

COMMUNICATION AS AN INFLUENCING FACTOR FOR THE ABSORPTION RATE OF EUROPEAN FUNDS IN ROMANIA

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Abstract: *Communication in European funding foresees detailed obligations for implementing bodies and beneficiaries. However, beneficiaries claim a significant difference in communication between the projects managed by authorities in Romania, as compared to those managed by European authorities. This paper aims to highlight some of the challenges that beneficiaries face when implementing projects, in terms of communication with the authorities, emphasising its effects on the absorption rate of European funds. By conducting a qualitative research, the author unveiled a link between communication and the absorption rate, along with some aspects in the communication with the authorities.*

Key words: *communication, absorption rate, European funding*

1. Introduction

The European Union (EU) provides its member states with various funding options (European Commission, Directorate-General for Budget, 2015), both for organizations in the public sector and for those in the private sector – enterprises, non-profit organizations and individuals (European Commission, Directorate-General for Budget, 2015) (European Commission, Directorate-General for Communication, 2023a). The actual financing is available in several forms, such as grants, financial instruments – guarantees, loans, public procurement contracts, prizes, subsidies or trust funds (European Commission, Directorate-General for Communication, 2023b), for which the accessing and implementation conditions are established through the EU Financial Regulation (European Commission, Directorate-General for Budget, 2021). One of the most popular types of European funding is represented by the grants in the form of direct financial contributions for the implementation of specific projects, which are allocated through the European funds (European Commission, Directorate-General for Communication, 2023b). However, the process of accessing this type of funding can be complex and competitive, requiring careful planning and preparation to maximize the chances for success. Thus, interested entities must prepare and submit project proposals

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to the relevant EU or national institutions, which are in charge of the funding programs (European Commission, Directorate-General for Budget, 2015). Proposals that successfully meet the eligibility conditions receive financial support, which can cover completely, or partially, the project costs. In the latter case, the difference is usually covered by the beneficiaries' own contribution, consisting of their own savings or other forms of financing (European Commission, 2017).

In the financing process through European funds, several parties are generally involved (Şerban, 2014), depending on the call for proposals, for which the information on beneficiaries and types of eligible expenses, as well as the amount granted, the duration of the call and the priorities of the program through which funding is made available, are published in advance (Ministry of European Investments and Projects, 2023).



Fig. 1. *Key parties typically involved in European funding*
Source: authors' own processing based on (Şerban, 2014)

The European Commission as the executive body of the European Union is responsible for proposing legislative projects, implementing decisions and managing the EU budget and policies. National governments of the EU member states can also be involved in European funding, especially in projects, where they co-finance part of the project budget. Beneficiaries are organizations, institutions or persons receiving funding from European programs and initiatives. These may include research institutions, universities, NGOs, authorities or businesses. The management authorities are public institutions responsible for the management and implementation of European funding programs at national or regional level, with a role in selecting projects, managing funding and monitoring progress. Evaluators are the experts who assess the quality and feasibility of project proposals and provide recommendations as to whether or not they should receive funding. The consultants are specialists who prepare the project documentation, respectively experts in accessing European funds, but also those who intervene in the

realization of a project – for example architects for the technical project, constructors for the feasibility study, public procurement specialists for the tender plan, economists for the cost – benefit analysis or financial projections. Last, but not the least, there are the auditors, who are responsible for verifying the correct use of funds, ensuring compliance with rules and regulations and identifying any irregularities or fraud.

2. Background of the Research

2.1. The role of communication in the process of financing through European funds

Communication and information are topics of utmost importance for the European Commission and the EU member states, being among the basic principles in the management of European structural and investment funds. The regulatory context for communication at European level has evolved over the programming periods, from narrow provisions regarding information to detailed obligations for both implementing bodies and beneficiaries (Piuaru (Muşa) and Tescaşiu, 2022). A recent trend in legislation also includes a higher focus on communication to the general public and the involvement of different types of media and communication multipliers (Widuto & Jourde, 2019) so that funding opportunities are as visible as possible to all parties involved – applicants, the general public, etc.

Communication is an essential component in financing through European funds, as it contributes to ensuring transparency, disseminating information, establishing responsibility and involving stakeholders throughout the financing process (European Commission, Directorate-General for Communication, 2023d). Effective communication can raise the profile of funding programmes, increase public awareness of the EU's objectives and ultimately ensure that Union policies achieve their goals (European Parliament, 2021). In order to ensure that European funding programs are administered fairly, efficiently and in line with the EU's objectives and priorities, the authorities responsible for managing funding programs must ensure that their communication activities are transparent, effective and that they promote the EU values (European Parliament, 2021).

The topic of communication has been frequently debated and has become object of research for ongoing projects both at European level (Mendez and Bachtler, 2017) (Corchado, et al., 2018) (Pegan, et al., 2018), as well as at national level (Micu, et al., 2013a) (Micu, et al., 2013b). The fact that funds have been allocated to finance such projects, once again underlines the increased interest of the Union in this subject, but also the fact that in decision-making, communication should always have an important place (Hawes, et al., 2015).

2.2. The absorption rate of European funds

The structural and cohesion funds absorption has been recognized as being a primary concern in the implementation of The European Union cohesion policies (Kersan-Škabić & Tijanić, 2017). Many member states stood up to difficulties with regard to the structural and cohesion funds absorption of the Union budget (Marcu, et al., 2020) and there has been a lot of debate around the subject of the low absorption rate of EU

funds. However, this can be confusing (Alvarez, 2020), as there is a three years timespan for EU budget commitments to be spent after being approved, and some expenditures can be reimbursed even later than that. For instance, the funds allocated in the 2007 – 2013 financial framework were spent 97%, but this took four more additional years, until 2017 (Alvarez, 2020).

Another sharp topic related to the European funds is that of which countries are contributing more to the EU budget than they are receiving and played a crucial role in the Brexit vote in the United Kingdom in 2018 (Buchholz, 2020). But we need to remember that the EU budget is meant to have impact, not to generate profits (Şerban, 2014), so that every member state can benefit from EU membership, from being part of the single market and being able to counteract the challenges of migration to fighting terrorism and climate change along with the other EU member states. Expenditure allocation within the European Union is by definition imperfect, as it does not fully mirror the advantages of participation in the shared European project or the added value of the EU budget. The funding that sometimes seems to go only to certain Member States have important spill overs effects at regional and even European level improving the quality of life for all European citizens (European Commission, Directorate-General for Communication, 2023c).

In the two post-accession periods, 2007 – 2013 and 2014 – 2020, the financial flow from the EU budget for Romania was a positive one. The country received approximately 84 mil. euro and contributed to the EU budget with almost 30 mil. euro (Ministry of Finance, 2023). The absorption rate of European funds improved in time, placing Romania into the EU average (Marcu, et al., 2020) (Ministry of European Investments and Projects, 2023). Although there are significant improvements that were made in terms of management of funds, there are still issues to be addressed especially in terms of information, transparency, implementation, and relationship with beneficiaries (Marcu, et al., 2020).

3. Research Methodology

3.1. Research aim

In order to outline the real dimensions regarding the specific aspects of the communication carried out by the European and Romanian authorities with the beneficiaries of European funding, an exploratory research was carried out, in which the author tried to collect valuable information and details about the researched topic. Starting from empirical evidence in the field of European funding, the author tried to verify the validity of the observations received from practitioners, from a scientific point of view, intuiting that in essence they may represent one of the important causes influencing the absorption rate of European funds in Romania and that in fact, an unsatisfactory absorption rate could be a manifestation of the effects of a faulty communication between the beneficiaries and the authorities that manage these funds.

The purpose of the research was to investigate the existence of specific aspects regarding the approach of the European authorities and that of the Romanian authorities in terms of communication, during the lifetime of a project financed by European funds (writing, implementation, reporting, monitoring).

3.2. Research method and instrument

To achieve the research objectives, a study was conducted based on the direct qualitative research technique of the semi-structured group interview. The author used as a research method the group-oriented discussion or the focus group (Constantin, 2009), in which the participants can express freely, without any restriction, their opinions and beliefs on a certain subject with which they are familiar.

Data collection was carried out using a focus group interview guide designed to follow the transposition of specific research objectives into 10 open questions that were addressed to the participants.

3.3. Conducting the research

The focus groups were organized online, in March 2023, through a videoconferencing system. Each group included people with experience in projects financed by European funds in Romania. A particular category was that of the participants in projects at the European level, with partners from several countries, an aspect that gave consistency to the study as it mirrored different opinions and experiences regarding communication in financing through European funds.

Data analysis was carried out by going through the specific stages of a qualitative research. Content analysis (Constantin, 2009) (Stewart and Shamdasani, 2014) was used to structure, sort and categorize the data into themes. The content considered significant was identified and followed a process of simplification and coding.

4. Results

All research participants are people who, at the time of organizing the focus groups, had experience in projects financed by European funds. Most of the respondents (64%) were part of private entities, while 22% came from other types of organizations and 14% were employed by a public entity. Most of the participants (64%) were involved in projects at the European level with partners from several countries, the remaining 36% having experience in projects financed by European funds only at the national level.

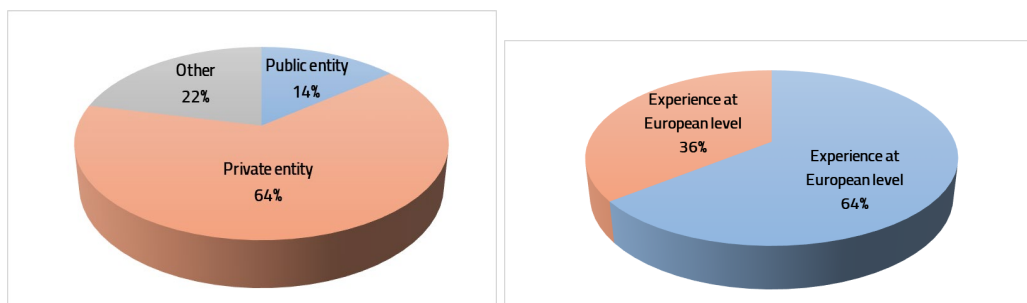


Fig. 2. *Share of participants by type of entity and experience in European funded projects*

Source: authors' own processing

In order to assess the communication process between the beneficiaries of European funds and the authorities involved in the management of funds at the European and national level, the respondents were first asked to express their satisfaction with the communication made by the authorities and whether they considered that their needs were met. They were further encouraged to share their experience and provide a characterization of the relationship between beneficiaries and Romanian/European authorities, so as for researchers to be able to identify their overall perception on the communication with authorities at a European and national level. Further on, to investigate a possible link between communication actions and the absorption rate of European funds, participants were invited to express their opinion on the existence of such a link.

Communication with the authorities at the European level is perceived by the research participants as *"good"* and is characterized as *"much better"* than that with the authorities at the national level (R1-1), *"better, more dynamic, better settled"* (R2-5), *"everything is simpler, more flexible"* (R2-6). Respondents specifically indicated the reduced volume of requested documents: *"at the European level, the volume of deliverables is lower"* (R1-4), *"I noticed a significantly smaller volume of documents on Erasmus programs, compared to POCU, which simplifies processes"* (R1-5) or *"less bureaucracy"* (R2-6). Another highlighted aspect was the way in which European authorities approach certain situations, respectively with *"openness to discuss the case and to find solutions together"* (R2-6). The respondents also appreciated the way in which the calls for proposals are presented *"the calls are better explained, there are many examples of good practice"* (R1-1), as well as the fact that *"there are no contradictions between the authorities"* (R1-4).

Communication with the Romanian authorities that manage European funds is perceived as deficient by the majority of respondents (10 out of 14 responses) and is characterized as *"slightly difficult"* (R1-5), *"cumbersome"* (R1-1), *"very fragmented"* (R2-7), *"lacking flexibility"* (R2-6), which *"fails to convey the purpose, is just a bureaucratic exercise"* (R2-1) or *"like a ping-pong game"* (R2-7). The experiences reported by the participants are *"more unpleasant than pleasant"* (R1-4), especially in the case of beneficiaries of projects financed by European funds who had no previous experience in this field (R1-7, R2-2, R2-7), but also in the case of grant administrators (R1-4) or experts accessing European funds (R1-4, R2-1, R2-6). There were several situations (3 out of 14 responses), in which *"both good and bad"* experiences were reported (R1-2, R1-3, R2-3), in which the contact person from the authority involved in the relationship with the beneficiaries was an important factor, which *"made life easier or complicated"* for the beneficiaries (R2-3). A single respondent, who is part of a public authority in Romania, also a beneficiary of several funded projects, reported that *"being used to the documents and the system, as employees in a public institution, it did not seem to us so difficult to communicate"* (R2-5).

The answers revealed that in the participants' opinion, there is a connection between communication and the rate of absorption of European funds in Romania (13 out of 14 responses), some of them exemplifying what exactly this connection consists of, respectively: *"there are situations when at the end of the project, the beneficiary realizes*

that he did not meet certain objectives, due to a lack of understanding" (R1-3), "communication leads to trust. If there is no trust, those who implement projects do it cautiously, sometimes they don't know what decisions to make, and probably part of the funds remain unconsumed" (R1-6), "I know at least three situations in which people have given up projects in different stages" (R1-7).

The relationship between communication actions and the absorption rate of European funds involves a lot of aspects. Two of the respondents revealed the fact that for the beneficiaries the experience can be *"a struggle" (R1-1)* and that *"at the level of SMEs or NGOs, the disappointment is very high in terms of the accessibility of European funding. The psychological pressure is very high for the beneficiaries, who, even if they succeed finishing a project, will most likely not apply a second time" (R2-1)*. Another aspect reported was that of the hesitation shown in accessing funds not only by the beneficiaries who have already implemented projects, but also by those who are interested and which choose not to apply due to their fear of a possible failure: *"the low rate of absorption does not only refer to projects that are not completed, but also to the reluctance of potential beneficiaries to access funds" (R2-6), "payments are difficult, they do not come on time, everything is carried out under the conditions established by authority, the beneficiaries don't have much to say, they don't feel supported, the help desks proved ineffective especially during the pandemic. Many beneficiaries say that they would rather take out a bank loan than access European funds" (R2-1)*. The same opinion is supported by one of the beneficiaries of projects financed by European funds: *"It was difficult for me, it was very stressful, I was afraid throughout the course of the project, from writing to the completion of the project. We were constantly threatened that we would go to prison, that our children would be raised without parents. I would never access European funds again, it was not an experience that I would like to go through again We accessed the funds with a consultant, who took the threats and stress from the authority and passed them on to us, the beneficiaries. When I draw the line, I don't know if I had more advantages or disadvantages that I accessed European funds" (R1-7).*

An interesting point of view regarding communication and how it influences the absorption rate was presented by one of the respondents employed in a public authority (R2-5), who benefited from European funding for his projects: *"Communication happens not only between authorities and beneficiaries, but there is also an equally important internal communication needed within the managing authority or implementing organization, which is often poor or non-existent. It is important to communicate basic things, such as that financing for a certain project has been won, that the contracting part is coming etc. There is also deficient inter-institutional communication, namely the communication between the private and the public environment, which in Romania seems to have been happening in parallel for more than 30 years"*.

5. Conclusions

This paper brings forward communication as an influencing factor for the absorption rate of European funds in Romania, from the perspective of both beneficiaries and

consultants who have participated in European funded projects, managed by national, as well as European authorities. Through a qualitative research that enables revealing some valuable information that can foreground important opinions about the communication process between the beneficiaries and the authorities involved, this paper investigated the opinions resulting from the personal experience of the participants, with the intention to impart some perspectives regarding the influence of communication on the absorption rate.

This research brought into attention the fact that there is a link between communication and the absorption rate, along with a few important topics that could be used to facilitate the interaction between stakeholders involved in implementing projects with European financing. The research unveiled certain insights on the challenges that beneficiaries face when accessing and consuming European funds, a road that it is often a winding one, for which they need to be well equipped amongst other things with good communication competencies that will enhance project implementation. For the authorities that manage European funds, this research points out the need for accountability towards all parties involved in this type of financing (beneficiaries, consultants, etc.), so that the process of attracting European funds would unfold in an optimal atmosphere of trust, support and sense of responsibility, facilitating a better absorption rate of European funds in Romania.

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