The Influence of the Main Endogenous Variables on the Absorption of European Structural and Investment Funds

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ABSTRACT

The absorption of structural and investment funds is a constant concern on the part of both the European Commission and the Member States. The absorption process is a complex one, with the Member States recording different performances in terms of absorption, these being based on their management systems. The article addresses the relationship between the effective absorption and the influence of the main endogenous variables at the level of the management system, respectively the pre-financing, the value of the payments to the beneficiaries, and the current absorption. The variables analyzed concerned the Cohesion Policy for the programming period 2014 - 2020 and respectively the period 30.03.2018 - 01.11.2019. Using an econometric model of multiple linear regression type, an influence of 0.58 units in the case of current absorption, 0.26 units in the case of payments to beneficiaries, and 0.19 units in the case of pre-financing were highlighted.

KEYWORDS
Absorption, EU Funds, Pre-Financing, Program Period 2014 - 2020

INTRODUCTION

The absorption of European structural and investment funds is a permanent concern at the level of the Member States of the European Union. From one programming period to another we can observe different performances at the same member state or between the Member States. Moreover, the existence of funds that are available to the Member States for their spending does not necessarily mean that they will be used by them. The absorption of European structural and investment funds has proved to be a process of high complexity, which is influenced by the changes identified from one programming period to another. The system of European structural and investment funds is not a static one, it undergoes changes from one programming period to another, depending on the economic and social situation or the objectives set at the level of the policies that ensure the specific thematic distribution of these funds, more specifically the Common Agricultural Policy or Cohesion Policy. One of the most eloquent examples concerns the differences between the programming period 2007 - 2013 and 2014 - 2020, these being different, at least from how to organize the European structural and investment funds. During the programming period 2014 - 2020 we find a thematic organization.

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that is very different from the previous programming period, so that the thematic objectives or the performance framework represent elements of a maximum novelty for the architecture of the European structural and investment funds system (Partnership Agreement 2014 – 2020, 2015). Romania has completed the first programming period administered as a member state with a current absorption of approximately 90% (Ministry of European Funds, 2019). This situation was realized in the context in which the administrative and institutional efforts by Romania to maximize the opportunities offered by the European structural and investment funds were significant. In the current programming period, Romania has an allocation of 36,774,061,718 euros from the Cohesion Policy. This amount is organized thematically based on 6 operational programs.

The dynamics of the system of European structural and investment funds is justified including through the crises that have affected the European economy, mentioning here the migrant crisis and the financial crisis. The system of European structural and investment funds is a complex and dynamic one so that the discussions regarding the absorption of these funds must be addressed both in parameters specific to the endogenous and exogenous variables.

**LITERATURE REVIEW**

The interest of the specialized literature for analyzing the process of absorption of structural funds has been significant, especially in the context in which there is no consensus regarding the factors and their impact on absorption. There is a diversity of opinion regarding the ability of European structural and investment funds to contribute to economic growth and regional development. Part of the scientific literature justifies a clear link between structural funds and economic growth (Cappelen & al., 2003; Bouvet, 2005; Eggert & al., 2007; Becker et al, 2008; Mohl & Hagen, 2010). On the other hand, some specialists consider that structural funds have no impact on economic growth or regional development (Bussoletti & Esposti, 2004; Percoco, 2005), which are irrelevant to economic growth. Another part of the literature that considers that European structural and investment funds have a limited impact on economic growth and regional development. (Rodriguez-Pose & Fratesi, 2004; Soukiazis & Antunes, 2006; Falk & Sinabell, 2008;). Krugman believes that European structural and investment funds can have a positive impact on certain regions but at the same time can harm neighbouring regions (Krugman, 1991; Krugman and Venables, 1995). At the same time, Garcia-Milá and McGuire consider that European funds are not beneficial for stimulating investments financed from European structural and investment funds and for the economic growth of poor regions. The specialized literature has not delivered a unanimous point of view in the case of the types of investments that contribute to the economic growth or sustainable development (Mila et al, 2001). Roomer considers that investments in research and development, as well as those in human resources (Romer, 1986, 1990), are the ones that generate a positive impact on economic development and growth. Also, Rodriguez-Pose and Fratesi believe that investments in human resources are the ones that ensure medium-term economic growth.

There is also no unanimous point of view for the elements of the management system that favour the absorption of European structural and investment funds. According to some experts, the ability to co-finance investments financed from European structural and investment funds is an important factor for increasing absorption (Hapenciu et al, 2013). Mitze and Matz believe that fiscal policy can positively influence absorption. At the same time, the transfer of amounts to local public authorities from central public authorities is likely to positively influence absorption (Auteri et al, 2004). Also, the quality of institutions and the act of governance is a variable that positively affects the absorption and efficiency of European structural and investment funds (Bradley & al., 1995; Bjorvatn & Coniglio, 2006; Mohl & Hagen, 2010; Molle, 2007; Tosun, 2014). Achim and Borlea (2015) investigated the determinants of the absorption performance of European funds and have shown that good public governance has a positive impact on absorption. The existence of legislation