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Absorption of European Funds in the 2014–2020 Financial Framework and Solutions for Efficient Implementation in the 2021–2027 Financial Framework

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Abstract - The article analyzes the main types of European structural and investment funds, emphasizing their role in promoting economic, social, and territorial cohesion within the European Union. The objectives and areas of intervention for each fund are detailed: ERDF, ESF, CF, EAFRD, and EMFF. The study highlights the absorption rate of European funds by Romania in the 2014–2020 financial period, which reached 97.3%, equivalent to more than 27 billion euros attracted. It also examines the regional and county-level distribution of funds, outlining both achievements and challenges. Finally, concrete proposals are made to improve the absorption rate for the 2021–2027 period, including digitalization, increased administrative capacity, realistic planning, secured co-financing, and a clear focus on results and impact.

Keywords: Cohesion Policy, ERDF, ESF, CF, EAFRD, EMFF, absorption rate of European funds in Romania.

I. INTRODUCTION

The European Union's cohesion policy is one of its most important financial instruments, aimed at reducing economic and social disparities between member states and their regions [1]. Since 1970s, the European Union has developed increasingly complex mechanisms to support less developed regions, strengthening the principle of solidarity among member states [10]. Following the EU's eastern enlargement in 2004, these funds became essential for integrating new member states and ensuring balanced development across the continent [11].

The European Structural and Investment Funds (ESI) finance projects across all regions of the Union, but the largest allocations are directed toward less developed regions [1]. Through its cohesion policy, the European Union supports investments in infrastructure, regional development, employment, the environment, education, and economic competitiveness [3].

Romania, as a member state of the European Union since 2007, has benefited from a significant allocation of European funds, which have served as a key driver for infrastructure development, public administration modernization, and increased economic competitiveness. The European Structural and Investment Funds have directly contributed to transforming Romania into an emerging economy within the Union, with visible progress in multiple areas of national and regional interest [2], [8].

Moreover, Romania's growing experience in managing European funds has led to a significant improvement in the absorption rate, in-creasing from 72.8% during the 2007–2013 period to a record level of 97.3% in the 2014–2020 period [2], [9]. This evolution highlights institutional maturity and the enhanced capacity of Romanian authorities to attract and efficiently use European resources.

II. TYPES OF EUROPEAN FUNDS

The European Union's Cohesion Policy has been and continues to be financed through five European Structural and Investment Funds: the European Social Fund (ESF), the European Regional Development Fund (ERDF), the Cohesion Fund [3] (CF), the European Agricultural Fund for Rural Development (EAFRD) [5], and the European Maritime and Fisheries Fund (EMFF) [5].

The European Regional Development Fund [5] (ERDF) aimed to correct imbalances between regions by enabling investments in a smarter, greener, more connected and more social Europe, closer to its citizens. The ERDF is managed under shared responsibility between the European Commission, national and regional authorities in member states. National administrations select projects for funding and assume responsibility for their day-to-day management.

The European Social Fund [1] (ESF) was designed to support employment-related projects across Europe and to invest in the EU's human capital (workers,

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young people, and job seekers). The Cohesion Fund [3] (CF) provided support to EU member states with a gross national income (GNI) per capita of less than 90% of the EU average, to strengthen the Union's economic, social, and territorial cohesion. It follows the same programming, management, and monitoring rules as the ERDF and ESF under the Common Provisions Regulation.

For the 2014–2020 period, the Cohesion Fund targeted Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, and Slovenia.

The Cohesion Fund [3] allocated a total of €63.4 billion to activities in the following areas:

- Trans-European transport networks, especially priority projects of European interest as identified by the EU. The fund supported [3] infrastructure projects under the Connecting Europe Facility.
- Environment: the fund also supported projects related to energy or transport, as long as they clearly benefited the environment in terms of energy efficiency, use of renewable energy, rail transport development, support for intramodality, and strengthening public transport.

Financial assistance from the Cohesion Fund may be suspended by a Council decision (taken by qualified majority) if a member state runs an excessive public deficit and fails to take appropriate corrective measures.

The European Agricultural Fund for Rural Development (EAFRD [5]) supported the vitality and economic viability of rural areas through funding and actions promoting rural development. It is the "second pillar" of the Common Agricultural Policy (CAP), complementing the "first pillar" of income support and market measures by enhancing social, environmental, and economic sustainability in rural areas.

The EU's rural development policy supports the rural areas of the EU in addressing the wide range of economic, environmental, and social challenges and opportunities they face. Known as the "second pillar" of the Common Agricultural Policy (CAP), it was enhanced for the 2014–2020 period through the broader CAP reform process. The EU EAFRD [5] allocations for 2021 and 2022 are included in the 2014–2020 rural development pro-grammes, which were extended until 2022 un-der transitional rules. (The 2014–2020 EAFRD [5] programmes also received an allocation under the European Union Recovery Instrument (EURI).)

The European Maritime and Fisheries Fund (EMFF [5]) – supported fishermen in adopting sustainable practices and helped coastal communities diversify their activities for better livelihoods.

III. ABSORPTION OF FUNDS AT THE EUROPEAN UNION LEVEL

During the 2014–2020 financial framework, Romania benefited from significant European funds, recording an absorption rate of over 97% of available allocations. According to official statements, by the end of 2024, Romania had attracted more than €27 billion through the Cohesion Policy, reaching an absorption rate of 97.3%, placing it 18th out of 29 countries.

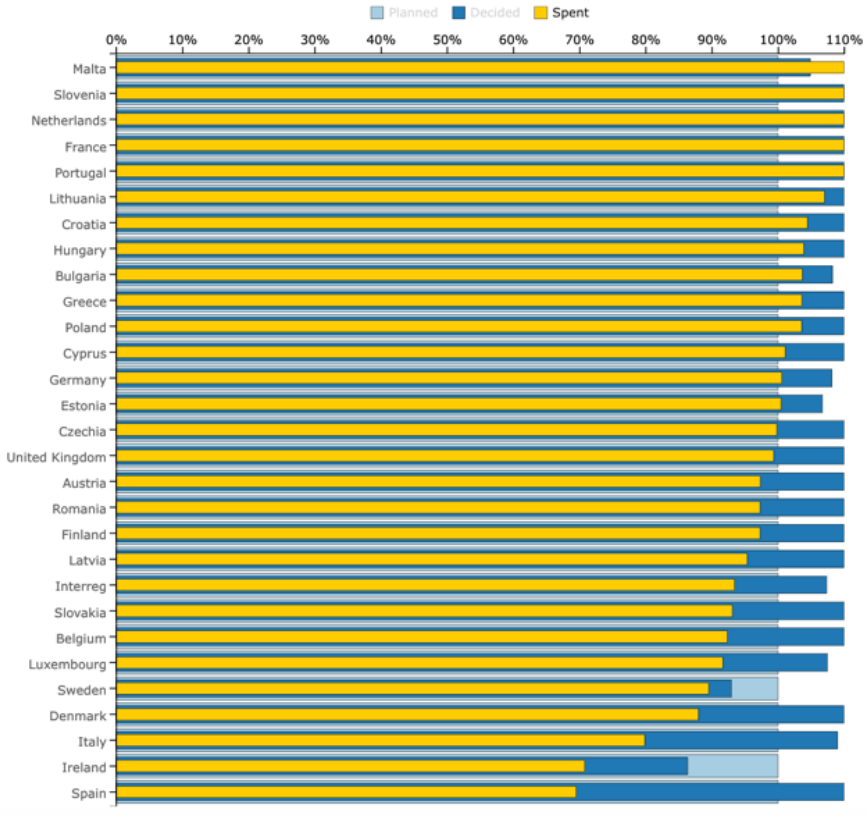


Fig. 1. Financial implementation of the cohesion policy by country [3].

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Table 1

Financial allocations in the 2014–2020 financial framework for each Member State of the European Union. [3].

Member states	Total allocation of the 2014-2020 operational programme (million euros)	Member states	Total allocation of the 2014-2020 operational programme (million euros)
Belgium	4 694 736 243	Greece	20 428 360 921
Bulgaria	8 700 725 709	Spain	42 441 119 299
Czech Republic	29 544 467 130	France	28 501 806 801
Denmark	810 178 396	Croatia	9 921 375 168
Germany	30 366 253 079	Italy	53 257 045 945
Estonia	4 665 144 886	Cyprus	873 633 561
Ireland	1 977 710 171	Letonia	5 192 727 708
Hungaria	25 420 619 357	Lithuania	7 887 717 226
Malta	865 226 493	Luxemburg	88 283 382
Netherlands	2 399 304 517	Portugal	27 554 810 814
Austria	2 977 566 143	Romania	26 873 144 609
Poland	90 592 769 609	Slovenia	3 818 092 784
Slovakia	17 399 739 144	Sweden	3 467 697 138
Finland	2 620 478 202	United Kingdom	19 617 168 835
TOTAL	**472 957 903 270**		

In total, these funds were used to finance more than 18,500 projects. These projects targeted areas such as transport infrastructure, regional development, environment, health, education, and support for the business environment.

It is important to note that due to the "n+3" rule, the implementation and reimbursement of projects financed under the 2014–2020 framework could continue until the end of 2023. Thus, Romania managed to use its allocated funds efficiently, avoiding the risk of decommitment.

Between 2014 and 2020, Romania contributed €13.76 billion to the EU budget over seven years. These figures show that Romania was a net beneficiary of EU funds (over +€14 billion), meaning it received more than it paid in, with the main goal being to reduce development gaps compared to Western EU countries.

The highest absorption rates among the countries presented were in Malta (116.5%, totaling €1,143,754,175) and Slovenia (116.3%, totaling €4,750,924,499). The lowest absorption rates were found in Ireland (70.9%, €1,502,504,175) and Sweden (89.6%, €3,430,155,640).

Comparing the 2007–2013 financial framework with the 2014–2020 financial framework, Romania managed to reach an absorption rate target of 72.8% by the end of 2013, whereas in the 2014–2020 period, Romania achieved a record absorption rate of 97.3%.

With the help of European funds, Romania achieved the following between 2007 and 2023:

- Registered one of the highest economic growth rates in the European Union;
- The GDP per capita increased by ap-proximately 5–6% annually;
- European funds accounted for over 60% of public investments during 2014–2020;
- Over 500,000 jobs were created or supported;
- More than 2,500 km of roads were modernized;
- Over 1 million beneficiaries took part in inclusion/training programmes;
- Hundreds of communities were connected to modern utility networks.

IV. THE SITUATION OF EUROPEAN FUNDS IN ROMANIA BY REGIONS

European funds have been a driving force behind public investment in Romania, directly contributing to: economic growth, infrastructure modernization, improved quality of life, and balanced regional development.

The top cities in Romania that benefited from European fund investments were:

- Ilfov – approximately 13.7 billion lei;
- Cluj – approximately 10.5 billion lei;
- Constanța – approximately 10.3 billion lei;
- Dolj – approximately 9.6 billion lei;
- Bucharest – approximately 8.5 billion lei;
- Timiș – approximately 8.4 billion lei;
- Bihor – approximately 7.3 billion lei;
- Brașov – approximately 6.9 billion lei;
- Satu Mare – approximately 3.7 billion lei;
- Iași – approximately 3.5 billion lei.

These counties received significant investments in infrastructure, education, health, and regional development. At the opposite end of the spectrum, with the lowest absorption of European funds, were:

- Giurgiu – approximately 0.5 billion lei;
- Teleorman – approximately 0.6 billion lei;
- Călărași – approximately 0.7 billion lei.

These counties faced challenges in project implementation, which led to lower absorption rates of European funds.

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V. PROPOSALS FOR IMPROVING THE ABSORPTION OF EUROPEAN FUNDS

To improve the implementation of European Funds during the 2021–2027 financial framework, the following are needed:

- Simplifying procedures through full digitalization of the application, evaluation, and reporting processes, implementing clear and stable guidelines regarding conditions and deadlines, and providing technical assistance and support for beneficiaries.
- Increasing administrative capacity through continuous training of personnel involved in project management, establishing dedicated teams and long-term specialist allocations and creating centers of excellence in project management.
- Realistic planning and proactive management by developing clear implementation plans with deadlines and measurable indicators, periodic monitoring and interim reporting for timely interventions, and using digital tools to track project progress.
- Securing co-financing by identifying clear sources of co-financing before launching projects, supporting beneficiaries through credit facilities or guarantee funds, and promoting projects that include public-private partnerships.
- Preventive and transparent control by implementing multi-phase audits and controls (not just at the end), ensuring process transparency and public reporting of project status, and applying rapid correction mechanisms for irregularities.
- Results and impact orientation by prioritizing projects with a clear and measurable long-term impact, defining relevant indicators and closely tracking them, involving communities and stakeholders in project evaluation.

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