

A QUALITATIVE EVALUATION ON SOP HRD 2007-2013 IN ROMANIA – FOCUS-GROUP STUDY

Angelica Mariana Bud¹, Razvan Liviu Nistor²

¹Department of Management, Faculty of Economics and Business Administration, Babes-Bolyai University, Cluj-Napoca, Romania

²Department of Management, Faculty of Economics and Business Administration, Babes-Bolyai University, Cluj-Napoca, Romania

angelica.bud@econ.ubbcluj.ro

razvan.nistor@econ.ubbcluj.ro

Abstract: *This paper seeks to underline the main problems faced in implementing and using European Union (EU) funds in Romania within the Sectoral Operational Programme Human Resources Development (SOP HRD) during the first programming period 2007-2013. The problems and barriers revealed were identified during a focus-group for the second interim evaluation of SOPHRD, organized by the Management Authority of this program in Nord-Vest region, in November 2014. The focus-group represents a small part of the entire process of evaluating the programme for the development of human resources during its implementation, with the purpose of finding beneficiaries opinions about the efficiency, effectiveness and relevance of interventions financed through SOP HRD. Beliefs, personal recommendations from the participants are presented in order to improve the use of European funds for development of human resources (in particular) and the use of structural instruments (in general). These results and solutions can be efficiently used during the next financial period 2014-2020 to create the framework for every priority axis and key areas of intervention, during the implementation of new projects and within the entire process that these funds require in order to successfully use the structural instruments to catch up with developed countries. Moreover, some of the problems identified can be found in other operational programmes and therefore, this research can be useful for every one that wants to use this kind of financing or has a project of this kind in implementation, without taking into account the European funding source. Besides the qualitative approach given by focus-group research method, this paper is going to present a general approach over SOP HRD in Romania during 2007-2013, from a quantitative perspective (number of projects submitted, approved, contracted, payment rate, absorption rate). Moreover solutions linked to knowledge management practices will be proposed to overcome identified problems in using structural and cohesion funds. We choose to focus our attention on knowledge management solutions due to the fact that we can say that we are now living in a knowledge age. This research is important by connecting knowledge management/knowledge sharing practices with the management of European funds.*

Key words: European funds; knowledge sharing; projects; human resources

JEL Classification: D83; M00; O22

1. Introduction

[Structural and cohesion funds are offered](#) to member states by European Union in order to reduce the disparities that exist between regions, for a period of 7 years (e.g. 2007-2013, 2014-2020).

Each Member State of EU elaborated a document that sets out the way these structural instruments are going to be used, so called the National Strategic Reference Framework

(NSRF). For Romania, this document reveals how it “intends to build the sustainable development objectives and equality of opportunity to fight social exclusion into the strategies. The NSRF explains the implementation arrangements for the Structural Instruments.” (Government of Romania, 2007) The implementation of the NSRF 2007-2013 was made through seven operational programmes during 2007-2013. In order to reduce the development gap that exists compared to other member states, Romania established five thematic priorities, as followed:

- development of basic infrastructure in line with European standards
- increasing the long-term competitiveness of the Romanian economy
- development and more efficient use of Romania’s human capital
- building an effective administrative capacity
- promoting balanced territorial development.

With this research we are trying to explore the implementation of the projects financed through structural and cohesion funds, by evaluating from another perspective this topic. We are going to analyze from the beneficiary’s point of view if the objectives sets for the SOPHRD were relevant for the identified needs, if the whole process that this funds involve is efficient, what problems were encountered and based on their perception to propose innovative solutions to improve the program. The results of this article can be useful for the next programming period, 2014-2020, to ensure a better program design, implementation, utilization and absorption of these funds, based on the existed experience.

An evaluation of these funds/programs is important and necessary, because it gives information that can lead to improvement, information linked to the way the program was created, implemented, the degree in which the objectives were reached and mostly because through evaluation we can discover new perspectives.

Today’s society focuses on the importance of knowledge in every action we take, whether it is about work or personal lives. This is due to the fact that knowledge is a resource that is unlikely to drain. Moreover, it becomes more and more valuable as it is more often used. Therefore, knowledge is capable to offer advantages in every field, if it is well managed. Besides the importance of knowledge in today’s society, we should find ways to deal with it in terms of creating and sharing. We can notice that research towards using knowledge management when working with European projects is undertaken. In 2014 the book entitled “Knowledge Management – decisive factor in speeding up the absorption of EU funds” written by Octavian Serban was published. It highlights the importance of using knowledge management practices when dealing with EU funds to ensure a higher level of absorption: “Given that from total knowledge at the individual level, 80-90% is tacit knowledge, by using knowledge management tools and techniques a large part of this iceberg could come out at the surface” (Octavian Serban, 2014). Therefore, this paper starts from the assumption that sharing knowledge can lead to improving the entire process that European funds require, from writing a project, getting through evaluation with success, contracting, implementing the project phase till the projects ends. So, after underlying the barriers that beneficiaries faced within a SOPHRD funded project, recommendations linked to knowledge management practices are going to be proposed.

2. A Quick View over SOP HRD 2007-2013 in Romania

At national level, Romania received about 19.2 bn EUR to use in order to achieve the objectives established. Seven operational programmes were set and the financial allocation for each of them can be seen in Figure 1. As stated by the European Commission, “the European Social Fund (ESF) is the main financial instrument at EU level to invest in human capital.” (European Commission, 2013). In Romania this instrument covers two operational programmes: Human Resource Development and Administrative Capacity Development, which amounts 19.2 % of the total allocation for the seventh programmes. From the total amount of funds through ESF, almost 95% are directed to the development of human resources, which underlines its importance.

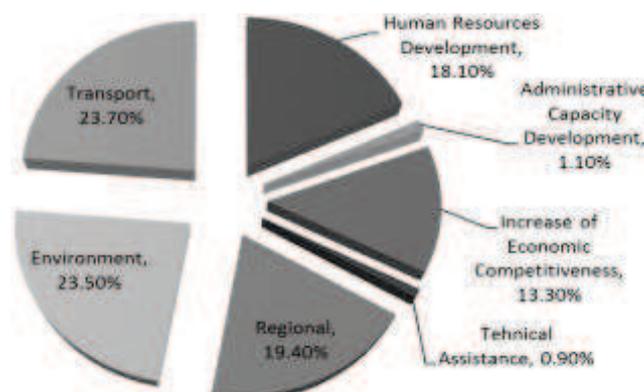


Figure 1: NSRF allocation by Operational Programmes

Source: NSRF 2007-2013, Romania

Table below reveals the situation of EU funds in Romania at 31 October 2014 regarding the financial allocation during 2007-2013.

We can see that we have a current absorption of 43.58% for all seven operational programmes, but we can identify differences between them. SOP HRD recorded the lowest rate of absorption, only 28.75%, way below the total absorption rate. Evaluating SOPHRD is a must to realize what went wrong within this program that lead in the end to this level of absorption. We can notice that we encountered problems in the first stages of accessing this financial aid, through the differences that exist between number of projects submitted, approved and contracted. As we can see in Tabel 1, at the end of October 2014 the situation within SOP HRD can be presented as followed: 15.412 projects submitted, 4.280 approved and only 3.655 projects contracted. A lot of researchers focused their attention over this operational programme, trying to improve its implementation.

Table 1: Progress register by Operational Programmes

Operational Programme	Financial allocation 2007-2013 (bn eur)	Submitted projects	Approved projects	Contracted projects	Internal payment to beneficiaries	Current absorption	Intermediate payment from European Commission
		Number	Number	Number	%	%	%
Regional	3.966	9.967	4.995	4.393	55,70	55,13	52,40
Environment	4.413	699	517	465	42,72	38,70	34,07
Transport	4.426	236	124	106	33,94	46,37	36,50
Increase of Economic Competitiveness	2.554	16.179	7.820	5.423	51,78	47,36	36,40
Human Resources Development	3.476	15.412	4.280	3.655	55,07	28,75	28,75
Administrative Capacity Development	208	1.371	456	456	68,07	70,09	68,99
Technical Assistance	170	189	166	158	40,74	42,94	42,94
TOTAL	19.21	44.053	18.358	14.656	47,07	43,58	38,22

Source: Absorption rate in October 2014, downloaded from www.fonduri-ue.ro at 22.11.2014

We can see that we have a current absorption of 43.58% for all seven operational programmes, but we can identify differences between them. SOP HRD recorded the lowest rate of absorption, only 28.75%, way below the total absorption rate. Evaluating SOPHRD is a must to realize what went wrong within this program that lead in the end to this level of absorption. We can notice that we encountered problems in the first stages of accessing this financial aid, through the differences that exist between number of projects submitted, approved and contracted. As we can see in Table 1, at the end of October 2014 the situation within SOP HRD can be presented as followed: 15.412 projects submitted, 4.280 approved and only 3.655 projects contracted.

The first interim evaluation took place in 2010 and concluded that SOPHRD is influenced by some internal and external aspects, among which we mention the following: the weak communication between the interested parts, lack of experience, delays in processing the existing solicitations, an excessive control, high level of bureaucracy, economic crisis, political instability at national level, "suspicion culture" and others. (Management Authority of SOP HRD, 2011). At national level, research was made in this field and in the end some deficiencies/problems in implementing SOPHRD were underlined: the identification and submission phase seems to be difficult because of the changes that occurs in the program specifications, the evaluation phase takes too much, a lack of transparency was identified, lack of experience, excessive bureaucracy, the impossibility of covering the co-financing required (Pautu et al., 2013). The foundation of these problems can be linked to the lack of knowledge in the practices of project management (Urluiescu, 2013), the Managing Authority "lack of experience in implementing these programmes and the inability of forecasting and planning of programmes according to the method of project management" (Pautu et al., 2013). Most of these problems in implementing projects financed through European funds can be classified as external, therefore an effective

management is required within the authorities that deal with this funding possibilities, some forecasting must be made ever since the project planning stage. Internally, to overcome the inability to co-finance the project, the beneficiaries must identify some opportunities of financing from other sources. (Muresan, 2012)

Project management practices have a high importance when talking about the use of structural and cohesion funds due to the fact that these funds are received through specific projects, that one's need to undertake in order to receive funding. After the whole process of evaluating and contracting is done, the beneficiaries are facing the challenge of implementing the projects. European projects "have special characteristics that differentiate them from other projects" (Nistor et al., 2012)

3. Methodology

The purpose of this study is to identify the barriers that beneficiaries of EU funds (within SOP HRD) faced in the period 2007-2013 and to propose solutions that can overcome this problems in the future, focusing to the importance of knowledge management practices.

This study uses a qualitative research method, called focus-group, in order to evaluate SOPHRD in Romania, to identify the beliefs, opinions of the participants in the EU funds accession for the development of human resources. This research is based on a focus-group organized by the Management Authority of SOP HRD in Nord-west region, held at Cluj-Napoca in November 2014, where I had the opportunity to participate.

The participants at focus-group were selected based on their experience and knowledge related to structural and cohesion funds. They were involved in implementing a project financed through SOP HRD in the period of reference, their contribution being seen as very valuable for the purpose of this gathering: the second interim evaluation on SOP HRD. Some of them were involved in more than one project, some held a position in a project that ended and others are involved in projects that are in the implementation stage, which highlights the heterogeneity of the group. At focus-group took part 17 participants. In the table below we present the structure of the sample, by revealing the participant's position within the projects and the name/type of the beneficiaries.

Table 2: Focus-group participants

No	Position within SOPHRD project	Beneficiary
1	Expert	Expert training Ltd., Cluj-Napoca
2	Assistant Manager	Babes-Bolyai University, Cluj Napoca
3	Project manager	Babes-Bolyai University, Cluj Napoca
4	Expert	Foundation FIPCM Spiru Haret, Maramures
5	Expert	Freedom Railways Syndicate, Cluj Napoca
6	Expert	Iuliu Hațieganu University of Medicine and Pharmacy, Cluj Napoca
7	Financial officer	Iuliu Hațieganu University of Medicine and Pharmacy , Cluj Napoca
8	Project manager	Teacher Training (CCD), Cluj Napoca
9	Technic expert	Resource Center for Roma Communities Foundation, NGO, Cluj Napoca
10	Project Manager	Computer center (part of the Brinel group), Cluj Napoca
11	Financial officer	Foundation FIPCM Spiru Haret, Maramures
12	Financial officer	School Inspectorate, Cluj Napoca
13	Project manager	School Inspectorate, Cluj Napoca
14	Assistant manager	Babes-Bolyai University, Cluj Napoca
15	Expert	Babes-Bolyai University, Cluj Napoca
16	Project manager	Romanian National Opera, Cluj Napoca

From the table above we can see that this focus group gathered a mixed group of participants, in terms of position held and the type of beneficiary in a project financed through SOP HRD. We are talking about people that had an important role in the process of writing, implementation of European project. This is why we consider that the results of this focus-group are relevant for this study and can reveal problems and barriers in working with EU funds that are valid to all projects financed through SOP HRD in this programming period.

4. Evaluating SOP HRD 2007-2013 from a Qualitative Perspective

The focus-group involved the use of questions grouped by certain topics of interest regarding SOPHRD funds during the period 2007-2013. The following topics were covered: general themes, the process of selection, contracting, implementing the projects, results sustainability. Linked to these subjects, the discussion was directed toward finding the factors that caused problems in the use of these funds.

All the participants agreed that SOPHRD responds to the needs of potential beneficiaries or target group at national and regional level. The need of development in the direction stipulated by SOPHRD was identified, the importance of these funds being undeniable. But, unfortunately, it seems that we have drawbacks when it comes to managing these funds, creating a functional framework for their use. But an improvement was noticed by the participants in the second part of the evaluated period, mostly related to writing the implementation guides. This situation might be caused due to our country lack of experience in using European funds.

Throughout SOPHRD a lot of delays were register. Beneficiaries were faced with a long period of time between writing a project, getting approval and signing the agreement. Focus-group participants pointed out that this led to losing budget, partners and target group. Moreover, the need that project addressed to can change in time, the team members or partners might not be available when the project can be put in practice. The main reason identified for this situation is the lack of communication between the authorities and beneficiaries and the amount of work that evaluation officers have to deal with. There is not enough human resource to cope with so many applications during the stipulated time. The beneficiaries are discouraged, they have to rewrite parts of the initial project and this is why some approved projects don't reach the contracting stage.

When it comes to project implementation, the main factors that lead to delays were mentioned by the participants. The authorities (management authority of SOPHRD, intermediate bodies) have problems in respecting the deadlines set for document evaluation, verification, especially when it comes to dealing with requests for refunds. At national level, a beneficiary must submit a refund request at least once at three mounts. Because the authorities can't handle all the requests, more than one unverified request is submitted in the same project. This leads to lack of financial support for implementing the project according to the established plan. Moreover, during implementation changes appear in interpreting the approved instructions, the project team has to make efforts to understand new rules imposed, to make changes, to work harder. Besides this, some new rules require a retroactive application, which involves new challenges for project team. All in all, we can say that the rules are changing during the game.

Others problems register in projects financed through SOPHRD were highlighted during this focus-group, such as: there is no sustainability after project, no correlations between project results, electronic interface of SOPHRD does not work properly, the duties and responsibilities are increasing, while the payment for human resources decreases, the

authorities have an attitude that does not favor the collaboration, communication or the creation of a proper work environment, the guides, instructions are complicated, conducting monitoring/evaluating visits only after the project is done, an excessive bureaucracy that hinder proper progress of project activities, lack of communication between the interested parts.

During the focus-group, solutions were proposed:

- No important changes should be made after projects are submitted (linked to eligible activities, target group, budget)
- Reducing the periods for notifications and additional acts approval
- Monthly reunion between a beneficiary and the managing authority/intermediate bodies
- The existence of a project officer (monitoring officer) for the entire period of project implementation
- Submission of a refund request only after the last one was approved
- Reducing the need for physical evidence (every activity must be justify by a lot of supporting documents)
- Writing projects to use the results already obtained within previous projects.

5. Discussions and Conclusions

Nowadays European funds represent an important financial aid for its member state, especially for the countries that have a lower level of development, like Romania. Since 2007 we have the right to use structural and cohesion funds that are offered to EU member states for a period of 7 years.

Using a qualitative research method, focus-group, we were able to outline how SOP HRD worked during 2007-2013 in Romania. Opinions, beliefs, personal recommendations from the participants were presented in order to improve the use of European funds for development of human resources (in particular) and the use of structural instruments (in general).

We choose to focus our attention on knowledge management solutions due to the fact that we can say that we are now living in a knowledge age, underlined also through Lisbon 2000 Strategy and Europe 2020, by setting as priority the creation of a knowledge-based economy (<http://www.mae.ro/node/19272>). "If two decades ago, material resources held the supremacy, we are now facing a reversal of the scales of values, knowledge-based economy being seen as the economy of future."(Florescu, 2012)

Sharing knowledge is an important part of this entire process that KM involves, because it requires an exchange of knowledge "not only between different firms, but even more critically, within the firm" (Grant, 1996). A difficult part in this process is to find the person that has the knowledge you need and to be able to offer an efficient way for transferring it. (Davenport et al., 1998)

In the field of European funding, we must highlight the need of transferring knowledge not only in the same project, inside the team, but also within different projects and different beneficiaries. "Knowledge transfer within EU funded projects is essential to achieve sustainable development, increase productivity, innovation and competitiveness, creating new jobs and providing social progress support". (Ilies et al., 2012)

First of all, every person/authority/institutional body which get in contact with structural and cohesion funds and with the entire process that these instruments require, has to be aware of the importance of knowledge owned. Moreover, this knowledge must be seen as an asset that can develop only through its transfer to others. In this way, new knowledge is created. In this context, "it is essential to have knowledge in this field for those who want to receive EU funding, especially since this kind of projects is based on rigorous, specific concepts and terminology." (Nistor et al., 2013). Sharing knowledge can lead to improving

the entire process that European funds require, from writing a project, getting through evaluation with success, getting the funding, implementing the project, ending the project. We must not keep the knowledge we achieved for ourselves, we must share it to ensure that others can use European funds efficiently. The outcome will have impact at national level, gaining the wanted social and economic cohesion.

Lack of communication seems to be an important barrier in absorbing European funds for development of human resources. Sharing knowledge is closely linked to communication, socialization. Knowing this, we must emphasize on creating a proper environment for exchanging information, news, opinions, beliefs, experiences, knowledge linked to EU funded projects. In Romania, we can find websites, pages on social networks that focus on presenting information related to structural and cohesion funds, guides, legislative rules, reports, providing latest news, somehow keeping the interested parts in touch with the funds progress and opportunities available (e.g. <http://www.fonduri-ue.ro>, <http://www.fonduri-structurale.ro>, www.finantare.ro). These websites are offering sections for questions and responses, blogs. Even so, the beneficiaries are complaining especially for the lack of communication when it comes to project implementation. Direct meetings between the beneficiaries and management authorities of these funds, conferences held with EU funds beneficiaries, actions that favor face to face communications are a must for improving the management of structural instruments. Furthermore a dedicated website or forum can be useful for communicating between involved bodies, but we sure need a friendly-user interface, to be easy to find what we need without losing too much time, searching more websites that can provide what we are searching for. Functions as live chat, ability to contact a specific person, a well functioned search engine within the website can lead to a better understanding with each other. There should be a single website, at national level, well known to everybody to ensure this communication function. In addition, information, data linked to outcomes already achieved within other projects should be made available for everybody. In this way, future projects will be able to use them and to ensure their sustainability. The majority of projects financed under SOPHRD have their own website to promote the project, results, activities, target group, but you must know the website or at least the project to be able to identify and to find out information related to it.

Writing and implementing a project financed through structural and cohesion fund, SOPHRD in particular, require a lot of time invested, involvement for the entire period, team work, skills of communication, all in all a lot of intellectual, physical and financial effort. Thus lead to reluctance from potential beneficiaries to submit a request for obtaining this kind of financial aid, this can have a negative effect over the next financial period.

Training courses, available for everyone, should be held, the authorities must give consultancy, advices, a help-desk available by phone, to be able to respond at requests as fast as possible can be seen as possible solutions to overcome identified problems. We need to hire human resources with experience and expertise linked to this topic. Plus, management authority and intermediate bodies must make a forecast of upcoming activities, to ensure that they have sufficient staff to deal with possible requests. Also, they should have a back-up, for example a consultancy firm that can help them if needed. In this way problems regarded the delays in processing applications can be removed.

These results and solutions can be efficiently used during the next financial period 2014-2020 to create the framework for every priority axis and key areas of intervention, during the implementation of new projects and within the entire process that these funds require in order to successfully use the structural instruments to catch up with developed countries. Moreover, some of the problems identified can be found in other operational programmes and therefore, this research can be useful for every one that wants to use this kind of financing or has a project of this kind in implementation, without taking into account the European funding source.

This research has its limitations, given in the first place by the instrument used, that brings together a small number of beneficiaries and from a specific region, Nord-West in our case. Secondly, the findings cover the entire financial period, 2007-2013, which does not give us the possibility to evaluate the progress register during these seven years. Even so, relevant results were found due to the fact that we had participants that can reveal from their experience throughout the entire period, some of them still having ongoing applications or their projects ended years ago. Moreover, we emphasized our study on Sectoral Operational Programme Human Resources Development (SOP HRD), that register the lower absorption rate. Comparative studies between operational programmes can be relevant in order to identify good examples that can be transposed to improve the national use of these structural instruments. Nevertheless, this research is important by connecting knowledge management/knowledge sharing practices with the management of European funds.

6. Acknowledgement

This work was co-financed from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/134197 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”.

References

- Florescu, Daniela, 2012, *Managementul proiectelor cu finanțare europeană*, ed. C.C.Beck, Bucuresti
- Nistor, Răzvan; Munteanu, Valentin Partenie, 2013, *Managementul proiectelor europene*, Eikon, Cluj Napoca
- Octavian Serban, 2014, *Managementul cunoașterii – Factor determinant in accelerarea procesului de absorbție a fondurilor europene*, Bucuresti, Editura Economica
- Mureșan, I., 2012, *Impactul proiectelor finanțate de uniunea europeană asupra dezvoltării regionale*, PHD. Teziz, Babes-Bolyai University, Cluj Napoca
- Urluiescu (Ranf), D., 2013, *Contribuții ale managementului asupra performanței accesării de finanțări europene pe proiecte*, PHD. Teziz, „Lucian Blaga” University, Sibiu
- Davenport, Thomas H; De Long, David W; Beers, Michael C, 1998, *Successful Knowledge Management Projects*, Sloan Management Review; 39, 2, pp. 43-57
- Grant, RM, 1996, *Toward a knowledge-based theory of the firm*, Strategic Management Journal, Vol. 17, pp 109-122
- Ilies, L., Mureșan, I., Muntean, B., 2012, *Knowledge management in EU funded projects*, Revista Economică, Supliment Vol.2, pp. 152-159
- Nistor, R., Mureșan, I., 2012, *Means of Improving the Management of Projects Financed by the European Union*, Review of International Comparative Management, Vol. 13, Issue 4, pp. 535-542
- Păuțu, Sorina; Dogaru, Mădălin, 2013, *The main deficiencies in the implementation of the sectorial operational program human resources development*, The Annals of the University of Oradea Economic Sciences, Issue 1, pp. 509-515
- European Commission, Directorate-General for Education and Culture, 2013, *Channelling cohesion policy funds towards education and training. What to expect from the new regulatory framework?*, Brussels, available on-line at <http://www.education.ie/en/press-events/conferences/ireland-s-presidency-of-the-eu/conference-21-22-may-2013/channelling-cohesion-policy-funds-towards-education-and-training.pdf>
- Government of Romania, 2007, *National Strategic Reference Framework 2007-2013*

Management Authority for SOP HRD, 2011, Final report of SOP HRD Interim Evaluation,
available on-line at http://www.fonduri-ue.ro/posdru/images/downdocs/rap_eval_interim_ro.pdf
www.ec.europa.eu
www.finantare.ro
www.fonduri-ue.ro
www.fonduri-structurale.ro
www.mae.ro