The Richer and the Poorer facing EU funds in Romania: the case of white spots

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Structure of the presentation

- Short introduction about the project

- Research background

- Research Objectives of the paper

- Data and methods

- Results

- Conclusions and Next Steps
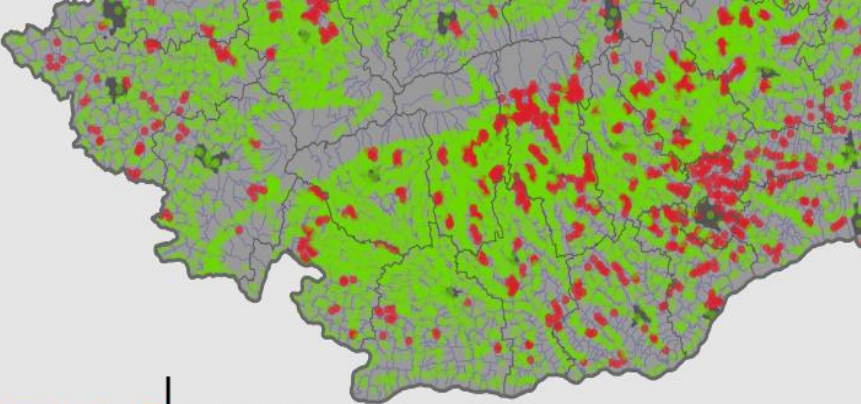
About the project

Implementing Organization

Research Institute for Quality of Life (RIQL)

https://www.iccv.ro/en/projects/eu-far-eu-funds-by-area-results-en/

The entire project has several deliverables, this presentation is only one of them.

Different types of analyses will be performed during the project, or based on the project data. All project outputs will be posted on the website at the above mentioned link.

Research background

- Previous analyses on EU funds absorption emphasized the national level capacity (of Member States) and, at local level, placed the analysis at regional and county levels, from a territorial perspective.

- Fewer analyzes are placed at municipality level and even fewer on the white spots of EU funds absorption.
- Among factors explaining higher levels of EU funds absorption are good public governance, different regional economic characteristics (Achim and Borlea, 2015; Fratesi and Peruca, 2014), importance of contagion and diffusion territorial processes or to the significance of financing needs in Romanian counties (Maier et al., 2022), labour force characteristics (educational level and unemployment rates), decentralisation, investments, institutional framework and infrastructure development (Kersan-Škabić, Tijanić, 2017), several regional characteristics highlighting the presence of 'pro-cohesion' policies for disadvantaged areas (Collins et al., 2017).
- At municipality level, previous studies identified a typology of success and passive municipalities (Cyburt, 2014), the role played by administrative capacity (Marin, 2015), availability and characteristics of State Budget funding (Marin, 2021), residence area (Hochhholdinger et al., 2021) or institutional arrangements (Maier et al., 2021).
- However, at the theoretical level the discussion needs to enlarge the perspective with concepts and relationships related to the characteristics of the funding environment - i) complexity – as complex knowledge required by the environment; ii) lack of stability or dynamism, measured by the rate of changes occurring in the environment and iii) resource availability - as the level of available resources in the environment, Sharfman and Dean (1991: 683).

Research Objectives
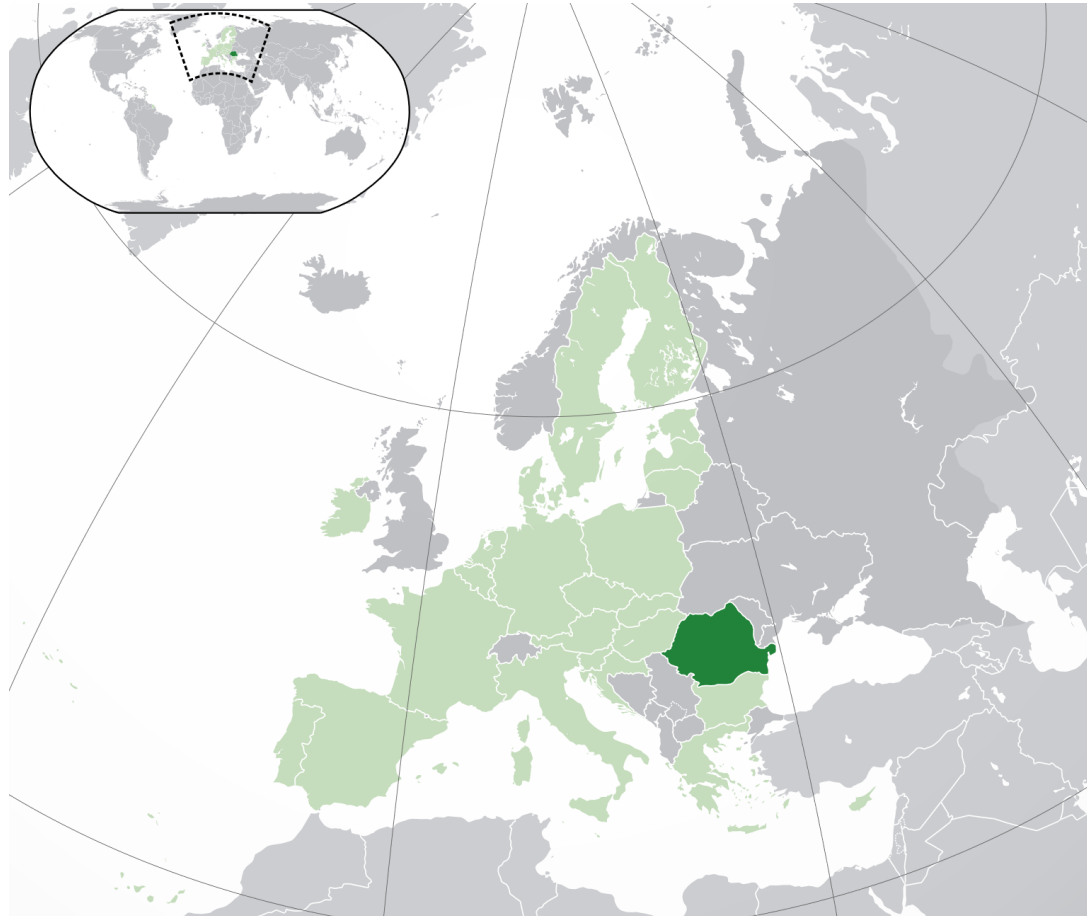
Analysis of the white spots of municipalities in relation to EU Funding

Much of the literature around EU funding is centered around the volume of absorbed funding at different levels of authorities/ entities. Adding on, the levels mostly studied are at the national and regional levels. The topic of those who are "out" of this competition/ opportunity is less studied. This paper addresses this gap for the case of Romania, for the highest level of data disaggregation – municipality level. The analysis provides a magnifying lens to better grasp the complexity of the white spots in EU funding.

Data and methods

- The cumulative EU funds for the period of 2014-2020 represent financial data from the local budgets execution, as published by the Ministry of Development, Public Works and Administration, Directorate for Local Fiscal and Budgetary Policies. The process of data management included merging all the information for all the localities in Romania by assigning correct unique identification codes (SIRSUP, LAU 2 codes) for the localities for all the analyzed years. The category of EU funds from the programming period of 2014-2020 is registered as a distinct category in the local budgets' execution starting from the year of 2016.

- Quantitative analysis based on the consolidated database, descriptive statistics and correlations analyses.

Limitations

- It is not possible to have a distinction between lines of EU funding and although the database offers disaggregated data at locality level, it does not include all eligible entities able to absorb EU funds at locality levels – like small and medium sized enterprises, farmers, research institutes, etc.

- The performed analysis is solely quantitative, qualitative methods could add up relevant information.

Results

ALL Municipalities (including Bucharest and Bucharest districts)

3 187 municipalities

**2 725 municipalities
With EU funding**

**Forthcoming
analyses**

**462 municipalities
WHITE SPOTS**

**25 Urban Municipalities
WHITE SPOTS**

**437 Rural municipalities
WHITE SPOTS**

FOCUS of this paper

Results

Results

LEGENDĂ

- ▭ Limită Frontieră
- ▭ Limită Județ

UAT fără absorbție fonduri
- 🟪 UAT Selecție

UAT România
- ⬜ UAT
- ⬛ UAT Reședință
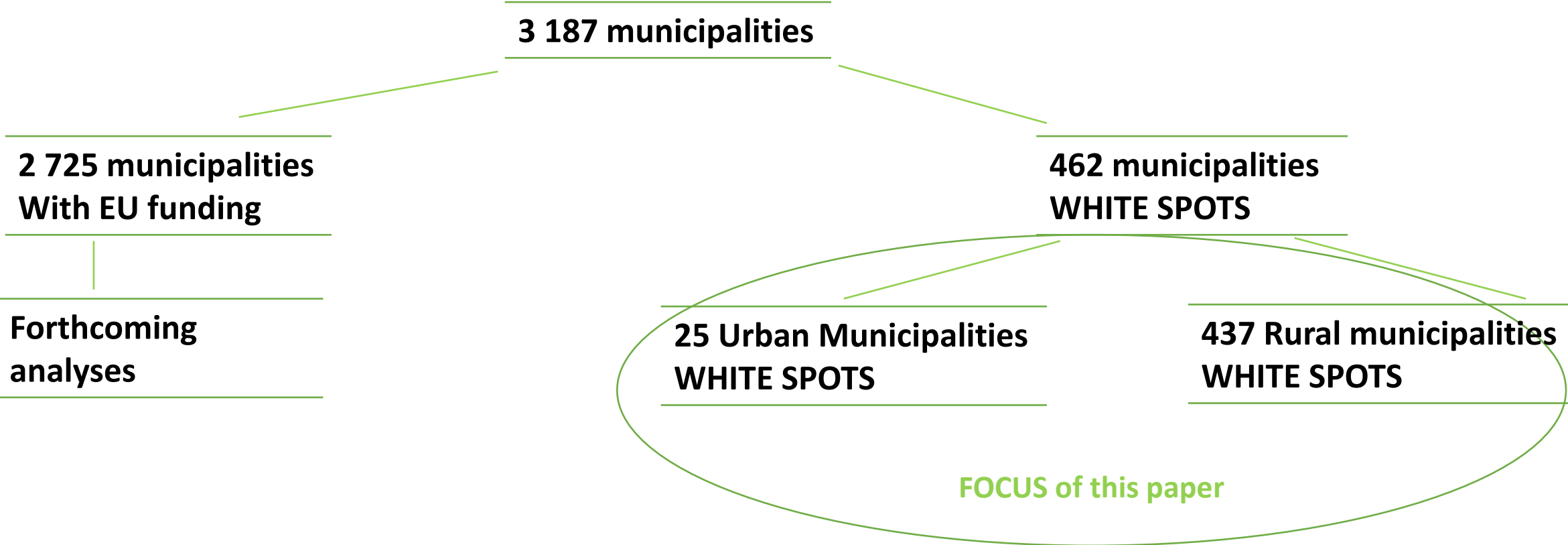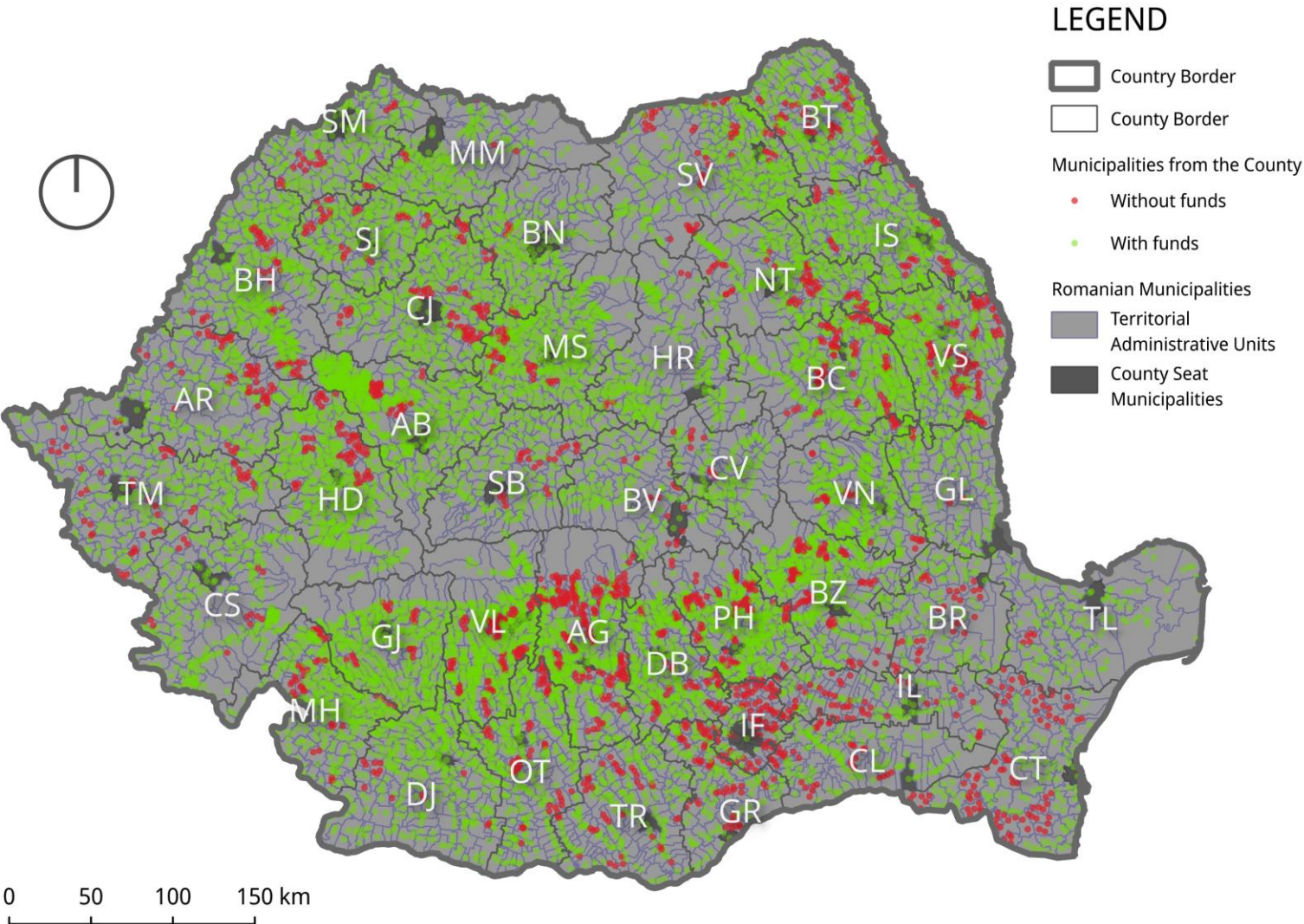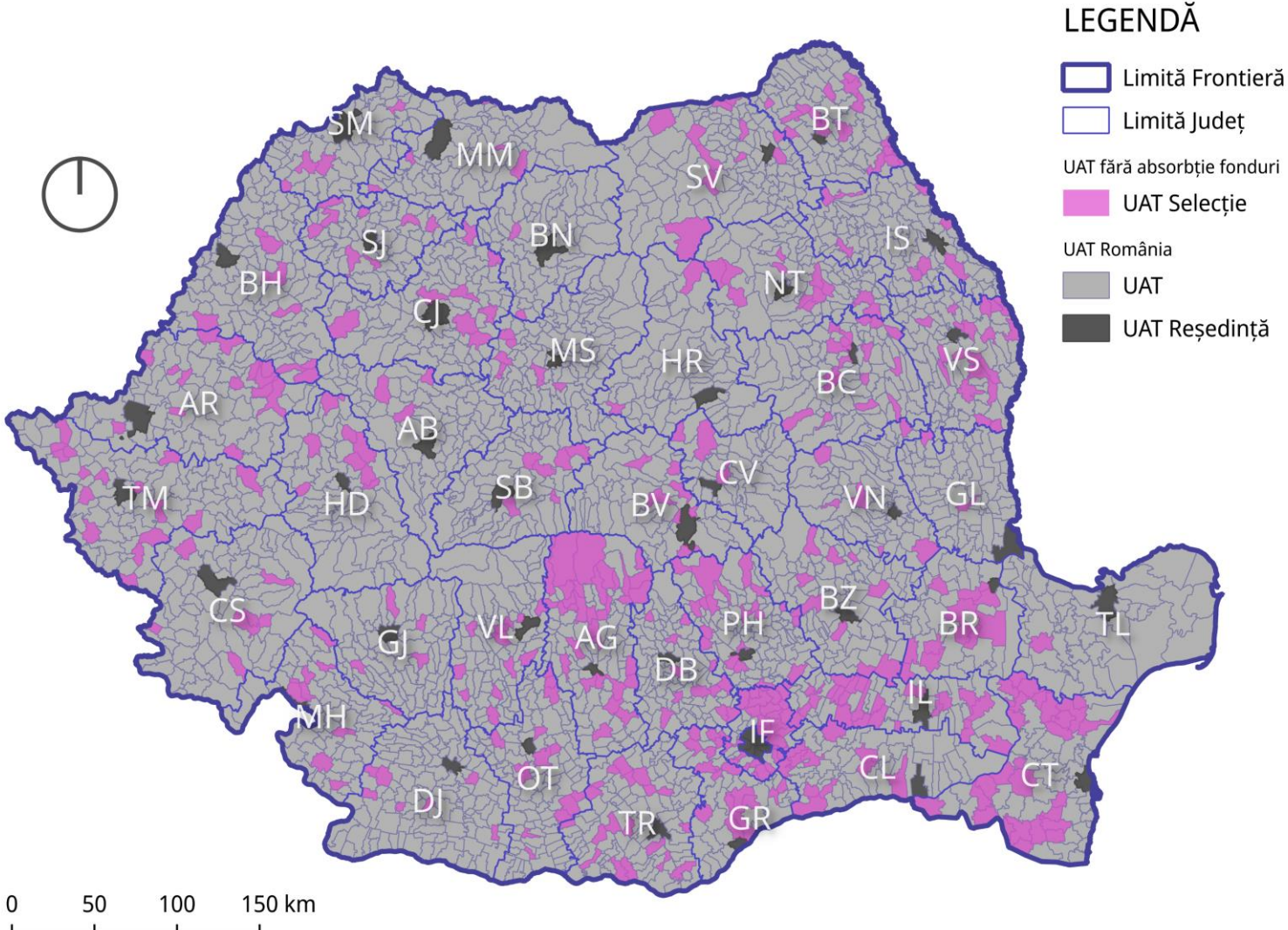
Results

Distribution of urban and rural white spots on EU funding, by development region
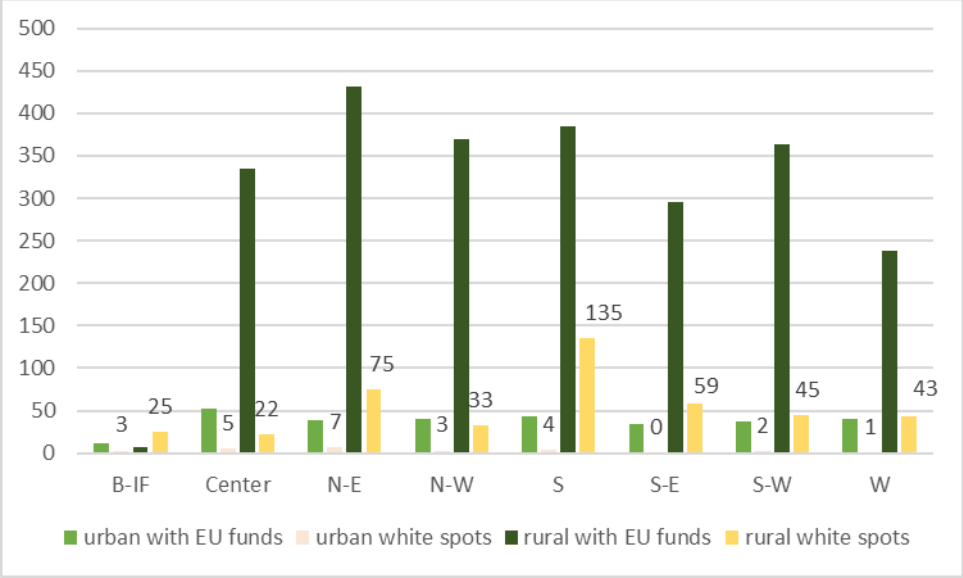
Source: Author's calculations. Figures in the graph represent number of localities.

Results

Urban municipalities

Locality	County	Development Region
ORAS SLANIC-MOLDOVA	BACAU	N-E
ORAS NUCET	BIHOR	N-W
ORAS VASCAU	BIHOR	N-W
ORAS BUCECEA	BOTOSANI	N-E
ORAS GHIMBAV	BRASOV	Center
ORAS PREDEAL	BRASOV	Center
ORAS CRISTURU SECUIESC	HARGHITA	Center
ORAS CAZANESTI	IALOMITA	S
ORAS HARLAU	IASI	N-E
ORAS MIHAILESTI	GIURGIU	S
ORAS DRAGOMIRESTI	MARAMURES	N-W
ORAS BAIA DE ARAMA	MEHEDINTI	S-W
ORAS UNGHENI	MURES	Center
ORAS ROZNOV	NEAMT	N-E
ORAS BREAZA	PRAHOVA	S
ORAS BUSTENI	PRAHOVA	S
ORAS AGNITA	SIBIU	Center
ORAS SALCEA	SUCEAVA	N-E
ORAS BROSTENI	SUCEAVA	N-E
ORAS FRASIN	SUCEAVA	N-E
ORAS FAGET	TIMIS	W
ORAS BAILE GOVORA	VALCEA	S-W
ORAS BRAGADIRU	ILFOV	B-IF
ORAS PANTELIMON	ILFOV	B-IF
ORAS VOLUNTARI	ILFOV	B-IF

! Data on 'white spots' refer only to the examined programming period: 2014-2020. Some of them had EU funded projects in the previous programming period (2007-2013). A separate analysis is presented in the following slides.

Results

		With EU funding	Without EU funding – White Spots	Total
Fiscal capacity	Lower quartile	85.9	14.1	100
	Medium-low quartile	87.1	12.9	100
	Medium-upper quartile	86.6	13.4	100
	Upper quartile	82.4	17.6	100
	Total (%)	85.5	14.5	100
	Total (N)	2725	462	3187

Source: Author's calculations. Grey cells indicate significantly higher values (adjusted residuals). Fiscal capacity computed by the author based on the average of own revenues (euro in constant 2010 prices per inhabitant) – average value for 2016, 2017 and 2018.

Results

		With EU funding	Without EU funding – White Spots	Total
Development Region	North East	85.1	14.9	100
	South East	84.9	15.1	100
	South Muntenia	75.5	24.5	100
	South West	89.5	10.5	100
	West	86.4	13.6	100
	North West	91.9	8.1	100
	Center	93.5	6.5	100
	Bucharest-Ilfov	40.4	59.6	100
	Total (%)	85.5	14.5	100
	Total (N)	2725	462	3187

Source: Author's calculations. Grey cells indicate significantly higher values (adjusted residuals).

Results

		With EU funding	Without EU funding – White Spots	Total
Population Dynamics in 2021 compared to 2014	Decrease by more than 10%	78.8	21.2	100
	Decrease by less than 10%	86.6	13.4	100
	No change or increase	85.5	14.5	100
	Missing information	**		100
	Total (%)	85.5	14.5	100
	Total (N)	2725	462	3187

Source: Author's calculations. Grey cells indicate significantly higher values (adjusted residuals). *Missing information for 2014 for Bucharest districts. Population dynamics as computed by the authors, based on the data from the National Institute of Statistics, Tempo online database.

Results

		With EU funding	Without EU funding – White Spots	Total
EU funding in previous programming period 2007-2013 (in 2016-2021)	No	83.6	16.4	100
	Yes	90.4	9.6	100
	Total (%)	85.5	14.5	100
	Total (N)	2725	462	3187

In total, 375 municipalities without
EU funding in both programming periods
(based on data from 2016-2021).

Source: Author's calculations. Grey cells indicate significantly higher values (adjusted residuals). Information on implementation of EU funding from the previous programming period computed by the author based on local budgets execution database (if they reported or not expenditures under this budgetary chapter).

Note: Data on 'white spots' in both programming periods refer only to the analyzed period: 2016-2021. Some of them could have EU funded programs in the timeframe of 2009-2015, but these data have not been analyzed within this study.

Results

		With EU funding	Without EU funding – White Spots	Total
State Budget Funds allocation in 2018	No	79.9	20.1	100
	Yes	86.0	14.0	100
	Missing information	*		
	Total (%)	85.5	14.5	100
	Total (N)	2725	462	3187

Source: Author's calculations. Grey cells indicate significantly higher values (adjusted residuals). Information on State Budgets Funds allocation in reference to PNDL2 allocations from 2018, as published by the Ministry of Development, Public Works and Administration.

Results

		With EU funding	Without EU funding – White Spots	Total
Level of Development	Developed	87.8	12.2	100
	Getting out of poverty	80.4	19.6	100
	In stagnating poverty	87.2	12.8	100
	Dynamic average developed	84.4	15.6	100
	Stagnating average developed	87.9	12.1	100
	Higher average dynamic developed	81.9	18.1	100
	Missing information	79.9	20.1	100
	Total (%)	85.5	14.5	100
	Total (N)	2725	462	3187

Source: Author's calculations. Grey cells indicate significantly higher values (adjusted residuals). Level of development as computed by professor Dumitru Sandu, open data available on citadini.ro

Results

		With EU funding	Without EU funding – White Spots	Total
Presence of a rural marginalized community	No	84.3	15.7	100
	Yes	85.6	14.4	100
	Total (%)	84.7	15.3	100
	Total (N)	2423	437	2860

Source: Author's calculations. Grey cells indicate significantly higher values (adjusted residuals). The table presents information only for rural municipalities. Data on rural marginalized communities based on the Atlas of Rural Marginalized Communities –

Teșliuc, Emil; Grigoraș, Vlad; Stănculescu, Manuela Sofia (eds.) (2016). *The Atlas of Rural Marginalized Areas and of Local Human Development in Romania*. World Bank, Bucharest.

https://openknowledge.worldbank.org/handle/10986/24770 License: CC BY 3.0 IGO

Conclusions and Next Steps

- This analysis shows the importance of spatial location (NUTS 2 and NUTS 3 levels) in differentiation of white spots of EU funding. As EU funding policy mainly rests on development indicators as GDP per capita at NUTS 2 level, the study can prove a comprehensive lens on regional differences on white spots of EU funding in Romania.

- Additional lines of statistical significant differences have been identified in relation to fiscal capacity, population dynamics, EU funding in previous programming period, State Budgets funding and level of development.

- Municipalities without EU funds in this programming period tend to be from the highest quartile of EU funding. Nonetheless, white spots are also to a higher extent from the category of 'getting out of poverty', in terms of municipality's development level.

- This study shows that white spots in the current programming period (2014-2020) tend to be from communes without EU funding in the previous programming period (2007-2013). Moreover, current white spots are to a statistically higher extent from communes with a decrease by more than 10 % of population in the same timeframe.

- Furthermore, the present analysis shows that white spots tend to be from a higher extent from the counties of Argeș, Brăila, Constanța, Giurgiu, Ialomița, Ilfov and Vaslui. By development regions, municipalities without EU funding in the programming period of 2014-2020 are to a statistically higher extent from the development regions of South-Muntenia and Bucharest-Ilfov.

- Contrary to the expected relationship, there is no statistical significant correlation between categories of white spots on EU funds level absorption and typology of rural marginalized communities. Several possible lines of explanation can be put forward here, mainly in relation to the importance associated to marginalized or disadvantaged areas in the award criteria for allocation of EU funding.

- Next steps – further refine the statistical analysis and enlarge the perspective in the larger context of EU funds absorption. The methodology and analyzed information can provide the basis for conducting comparative studies that can better inform EU, national and local level policies.

Acknowledgments

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More information on the project: https://zenodo.org/communities/eu-far

Thank you!
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