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**Utilization of European Funds in the Public Administration.
Study case - Galati County Council**

Manuela Panaitescu¹

Abstract: The main objectives of this paper are to reveal some aspects regarding European funds' utilization, starting with the comprehension of EU philosophy regarding cohesion policy and emphasizing the important role played by Structural and Cohesion Funds for public administration, especially in times of economic downturn when the financial resources are difficult to access. **Prior Work:** this work continues prior research carried out for the "European Programs and Projects Management" MA thesis. **Approach:** The main methods employed for capturing the research evidence consists in management strategies analysis in the public administration, especially in studying the capacity of absorption of European funds in the case Galati County Council. The main results of this paper show that the risks of absorption capacity decrease of EU funds are linked to a number of factors, such as financial problems, poor information, lack of managerial experience, etc.

Keywords: economic integration; economic development; public administration

JEL Classification: F15; F36; O10; H83

1. Introduction

Following the integration into the European Union, the main financing source for development programs consists of European funds. Various instances of the national administration consider that such funds are one of the solutions to overcome the economic and financial crisis.

2. EU Cohesion Policy

The cohesion policy is defined through its objective, namely to support the process of reducing disparities between the more developed regions and Member States of the European Union and the less developed ones. The objective to strengthen economic and social cohesion is mentioned under the Treaty of Amsterdam, being a prime objective for the European Union. Cohesion is a prerequisite for EU's harmonious development, specifying the desire to "reduce disparities between the levels of development of the various regions."

The cohesion policy is a central pillar for achieving EU's sustainable development objectives. The benefits of this policy can be seen in the growth of the GDP per capita in some EU Member States, out of which Ireland is the most significant example.

The National Development Plan of Romania 2007-2013, document of strategic planning and multiannual financial programming, has been created in accordance to the European policy of economic and social cohesion. The overall objective of the Plan is to reduce disparities between Romania and the other EU Member States. In order to achieve this objective, Romania's development

¹Senior Lecturer, PhD, "Danubius" University of Galati, Faculty of Economic Sciences, Romania, Address: 3 Galati Blvd., Galati, Romania, Tel. +40372361102, Fax. +40372361290, Corresponding author: manuelapanaitescu@yahoo.com.

priorities for the period 2007-2013 have been established starting from the aspects identified during the economic-social analysis phase.

It must be taken into consideration the economic gaps between the developing regions of Romania. The Northeast is the poorest region of the country with a GDP (gross domestic product) per capita of 14,715 lei in 2010 compared to 58,922 lei in Bucharest Ilfov area for the same year. These gaps have an important socio-economic impact. For example, Bucharest and western regions of the country have become poles of attraction real economic and workforce. Most investments are focused in these regions. As impact, an increase in employment and household income occurs. Quality of social services is increasing. Meanwhile, poor regions do not attract so much work force and their main cities have experienced a much lower economic development. Their attractiveness is still reduced for powerful investors and the local population has a tendency for more powerful migration.

The “*Community Strategic Guidelines for Cohesion 2007-2013*”, document outlining the guidelines of the cohesion policy during the 2007-2013 period, specifies methods through which the cohesion policy dimension can be taken into account when elaborating operational programs financed through Structural Funds.

3. The European Funds from the Public Administration Perspective

Structural and Cohesion Funds are the main budgetary instruments through which the European Union supports economic and social cohesion in its Member States. These funds contribute to reaching the EU Cohesion Policy objectives. The most important of these is the “Convergence” objective, aiming to hasten the economic development of lagging regions by investing human capital and basic infrastructure.

The public administration has one of the most important roles in attracting European funds in Romania, through the implementation of projects for priority areas with on the local development. The financial allocation for Romania was of 19.2 billion Euro during 2007-2013, while for 2014-2020 it is of 22.4 billion Euros. Although such allocations were not designed on activity sectors (public /private), but on Operational Programs, the local authorities are important vectors in the process of attracting European funding.

Although the amounts drawn in during the period 2007-2013 are significant, Romania still occupies the last place among European countries in what concerns the absorption degree. Among the factors that influence the absorption of European funds by local authorities, we list the following:

- the level of information on European funds;
- the experience in accessing European funds;
- the locality’s budgetary capacity;
- the political factor;
- the access to the communication means;
- the partnerships with other institutions etc.

European funds must fill the void left by the lack of own or governmental funds, especially in this recession period. They need to solve the main issues that the local/county authorities are facing:

- poor large infrastructure works (roads, bridges, dams, shore rebuilding);
- water, sewage and wastewater treatment networks (wastewater treatment plants);
- other networks (gas, electricity etc.);

- environmental and waste management issues;
- social-cultural issues: social assistance, schools, kindergartens, hospitals, clinics, integration of the romani population;
- cadastre issues, the restitution of agricultural lands;
- insufficient city hall staff.

However, the question arising here is why communities which have poor infrastructure and so many social issues (social assistance, integration of minorities, etc.) have significantly invested in sports facilities. There are some hypotheses that can be formulated in this regard, as follows:

- the lower degree of complexity of such programs (it is easier to build a gym than to build large infrastructure or to manage on long-term social assistance or minorities' integration problems);
- the existence of funds from the state budget that are especially addressed to this type of investment;
- reduced bureaucracy;
- electoral purposes (a gym shows that the mayor has achieved something visible for his community).

The most significant reason for which city hall have not submitted projects in this recession period is the inability to ensure the co-financing or the lack of budgetary resources for projects with European funding. The main sources where the city halls get information on the European financing opportunities are the county institutions, respectively the County Council and the Prefecture and Regional Development Agencies.

The factors that influence the accessing of European funds can be grouped according to the institutions involved in this process:

1. At the level of the bodies coordinating the European funds:
 - ambiguities in formulating the Applicant's Guide, which contains insufficient information;
 - the bureaucracy influencing the process;
 - failure of the financiers to comply with the deadlines (at assessment, at the reimbursements settlement);
 - poor communication between the institutions managing EU funds;
 - lack of standard procedures applied to all bodies managing European funds;
 - frequently changed documentation, with the possibility to result in different interpretation;
 - selection criteria that leave room for interpretation;
 - inconsistency between the information coming from the regional and central institutions;
 - the necessary project permits are obtained very difficultly, are subject to expiration and require re-issuance;
 - the existence of a small number of officers who coordinate European funds, some of whom have deficiencies in training;
 - too shorter period between the launching of funding and the deadline for project submission.
2. At the level of the city halls potentially benefiting from European funds:
 - lack of staff trained in project management;

- the change of the mayor during the project implementation;
- lack of a department specialized in using European funds leads to overwhelmed staff.
- lack of interest for community funds.
- the small budget does not allow obtaining loans to cover the necessary expenses in accessing the funds;
- the need to have included in the budget an amount so as to pay for feasibility studies, permits, services provided by consulting companies;
- amounts necessary for co-financing and for VAT payment;
- limited possibilities of (financial) motivation of public officials who get involved in writing and implementing projects with European funding;
- the difficulty of establishing partnerships, due the lack of cooperation between municipalities in submitting projects, often driven by political orientation.

3. At the County Council level:

- political influences which may intervene;
- lack of experts in project management and strategies.
- lack of support from other institutions.

Other issues that should in no way be disregarded are caused by the very complicated procurement procedures, the failure to comply with such procedures resulting in the community funds beneficiaries receiving from the control bodies financial corrections varying between 5-100% of the respective procurement contract.

4. Study Case – Utilization of European Funds by Galati County Council

The structural funds financed projects (table no.1) of which Galati County Council is beneficiary have taken into account various fields such as road infrastructure, social, health, educational and environmental. Although during the programming period 2007-2013, a total of approx. 124 billion lei was drawn through these projects, though are still very many “areas”, in urgently need of investments.

Table no. 1 Situation of the projects financed through structural funds implemented by Galati County Council

Financing program	Project name	Project budget
Regional Operational Programme 2007-2013	Rehabilitation and modernization DJ 251 between the cities of Tecuci and Galati, sector km 24 + 000-53 + 350	59,717,655.36 lei
Regional Operational Programme 2007-2013	Bituminous clothing On DJ 253 km 18 +436 - km 29 +800, Cudalbi - Baleni, Galati	9,259,811.85 lei
Regional Operational Programme 2007–2013	Modernization and expansion Recovery and Rehabilitation Center for Adult Persons with Disabilities no. 1 (formerly Placement Center no. 1)	2,968,246.12 lei
Regional Operational Programme 2007–2013	Modernization, extension and endowment of “St. Andrew” Hospital from Galati specialized integrated outpatient	11,276,073.07 lei

Financing program	Project name	Project budget
Regional Operational Programme 2007–2013	Modernization, extension and endowment of Special School Emil Garleanu, Galati City, Galati County	8,131,621.47 lei
Regional Operational Programme 2007–2013	Lower Danube Multicultural Center, Royal Street no. 91 Galati, Galati County	6,886,964.16 lei
Regional Operational Programme 2007–2013	Museum tourism circuit in Galati	889,522.50 lei
Operational Programme Administrative Capacity Development	A new strategically approach of Galati county	429,780 lei
Sectoral Operational Programme Environment 2007 – 2013	SAVE protected area Gârboavele Forest	953,319 lei
Sectoral Operational Programme Environment 2007 – 2013	Biodiversity Conservation in Gârboavele Forest, Galati county	1,336,915.58 lei
Sectoral Operational Programme Increase of Economic Competitiveness	Electronic public services for an efficient administration in Galati county	6.732.177,00 lei
Sectoral Operational Programme Increase of Economic Competitiveness	Administration for citizens – efficient and quality services	6.668.317,00 lei
Sectoral Operational Programme Increase of Economic Competitiveness	E-galati, public services for citizens	6.686.693,80 lei
The Joint Operational Programme România - Ukraine – Republic of Moldova 2007-2013	Acting together for a cleaner environment – attitude and involvement	19,675 Euro
The Joint Operational Programme România - Ukraine – Republic of Moldova 2007-2013	Image - improving methods of ensuring growth and innovation in Northern Lower Danube Euroregion	142,000 Euro
The Joint Operational Programme România - Ukraine – Republic of Moldova 2007-2013	Business - promotion and sustainable development	165,000 Euro
European Commission	Europe Direct Centre 2012	38,600 euro
European Commission	Europe Direct Centre 2013	50,000 euro
European Commission	Europe Direct Centre 2014	41,600 euro

Source: own processing after information from Galati County Council

5. Conclusions

The applicants to projects financed from European funds are responsible for their implementation. Besides the necessary training, they should benefit from technical assistance from the financiers.

This support does not exclude the fact that it is not enough to state your “interest” in accessing structural funds, as leader of a local public authority, but it is necessary to become actively involved in searching for information resources, professional training resources, partnership development or in finding new financial resources so as to ensure co-financing. Moreover, this type of financial assistance addresses, through its target projects, the development of the local communities, thus resulting all the more so in an even higher responsibility of the Mayors /County Council’s Presidents in accessing these funds for supporting the local communities, not for serving individual interest that may vary from one electoral campaign to another.

Central authorities must make available for everybody complete data and information on the steps to be undertaken so that a local public authority would consider itself prepared to absorb structural funds. In the same time, it is also essentially the task of the local public authorities to search for information on everything that the accessing of European funding projects entails and to use it by gaining experience in project writing, and, subsequently, in project management.

We would like to highlight the fact that, for the same purpose, it is required to internalize the resources necessary so as to consolidate the capacity to access structural funds – technical, logistic, human resources expertise.

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