roma), provision / creation of jobs, especially for young people, programmes implemented in the field of health or detection of diseases, combating social exclusion and poverty, etc. According to the data provided by the Ministry of Investment and European Projects, from the European Social Fund, for the 2014-2020 period, the amount allocated was € 4.37 billion and € 732 million from the national budget.

In this context, Romania’s sustainable development needs to be applied in all areas of activity, given the fact that sustainability covers all fields and sectors in which development takes place (Petrișor, 2017) and it must be built around the citizen and the needs of the future generations.

3. Methodology and data

Romania, a member state of the EU, is divided into 8 development regions, through which the absorption of European funds is facilitated (Stan, 2014b), and they correspond to the NUTS 2 level divisions in the EU. The 8 Development Regions of Romania, established by Law no. 315/2004 on regional development in Romania, are: the North-East Development Region, composed of the following counties: Bacău, Botoșani, Vaslui, Iași, Neamț and Suceava; the South-East Development Region, which includes the following counties: Constanța, Tulcea, Brăila, Galați, Buzău, Vrancea; the South-Muntenia Development Region, comprising the following counties: Călărași, Giurgiu, Ialomița, Teleorman, Argeș, Dâmbovița, Prahova; the South-West Oltenia Development Region, comprising the following counties: Dolj, Gorj, Mehedinți, Olt, Vâlcea; the West Development Region, which is composed of the following counties: Arad, Hunedoara, Timiș, Caraș-Severin; the Centre Development Region, which includes the following counties: Alba, Brașov, Covasna, Harghita, Mureș and Sibiu; the North-West Development Region, composed of the following counties: Bihor, Cluj, Sălaj, Maramureș and Satu-Mare; the Bucharest-Ilfiov Development Region, which groups the Municipality of Bucharest - the capital of Romania and Ilfov County.

The aim of this paper is to carry out an analysis of the projects contracted under the Human Capital Operational Programme, Priority Axis 4 - Social inclusion and combating poverty, for the 2014-2020 programming period, at the level of Romania’s development regions. The specific objectives financed under Priority Axis 4 are (Ministry of European Funds, 2015):
Specific Objective 1: To decrease the percentage of people at risk of poverty and social exclusion in marginalized communities with a Roma minority population (minimum 10% of the total population in the community) at risk of poverty and social exclusion, through the implementation of special and needs-adapted measures;

Specific Objective 2: To significantly reduce the number of people at risk of poverty and social exclusion from marginalized (non-Roma) communities, by implementing integrated and specific measures;

Specific Objective 4: To decrease the number of people belonging to vulnerable communities through the provision of social / health / socio-professional / vocational training services appropriate to their specific needs;

Specific Objective 9: To increase the number of people benefiting from health programmes and services aimed at prevention, early detection (screening), diagnosis and early treatment of the main pathologies; IP (iv) to increase access to accessible, sustainable and high-quality services, including health care and social services of general interest;

Specific Objective 15: To decrease the number of the elderly and people with disabilities placed in residential institutions, through the provision of community-based social and health services, including long-term services; IP (iv) to increase access to accessible, sustainable and high-quality services, including health care and social services of general interest;

Specific Objective 16: To strengthen the capacity of social economy enterprises to operate in a self-sustainable manner; IP (v) To promote social entrepreneurship and professional integration in social enterprises and promote the social and solidarity-based economy so as to facilitate access to employment;

Specific Objective 18: Integrated Specific Objective 4.12, 4.13, 4.14; IP (iv) to increase access to accessible, sustainable and high-quality services, including health care and social services of general interest.

The hypotheses on which the research is based regarding the financing of HCOP’s projects at the level of the 8 development regions of Romania are: (1) identification of the specific objective on the basis of which most projects in the field of social / health or socio-professional services were implemented; (2) identification of the most disadvantaged region, and of the most disadvantaged county, according to the total number of implemented projects; (3) identification of the existence of development gaps at the macro-regional level in Romania.

The data collected and analyzed are provided by the Ministry of Investment and European Projects, in the database "List of contracted HCOP projects by implementation regions as of 28 February 2022". The analyzed database contains the list of contracted projects by regions, counties and localities, and also by types of contracting beneficiaries.

4. Results and discussion

At national level, the total amount allocated to the Human Capital Operational Programme under priority axis 4, which aims at social inclusion and combating poverty, according to the official data provided by the Ministry of Investment and European Projects, was 1,047,023,965 Euro for the less developed regions, of which 65,852,595 Euro - performance reserve and 63,168,893 Euro for the Bucharest-Ilfov Region, of which 4,118,209 Euro - performance reserve, for the 2014-2020 period.

Figure 1 shows the financial allocation for the North-East Development Region, i.e., the amounts from the EU budget, the national budget and the beneficiary's own contribution. The
total amount allocated to the North-East Development Region was approximately 326 million lei for 56 projects.

Figure 1. Financial allocation for the projects in the North-East Region (Source: author’s work)

The highest eligible amount granted to the contracted projects in this region was in Botoșani County, totaling 12 projects for priority axis 4, Specific Objectives 1, 2, 4, 18, namely reducing the number of people at risk of poverty and social exclusion, reducing the number of people belonging to vulnerable or disadvantaged / marginalized groups, or increasing access to accessible and high quality socio-economic, health or vocational training services. The smallest amount funded was in Suceava County, for one project under Specific Objective 2, the aim of which was the socio-economic integration of marginalized communities (Roma) and the reduction of early school dropout. The beneficiary of this project was an NGO and the administrative-territorial unit of Preutești commune in Suceava County. Most of the projects in this region are still in the process of implementation, being scheduled for completion in 2023.

The beneficiaries of the projects in this region are associations / foundations / non-profit organizations, in a 54% proportion, while the remaining 46% are projects contracted by administrative-territorial units, the General Directorates for Social Assistance and Child Protection or the Regional Institute of Oncology. The percentage of completed projects is 32%, and those still in the implementation stage - 67.8%, are set for completion in March 2023.

Figure 2 shows the eligible value of all projects contracted in the 2014-2020 period in the South-Muntenia Region, by each county of this region. The financial allocation for the South-Muntenia Development Region was approximately 295 million lei, an amount budgeted by the European Union from non-reimbursable funds, invested in approximately 50 socio-economic projects. Each county has on average 3-5 contracted projects.

The largest amount financed was in Călărași County, about 72 million lei in 5 contracted projects, of which only one is completed and the rest are still in the implementation stage. The total EU co-financing rate is 84.4% for this county.

One can notice that the highest beneficiary contribution (1,484,210 lei) is in Călărași County, where most of the implemented projects are, and the lowest amount in the same respect
is in Giurgiu County (505,929 lei), where 4 projects have been implemented, with Specific Objective 1 predominating, and only one project for Specific Objective 2.

![Figure 2. Financial allocation for the projects in the South-Muntenia Region (Source: author’s work)](image)

In this development region, the county with the smallest funding from European funds, but not with the fewest implemented projects (5, in total), is Teleorman, with a value of 21,896,713 lei financed from EU funds. The projects in this county are still in the implementation stage. The percentage of completed projects in this region is 44.4%.

In the South-Muntenia Region, 52% of the projects’ beneficiaries were non-profit associations and foundations, whereas 48% of the beneficiaries - project leaders were the administrative-territorial units of the communes or municipalities (e.g., Câmpulung, Pitești, Târgoviște, Roșiori de Vede or Turnu Măgurele) or the General Directorates of Social Assistance and Child Protection Prahova, Dâmbovița.

The graphical representation in Figure 3 shows the total value of the projects contracted from the European Social Fund for the South-East Development Region under the Human Capital Operational Programme, priority axis 4. The financial allocation from the EU budget was approximately 360 million lei, invested in about 40 projects.

One can see that Tulcea County is the county with the most financed projects (i.e., 14) and the most money absorbed from the European Union (108,469,488 lei), the other counties having on average 3-6 funded projects. 3 of the 14 projects contracted in Tulcea County were implemented in Tulcea Municipality, and the others in Territorial Administrative Units such as Măcin (2 projects), Beştepe, Jurilovca, Babadag, Valea Teilor, Baia or Ceamurlia de Jos. It is nationally recognized that Tulcea County, especially the communes and villages in the Danube
Delta, faces serious social problems, shortcomings and major disparities compared to the national level of development, due to its hard-to-reach geographic position.

The lowest funding was granted in Brăila County. The 3 projects contracted in this county were on Specific Objective 4, in view of extending and improving the quality of life of the elderly and reducing the number of vulnerable people, over 65 years old, in Mircea Vodă and Jirlău, and the 3rd project was implemented on Specific Objective 16, being aimed at promoting social inclusion through the creation of social enterprises in order to combat poverty by integrating vulnerable people into the labor market.

**Figure 3.** Financial allocation for the projects in the South-East Region (Source: author’s work)

Constanta County received a funding of 86,179,682 lei from the European Union budget, 13,888,830 lei from the national budget, plus the beneficiary’s own contribution. Although Constanta County is the most economically developed county in the South-East Region, both decision-makers and investors face the challenge of balancing the benefits of economic growth against the mitigation of the pressure on the environment (Vîntilă et al., 2017; Stan et al., 2021a; Stan et al., 2021b). Moreover, there are vulnerable social groups and marginalized communities in the county in need of social projects to alleviate problems and reduce the rural-urban imbalance in terms of employment opportunities (Stan, 2022).

A whole series of studies carried out in the most developed counties of the South-East region, i.e., Constanta and Tulcea counties, which captured various snapshots on the evolution of the financial indicators, brought valuable conclusions on the existence of significant discrepancies in the economic development of the region (Aivaz, 2018a; Aivaz, 2018b; Aivaz, 2020). This may be a possible explanation for the existence of differences in the social development area between regions which, although having similar demographic, agricultural and tourism potential, show different levels of absorption of European funds.

Figure 4 shows the financial allocation for the South-West Oltenia Development Region from European funds, i.e., 356,139,899 lei, a sum invested in 34 projects. The national
contribution was 65,633,066 lei and the total contribution of the beneficiaries was 6,295,766 lei.

Figure 4. Financial allocation for the projects in the South-West Region (Source: author’s work)

The beneficiaries of European funding were both public and private entities or non-profit organizations. Thus, the beneficiaries / leaders of these projects were the Association for Regional Development South-West Oltenia, the Roma Centre Association, the Association for Economic and Social Consulting and Counseling Oltenia, the Territorial Administrative Units of Bistrița, Birca, Calopăr, Caraula, Cerul, Cotofeni, Negoi, Pesceana, Voineasa communes, the General Directorate for Social Assistance and Child Protection Olt and Craiova, Craiova County Clinical Hospital together with the University of Medicine and Pharmacy of Craiova, and various foundations.

Most projects were implemented in Dolj County, i.e., 14 projects, with the highest amount absorbed from the ESF (218,920,760 lei). Most of the projects in this county are still in the implementation stage. In Olt County, 38,315,319 lei of European funds were contracted for 3 projects for priority axis 4. One can notice that the lowest amount financed from the EU budget is in Gorj county (9,730,684 lei), which contracted only 3 projects still in the implementation stage. The leaders of these projects are the Territorial Administrative Units of Peștișani and Rovinari localities, and a foundation for the development of social services which has implemented a county-wide project.

Figure 5 shows the total financial allocation from the European Union budget for the counties of the West Development Region, which amounts to 139,228,007 lei for the financing of 20 projects.

From this graph, one can conclude that, among the 4 counties of the West Development Region, the maximum absorption rate of EU funds is in Hunedoara County (70,358,969 lei), given that the social protection issues are particularly complex. The national budget contributed with the largest amount in Hunedoara County (12,006,580 lei), where 5 projects have been implemented, of which 2 have already been completed and 3 are ongoing.
In this region one can see that in Hunedoara and Caraș-Severin counties the amount financed from the EU budget is 11 times higher than the financing in Timiș and Arad counties - two much better developed counties from a socio-economic perspective. Another factor which influences the absorption of structural funds in these counties is the increased interest of the public administration in attracting non-reimbursable funds, given that they represent a real need for the respective communities. It is well known that Arad and Timişoara counties have a high level of development and are more prosperous than Hunedoara and Caraș-Severin counties, where there are socio-economic problems. Arad County has absorbed from the EU budget the lowest amount (6,597,854 lei) in order to finance 3 projects which are still in the implementation stage.

![Figure 5. Financial allocation for the projects in the West Region (Source: author’s work)](image)

Figure 5 shows the financial allocation in the North-West Development Region, which totals 472,411,877 lei, a sum allocated from EU funds which has financed 60 projects, the national contribution being of approximately 77 million lei.

![Figure 6. Financial allocation for the projects in the North-West Region (Source: author’s work)](image)
Most of the projects in this region are still in the process of implementation, with only 8 completed on time. The beneficiaries/project leaders of these programmes were non-governmental social assistance organizations, Social Assistance Directorates, Territorial Administrative Units of communes, such as Copalnic Mănăștur, Recea, Rodna, Baia Mare and Salonta or the National Red Cross Society – the Maramureș and Sălaj branches.

Maramureș County has the highest number of projects contracted under priority axis 4, namely 23 projects, for a total amount of 228,073,159 lei. Bistrița-Năsăud County is next, with an amount of 80,934,420 lei financed from the EU budget for 5 projects, 2 of which have been completed and the other 3 are still in the implementation stage, to be completed by the year 2023.

The county with the lowest amount received from the European Union in this region was Bihor County (22,109,486 lei) for 5 implemented projects, of which only one is completed and the rest are still in the process of implementation.

The financial allocation in the Centre Region (Figure 7) totals 448,155,045 lei, money financed from EU funds for 57 projects whose beneficiaries were public hospitals, such as those in Brașov, Târgu Mureș, General Directorates of Social Assistance and Child Protection in Brașov, Harghita, Târgu Mureș, several Territorial Administrative Units, including communes Livezeni, Sinpaul, Cristian, etc.

![Financial allocation for the projects in the Center Region](source: author’s work)

The total value of the projects in this region is 559,967,583 lei. The total national contribution was 104,310,231 lei. In this region most of the projects are still in the implementation stage, only 17 projects having been completed on time.

In this development region, most projects were contracted by NGOs, such as the Resource Centre for Roma Communities, the SICADO Association, the Filantropia Association.
Out of the amount absorbed from the EU budget, most projects have been implemented in Alba County, i.e., 22 projects, of which only 5 are completed, the rest are still in progress. In Harghita County, the fewest projects were implemented, which can be seen from the amount absorbed from EU funds, i.e., 5,126,471 lei. Although Harghita County also has many social problems, the few projects implemented show the poor organization of the territorial administrative units, compared to Sibiu County, which is a much more developed county, and has a higher absorbed amount (28,564,216 lei). Most of the projects implemented in this region under Priority Axis 4 were under Specific Objectives 1, 2, 4 and 16.

Figure 8 shows that the total financial allocation in the 2014-2020 programming period for the Bucharest-Ilfov Region is 18,519,612 lei, for 5 contracted projects.

![Financial allocation for the projects in the Bucharest-Ilfov Region](Source: author’s work)

Only one project has been implemented in Ilfov County and it is still in the implementation stage. This project is carried out under Specific Objective 1 of priority axis 4, which prioritizes the reduction of the number of people at risk of social exclusion, especially Roma communities. At the level of the Municipality of Bucharest, also a single project has been implemented on Specific Objectives 4.12 and 4.13, which stipulate an increased access to accessible services, such as social, health and other services of general interest. This project is still in the process of implementation, with deadline in September 2023. The beneficiary of this project is SOS Children's Villages Romania Association.

Following the undertaken analysis, one can notice that the Bucharest-Ilfov Region has implemented only 5 projects, compared to the rest of the regions, which have up to 15 projects implemented per county. This is due to the major disparities between the degree of development of the regions, since a lot of importance has been given to the development of the region close to the capital and of the capital itself, while the other development regions have been neglected over time.

A ranking of the counties in each region with the most projects / highest absorption rate of European funds shows that Alba County occupies the first place, followed by Maramureș in the Centre Region, then Olt (South-West Oltenia Region), Tulcea (South-East Region),
Botoșani (North-East Region), Călărași (South-Muntenia Region), Hunedoara (West Region) and Ilfov (Bucharest-Ilfov Region). Thus, hypothesis 2 is confirmed, i.e., the less developed regions have been able to attract non-reimbursable funds in order to reduce the social disparities between the urban and the rural areas.

Another observation drawn from this analysis is the fact that very few projects have been implemented in the Bucharest-Ilfov Region compared to all the other development regions. This is due to the capital city of Bucharest which has a much higher standard of living and is much more socio-economically developed than all the other counties in the country.

5. Conclusions

Sustainable development at national, regional, or local level is closely connected to the development of institutional capacity and the efficiency of public administrations through actions which are aimed at employment, social inclusion and fighting against poverty, education and public services, so as to reduce the disparities in economic and social development.

For Romania, the European structural funds are the main source of funding for the operational programmes which facilitate socio-economic development at national, regional and local level. The 2014-2020 Human Capital Operational Programme (HCOP) was aimed at all 8 development regions of Romania for projects meant to improve the employment rate, integrate disadvantaged people into society and ensure a fair life for all. The funding of several types of beneficiaries, public, private or non-profit actors, by developing successful projects for their community, leads to improved living conditions for citizens in local communities.

Following the undertaken analysis, we can conclude that there is a need to improve the absorption capacity at national and local public administration level by including all stakeholders, since the absorption of EU funds has an impact on internal economic development and implicitly on solving social problems.

The current economic crisis, generated on the one hand by the Covid-19 pandemic and on the other hand by the war in Ukraine, makes this challenge even more difficult.

References


