

The advantage of using the MySMIS 2014 application to access non-reimbursable funds in Romania during the programming period 2014-2020

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Abstract

The use of European money through non-reimbursable projects currently presents a topic of great interest among eligible beneficiaries in Romania. MySMIS 2014 is an electronic data exchange system between beneficiaries and a management authority, or an intermediary body, allowing beneficiaries to submit in one submission all necessary information to the management and control systems of the operational programs. Developing the MySMIS 2014 application presents the benefit of collecting all information about the funded projects required for monitoring, evaluation, financial management, verification, audit and control over the 2014-2020 programming period. Electronic submission of the funding applications, generating the necessary forms directly in the system interface, reducing demand processing time, are just some of the benefits of using MySMIS2014. The experience of running European funds in the 2007-2013 multiannual financial exercise, as well as the experiences of other Member States benefiting from European funds, shows the high potential of these funds in accelerating and sustaining the generation of economic development processes. The paper is based on Romania's modest results in attracting European funds in the years 2007-2013, in relation to the allocated amounts and in comparison with the other beneficiary states of the European Union, and the analysis of the possibilities of avoiding the major risk of maintaining a low level of absorption of the funds allocated for the programming period 2014-2020.

Keywords: MySMIS 2014, European funds, management and control systems

1. Introduction

In Romania, the average number of micro-enterprises per 1000 inhabitants is less than half the value recorded at EU level, which means that the number of the micro-enterprises is under-sized for an efficient functioning of the economy, as well as the fact that the resilience of firms needs to be improved. One of the main causes would be that economic operators do not find the necessary support for business development in the market because of difficult access to finance and resources, and these issues may have negative effects on national competitiveness. (REGIO, 2018)

This paper highlights the impact of using the MySMIS 2014 application on increasing the absorption of the European funds, as well as analyzing the possibilities of obtaining the non-reimbursable financing for the development of the activity of SMEs in Romania through the Regional Operational Program 2014-2020.

2. MySMIS 2014 “engine” ROP 2014-2020

The 2014-2020 Regional Operational Program (ROP), run by MySMIS 2014, adopted by the European Commission (EC) on June 23, 2015, represents the continuation of the 2007-2013 Regional Operational Program and is part of Romania's programs for accessing European structural and investments related to the European Regional Development Fund (ERDF). (MFE, Ministerul Fondurilor Europene, 2018)

The National Strategy for Regional Development 2014-2020 was carried out at the level of Romania's regions as a result of the analysis of the economic and social situation in order to identify the main problems and the development needs within the following areas:

- Research-development and innovation, showing that research results have limited market transfer and low level of innovation in companies;
- The insufficiently developed SME sector, with a low level of entrepreneurial culture, highlighted by the low business density in all regions, and the short life of new businesses, considering that 2/3 of the new enterprises are disappearing from the market in the first year of setting up;
- Energy efficiency, where unsustainable energy consumption has been identified, but also a high potential for savings in the public infrastructure, public buildings and residential buildings;
- Environment, which is facing a high level of pollution in urban areas;
- The urban development of the Romanian cities, where there are degraded, unused or unused areas;
- Heritage resources, where valuable cultural heritage resources have been identified;
- Tourism, which identifies a valuable, balanced, territorially distributed tourism potential, which could be an alternative for increasing the attractiveness of less developed areas;
- Road infrastructure, which faces low accessibility in some areas of the country, which reduces the attractiveness and interest of potential investors;
- Educational, health and social services infrastructures, which are under-dimensioned, aggravating the development of human capital;
- Cadaster, which faces a low level of cadastral records;
- The administrative capacity of the ROP Managing Authority, of the ROP Implementing Bodies and Beneficiaries, for a good implementation of the ROP. (REGIO, 2018)

The overall objective of the ROP 2014-2020 is the development of the business environment, infrastructure and services and, implicitly, the sustainable development of the regions. It seeks to manage resources efficiently and capitalize on the potential for innovation and assimilation of the technological progress in order to increase the economic competitiveness and improve living conditions in the local and regional communities. In order to meet the overall objective, 12 priority axes have been established, with an estimated total allocation of EUR 8.25 billion:

- Promoting the technology transfer;
- Improving the competitiveness of small and medium enterprises;
- Supporting the transition to a low-carbon economy;
- Supporting sustainable urban development;
- Improvement of the urban environment and preservation, protection and sustainable valorization of the cultural heritage;
- Improvement of the regional road infrastructure;
- Diversifying the local economies through the sustainable development of tourism;
- Development of the health and social infrastructure;
- Supporting the economic and social regeneration of disadvantaged communities in the urban environment;
- Improving the educational infrastructure;
- The geographic extension of the property registration system in the cadaster and the land book;
- Technical support. (REGIO, 2018)

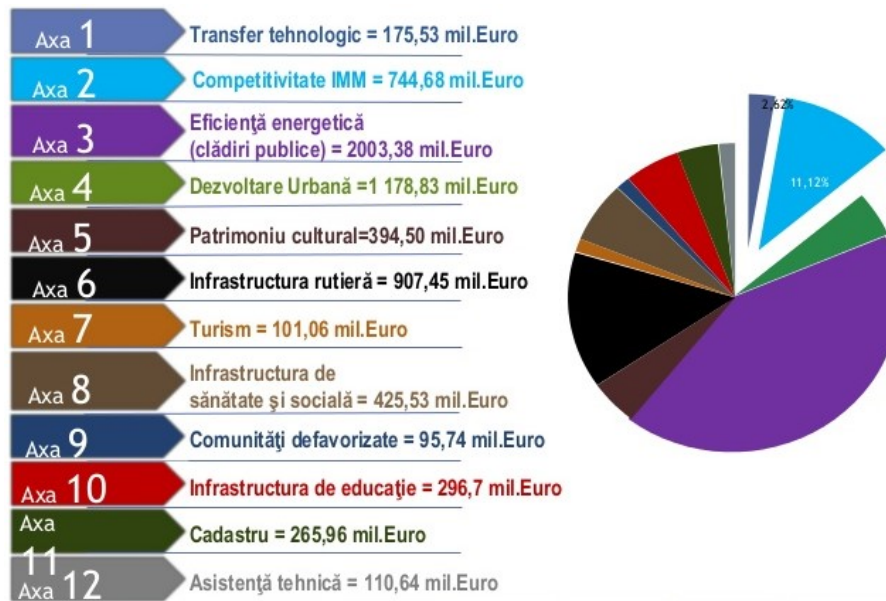


Fig.1 Budget ROP axes

With regard to improving the competitiveness of small and medium-sized enterprises, the following types of activities are eligible:

- construction/modernization and extension of the production area;
- SME services, including endowment with equipment, equipment (including IT systems), machinery, machinery, including new technologies;
- creating / upgrading / expanding business incubators / accelerators, including the development of related services.

Taking into account the fact that in Romania 2/3 of the new enterprises disappear from the market in the first year of life, the following aspects were considered in the profile of the eligible beneficiaries:

- the funding priority should be addressed to micro-enterprises in the urban area, with a minimum of 1 fiscal year's operating history, as well as business agents in the urban and rural business incubators and accelerators sector.
- Micro-enterprise support for market consolidation is a possibility for a company to transition (from micro to become small or medium), or from the point of view of advancing in the life cycle (from creation, growth and advancement to national markets).

The average number of micro-enterprises per 1000 inhabitants is less than half the value recorded at EU level. This means that this investment priority aims at harnessing entrepreneurial potential, especially by supporting businesses in the early years of activity, which will help increasing the competitiveness of the regional economy and create new jobs.(Enache,2010) Given that the number of micro-enterprises is under-dimensioned for the efficient functioning of the economy, as well as the fact that the degree of takeover of the market shocks of these businesses needs to be improved, it can be appreciated that the economic operators do not find in the market the necessary support for the business development, difficult access to funding and resources. These aspects may have negative effects on national competitiveness, which is why the ROP 2014-2020 proposes addressing these issues within the SME investment priority.(Enache,2010)

A competitive sector of SMEs and micro-enterprises is a sector that exists and produces effects in the market, being felt both as a minimum number of economic operators and as visible effects of the activity carried out in the national economy. For these reasons, ROP's financial support under this investment priority will be provided in the form of non-reimbursable aid.

The consolidation of the micro-enterprises sector in order to ensure the necessary investments and their implicit development through non-reimbursable financial support can contribute to ensuring the optimal functioning of the economy, with a major impact on the increase of the entrepreneurial culture in Romania.

Taking into account the development needs identified at the level of Romania, the investment priority aims at encouraging entrepreneurial support by increasing the density of SMEs at 1000/place and the degree of the market resistance of microenterprises. (REGIO, 2018)

The ROP contributes to the support of the micro-enterprises operating in the competitive economic sectors. In this respect, for the creation and support of high-performing SMEs, the ROP 2014-2020 provides for the capitalization of the entrepreneurial potential, for example the support of incubators/business accelerators as engines for growth and development of the firms.

The local or regional partnership structure defined as a Business Incubator aims to provide a favorable, sustainable environment for small and mild and innovative businesses, thus ensuring their development and viability potential in the start-up period when the vulnerability is pretty big. The business accelerator, in addition to the business incubator, provides residents with access to funds in stages to market a product or service within a short period of time.

Business accelerators are structures set up to support newly established firms by providing business and capital support services (eg managerial counseling, facilitating access to training services tailored to current and future market needs, legal and accounting professional services, collective purchase of services and products in order to obtain favorable prices, transfer and technology, contacts with universities and research and development institutes, commercial contacts, national and international, services on the internationalization of SMEs, guidance on the various existing financing programs , support in identifying partners, consulting and guidance in project preparation, etc.)

Given that the first years of SME activity involve difficulties in integrating and consolidating on the market, the related investment priority aims at supporting the creation, modernization and expansion of incubators and business accelerators, including equipping them with the utilities and equipment needed to provide services offered to resident companies. The complexity of services and the capacity of incubators to provide specific services for SMEs help to strengthen the market position of resident SMEs.

3. Conclusions

The funding opportunities offered to SMEs in Romania under the ROP 2014-2020, Priority Axis 2, accessible to private beneficiaries via the MySMIS 2014 application, can increase the density of SMEs at 1000 / place and the degree of resilience in the market of microenterprises.

The transition from the classical workflow, in which all project documents were written on paper, to the electronic way of working with the MySMIS 2014 application, increased the interest of beneficiaries to access non-reimbursable funds.

The MySMIS 2014 application greatly reduced the interaction of the beneficiaries with the officials of the institutions involved in the management of European funds.

Transparency of the project is the great advantage of using MySMIS 2014, the structure of the application allows the visualization of all the changes made in all stages of a project.

The research was done on how to perceive the users of the MySMIS 2014 application, in contrast to the classical workflow in which document flow was physically done by transporting the files into folders.

The majority of officials in the institutions involved in European funds are positive, and they appreciate MySMIS 2014 as a very useful tool in reducing bureaucracy and increasing absorption.

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