

STRUCTURAL FUNDS ABSORPTION GROWTH BY IMPROVING THEIR MANAGEMENT

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Grant project management is now a trend in the institutions of various types in Romania due to the opportunities offered by the EU through structural Instruments. Absorbing European funds is a challenge for Romania. The Managing Authority for Structural Instruments, together with the subordinated institutions present deficiencies in their coordination and implementation, the effect being a slow process of absorption of structural and cohesion funds. Taking action to enhance absorption of Structural and Cohesion Funds was done later; some measures are neither effective nor efficient. One of the major problems in implementing the Structural Funds is the continuous change of their national legislation. Therefore it is necessary to take measures to increase the absorption of structural funds and also the national adoption of a stable legal framework applicable to Structural Funds, guides of the applicant and clearly established project calls, without any latest changes, creating a transparent system of project proposals assessment and results communication of assessments to their beneficiaries, the payments required by the reimbursement requests within 45 days specified in the contract and not just their validation, terms compliance in approval notifications and addenda to the contract funding, proper training of the personnel from the intermediate organizations and linking information provided by their staff.

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Romania's EU accession involved changes in different areas. One significant change in the area of management is the promotion of Management of funding projects through grants allocated to Romania in both the pre-accession and post accession period. The deficiencies that Romania has in the use of project management were demonstrated in the pre-and post-accession funding. The issue Romania is now facing is the absorption of Structural Funds and Cohesion Funds. This is highlighted mainly by the rate of absorption. To increase the absorption of structural funds is necessary to implement solutions and measures suggested by the European Commission, as well as adopting other innovative measures. This paper suggests the necessary measures to be taken to increase the absorption of structural funds but also the dilemma faced by project beneficiaries financed through these structural and cohesion funds.

Projects management in Romania started to be important and to have a more enhanced use with the advent of the European Union allocate grant funding in both the pre and post period of accession.

If up to the accession to the European Union, Project management was a method used mainly in the institutions focused on production, nowadays this method of management is used in all types of institutions due to funding grants. Grant project management differs from project management practiced in the classic way; this difference is due to the method of projects financing and legislation that need to be respected by each beneficiary of such projects.

Project management, regardless of funding source assumes the completion of stages in project development and implementation. Thus in the *Wideman Comparative Glossary of Project Management terms* one may find stages of a project called: 1.Concept; 2.Definition; 3.Implementation; 4.Finishing (or closing).

A project life cycle is presented as follows: The question identification phase - The identification solutions phase – The planning stage – The Stage of implementation / monitoring – The evaluation / reporting stage after which this cycle is repeated to identify the emergence of new

needs or problems. Problems currently facing Romania in the development and implementation of Project management are visible in the coordination and implementation of grant issues Romania currently allocates grants funded by the European Union through the Structural Instruments, namely Structural and Cohesion Funds. Although Romania's currently economic situation is poor, being in constant crisis and the Structural Funds represent an opportunity for development and survival regardless of the form and type of institutions, attracting such funding is precarious.

To facilitate the absorption by the new Member States, the maximum rate of co-financing structural funds increased from 80% to 85%, being also relieved, and certain eligibility criteria. Absorption capacity is given by the responsibility of a Member State to spend financial resources from structural funds, in an effective way, targeting three areas:

- Macroeconomic absorptive capacity, defined and measured in terms of GDP (limited to 4%);
- Financial absorption capacity, defined as the ability to co-finance EU supported programs and projects, plan and guarantee these national contributions in multi-annual budgets and to collect input from the partners involved in various programs and projects;
- Administrative capacity, which is the ability and competence of central and local authorities to prepare projects and programs appropriate and timely, as well as coordination with the partners involved, compliance with administrative and reporting requirements, funding and monitoring of programs and projects and also avoiding irregularities.

Given the definition of absorption capacity specified above, we assume that it is influenced mainly by the managerial and administrative capacities of co-financing. The relationship between absorption capacity of structural funds and regional economic situation is at least a paradox, practice showing that the most disadvantaged regions are facing the greatest difficulties in absorbing these funds, although the need for financial support is essential to economic restructuring in these regions. The main explanation for this phenomenon is given by two factors: on the one hand, the difficulties faced by regional authorities for lack of experience and qualifications, followed by red tape and slow nature of EU decision-making in circumstances where sequential procedures for appointment, especially central and regional authorities, are not quite clear. Thus, questions related to absorption capacity largely depend on institutional factors, both the EU structures, as well as national ones.

To identify and understand the Structural and Cohesion' deficiencies is needed an overview of their planning, based on needs identified in their strategies concordant European Union, the implementation and to reporting and evaluation. Because these funds do not allow complete implementation, an overview and reporting results are needed to the European Union. So it will consider how their planning and implementation by both Authorities Coordination of Structural Instruments and beneficiaries of projects financed through Structural instruments.

Planning of structural and cohesion funds is the National Development Plan 2007-2013 in which we identify an analysis of Romania's development needs in line with EU policies and strategies, measures proposed to eliminate the weaknesses identified in the SWOT analysis carried out and results to be obtained through implementation of proposed measures. Based on the National Development Plan 2007-2013, it was developed the National Strategic Reference Framework 2007-2013 which presents the main operational programs and interventions with results to be obtained in each operational program. Each operational program is based on an Implementation Framework Document which is the starting point in developing Guidelines for Applicants for each priority axis and key area of intervention. These documents are complemented by EU legislation applicable to such financial instruments as well as national legislation.

Implementation of these Structural Funds and Cohesion Funds on macro level is carried out through the 7 operational programs managed by the Structural Instruments for Coordination

Authority through management authorities for each operational program and the intermediate bodies. These operational programs and the financial allocations for each program are the following ones:

- Sectoral Operational Transport Programme - 4.5 billion Euro
- Human Resources Development Sectoral Operational Programme - 3.4 billion Euro
- Increase of Economic Competitiveness Sectoral Operational Programme - 2.5 billion Euro
- Operational Programme for Administrative Capacity Development - 208 million Euro
- Environment Sectoral Operational Programme - 4.5 billion Euro
- Operational Programme - 3.7 billion Euro
- Technical Assistance Operational Programme - 170 million Euro

Accessing these structural and cohesion funds by final beneficiaries is a logical process but most of the times a heavy one. The accession of a non-refundable financing form consists of an application based on a specific applicant guide, project applications for each call, this request goes into a process of evaluative criteria established initially selected projects will be contracted and carried out by the beneficiaries based on laws established by the Structural Instruments for Coordination Authority and Management of each program. Monitoring and implementing powers beneficiaries enter the intermediate bodies which in turn are reviewed by superior bodies of control.

The statement that the submission stage of a project is difficult is that the call requests in a project regardless of the operational program many changes Applicant's Guide - general or specific conditions based on new changes - Changes in the request for proposals on various issues, including shift deadline for grant applications and even the applicant's eligibility. The most striking example is the request for proposals within the Sectoral Operational Programme in 2009 when submitting projects was brought forward by the extending from June of 2010, when through a press release dated 25/09/2010 (Friday) given at 16.00 hours, is announced the closure proposals date on 27.09.2010. These changes lead to demotivation potential beneficiaries and the low absorption of these funding denoting poor management of coordinating institutions.

Another negative aspect related to access and coordination process is the assessment of applications, namely the lack of transparency in the management authorities of operational programs, such as Human Resources Development Operational Programme for which payment was stopped by the European Union following an audit control to regulate irregular situation captured in the audit report in February 2012. One of these situations is the lack of communication results transparency in assessing applications for funding recipients that led to the lack of links recommended by project evaluators in the evaluation of the project files by their contraction in the Annex 1 - Application for funding. Lack of long transparency and project evaluation process, sometimes even a year after admission to the contract (request for proposals 109 of Human Resources Development Program - Industrial Transition from school to work) leads to demotivation and giving the contracting project for which funding request was submitted by the beneficiaries.

If accessing and contracting these projects with grant funding through the Structural instrument making is a cumbersome process that denotes lack of experience of staff involved in their planning and evaluation of project applications, representing a rate of about 20% of Management projects. Implementation stage and reporting / evaluation of these projects can not be better. Project planning is one of the main steps for successful project, but this stage is poor, Implementation stages, evaluation and reporting their shortcomings leading to demotivation comfort possible beneficiaries and a low rate of absorption.

Implementation of projects financed through Structural Instruments requires a rigorous and thorough compliance with legislation. Thus these types of projects are subject to national laws especially laws imposed by the European Union in this field. One of the obstacles in implementation this type of project is non-relevant legal and legislative changes, especially in

finance and public procurement. An example of these changes is the modification of Eligible Expenses Order afferent Human Resources Development Operational Programme which was modified in the very process of impleemntare the project, its latest version was published in August 2010. According to modify this order each beneficiary of projects funded through this program was required to review and replan the project budget. The emergence of new instructions during the implementation of projects with different specifications and new regulations are not only hindering the implementation of projects. These constant changes, especially in the instruction denote a poor initial planning and also a national legislative instability.

Legislative changes occurring during the implementation of projects and grant programs have negative effects because they involve changes and adjustments being repeatedly designed and programs. These changes lead to demotivation potential and current beneficiaries of grant projects that slow the absorption of structural funds.

Another impediment to increasing the absorption of structural funds is the pre-financing payments and reimbursement requests in the project. So if projects beneficiaries had to wait up to six months to start pre-financing payment of project activities and in some cases a period of one year to transfer the amount corresponding to a request for reimbursement, although in the financing contract stipulated a period of 45 days. These delays in payment of pre-financing and reimbursement requests result in termination of funding due to the inability of beneficiaries to submit amounts for the activities covered in the grant applications. Termination of the grant has effect on the absorption of structural funds.

Absorption of funds currently reimbursable according to the Report of the Structural Funds Managemnt Authority in March 2012 highlights of afferent absorption once effectuate the payments by beneficiaries Managemtn Authority, which is in proportion to allocate 17.77% of the total Romaine and European Union on the other hand highlights the real absorption efectuator payments by the European Commission that Romania is at a rate of 6.56% of the total European Union allocate Romania.

Given the balance of Structural Funds published by the Ministry of Finance - Authority for Structural Instruments Coordoanrea, one comparison between 2009 and 2010 but absorption afferent report of March 2012 we said that programs that have a larger share of structural funds absorption are ROP, the very first and sector Operational Programme Human Resources Development Operational Programme is ranked last transport. To increase the absorption of other software is required and corrective measures taken now to examples of good practice from other operational programs. One of the reasons that cause a low rate of absorption in the Sectoral Operational Programme Transport is the eligibility of the solicitor; specifically in this program are eligible applicants Transport Ministry and its subordinate institutions. So we can say that in this ministry is not prepared and experienced person needed to implement these types of projects or the general eligibility conditions are too demanding.

Also we see a trend of increasing rate due to absorption of Structural measures adopted by the Authority for Structural Instruments Coordoanre. These measures taken during the Applicant consisted of simplifying guidelines and conditions of eligibility measures.

In all operational programs are identified problems arising from both their impleemntarea implementation reports and the Action Plan but Prioritarare. Thus the major problems identified and measures taken are:

Llaunch requests for proposals due to lack of monitoring by the Authority for Coordination of Structural Operational Programmes Managing Authorities - monitoring of project applications and launch applications for Acle priority or d einterventie areas which have not yet been released - Lack transaprenteii applicant in formulating guidelines - the guidelines for consultation giving the applicant the potential beneficiaries

- Too short deadlines for submitting grant applications - deadline for requests for proposals at least 10 days from start to closing the call for proposals.
 - Guides the applicant with unclear conditions, this effect was adopted as the simplification of the applicant but also documentatiei guide the projects.
 - Long evaluation and contracting projects - monitor and identify issues that lead to these plocaje and adopting corrective measures
 - Process check payment requests long - speed verification of payment claims for payments under the conditions stipulated in the grant agreement.
 - Deficiencies in implementation of legislation regarding public procurement - standardization of public procurement documentation for all operational programs.
 - Deficiencies in control and control check lists and documentation of public procurement - European Commission recommendation on the correlation of the national legislation with European public procurement
 - Deficiencies in control and audit - audit scheduling and execution control and then control institutions to track the implementation of measures recommended by the control group through the Audit Report.
 - Deficiencies in terms of number of personnel and its training in the IB and the Managing Authority - vacancies in these institutions and supplemented according to the needs identified tinanadu into account the number of projects under evaluation, contracting, during its implementation and evaluation, contracting and payments but also the volume information. Another recomanadare would be appropriate training of personnel working in these structures.
- Other problems identified in the implementation of Structural think is next
- Undue delays in preparing operational programs by managing authorities
 - Adoption of measures imposed by the European Union a long period of time
 - Lack of experience in planning tools specific grants, because c [palnificarea pre strategic grant funding was made by the European Commission;
 - Formation of intermediate bodies and regional units of delay without clear identification of roles being changed contaant structured;
 - Low culture in project management for both public bodies and the private;

One of the most effective measures adopted within an Operational Programme was to reduce the percentage of co-beneficiaries. Thus in the Operational Programme Human Resources Development for institutions of higher and university invatamanat percentage was decreased to 2% cofinanatare. The adoption of this measure was to increase the absorption of structural funds for universities and especially university education institutions.

Conclusions

Clearly indicate advantages, limitations, and possible applications. Given the descriptions we conclude that the Structural Instruments is an advantage for Romania in support of and remedy the problems identified and to align the country's development requirements of the European Union.

Capacity of project beneficiaries with grant allocated by the Structural Instruments intemrediuil to adapt to the many legislative changes is also strength and their success.

Lack of experience in Projects Management in the institutions Romain is a weakness with negative effects. This lack of experience and knowledge of the principles of project Managemtnului sees the staff involved in coordinating and monitoring implementarea financial instruments.

Poor planning of Structural Instruments negative effects, re-planning continues and further changes lead to inefficient control them.

Most of the problems identified in accessing, implementing, monitoring and reporting related project planning.

Legislative and political changes in the country have negative effects, modification and replacement policy leaders Managing Authorities, Intermediate Bodies leads to the appearance of changes in projects which benefit the beneficiaries of these projects are creating the confusion among them.

Stabilization of Structural applicable law is the basic condition for ensuring a degree of absorption of Structural Instruments as high by the end of 2013.

Increasing the absorption of Structural Instruments lately is largely due to measures adopted validation and payment of reimbursement claims and not related specifically contracting projects. Necessary measures to be adopted in future consist mainly in stabilizing the legal system applicable to such proiectre, compliance temrenelor provided under contracts to finance projects to remove the bottlenecks financiare the beneficiary institutions, evaluation of projects in a relatively short and creating a evaluation transparent, uniform enforcement of regulations in all intermediate bodies, specialized personnel of the institutions managing these tools to help beneficiaries and potential benefit in the process of accessing, implementation and reporting.

The need for proper project management is clear from all the descriptions in the economic and social development of the opportunities offered by the European Union.

Identify examples of good practice in accessing and implemntarea Structural Instruments from other EU member countries is an opportunity to increase the absorption of Structural Instruments.

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