

COMPARATIVE APPROACHES BETWEEN THE NEW AND OLD PROGRAMMING PERIOD OF EUROPEAN FUNDS IN ROMANIA

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Abstract

This article is trying to present comparative aspects between new and old programming period of structural funds in Romania. For the next programming period the financial allocation for investments and structural funds proposed by Romania is of 18,76 billions euro, 453 millions euro (less than 2007 – 201) period. We use to have 7 operational programs and now will be 6 programs.

Key words: Public expenditures, European funds, operational programs

For the next 2014 - 2020 programming period Romania drafted 6 Operational Programmes one for the technical assistance and five of them for the most important development domains to Romania: major infrastructure, human capital, administrative capacity, regional and competitiveness. Currently, the Operational Programmes are informal given the fact that in the next period these programmes will be subject to a series of debates and consultations in order to be submitted and approved by the European Commission. The six Operational Programmes are following the achievement of the 11 thematic objectives, as it follows in the table nr 1.

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Table 1: Types of Investments and Thematic Objectives supported through the Operational programmes of Romania for the period 2014-2020

OPERATIONAL PROGRAMME	TYPES OF SUPPORTED INVESTMENTS	APPROACHED THEMATIC OBJECTIVES
Major Infrastructure OP	- road infrastructure, railways and ports TEN-T; - public utility services (water and wastewater waste management); - risks prevention and climatic changes; - efficiency for industry power supply (production, transport and distribution of regenerating power supply, thermic and electric generating systems).	TO 5, TO 6, TO 10
Human Capital OP	- employment, social inclusion, strengthening institutional capacity of National Agency for Employment; - education and training.	TO 1, TO 3, TO 9, TO 10
Administrative Capacity OP	- strengthening the administrative capacity; - modernizing of the juridical system; - e-governance (e-health, e-justice, e-education, etc.); - management system; - cadastre.	TO 2, TO 11
Regional OP	- local road, railways and ports infrastructure; - local/urban development (including public transport and related infrastructure, cultural patrimony, sports facilities); - efficiency for power supply - education and social infrastructure; - infrastructure for health; - competitiveness and business environment for SMEs, including IS.	TO 1, TO 3, TO 6, TO 7, TO 10
Competitiveness OP	- researching, development and innovation (including for large enterprises); - digital agenda (broadband, IT infrastructure and interoperability)	TO 1, TO 2, TO 8, TO 10
Technical Assistance	- Horizontal Technical Assistance for FESI management.	

Source: Ministry of Internal Affairs – Public Policies Unit UPP, 2013 and Ministry of European Funds presentation within the fourth CIAP meeting MFE for the preparation the next 2014 – 2020 programming period, June 2013

For the next programming period, SOP Environment and SOP will be joined in one operational programme, namely PO Major Infrastructure which will support investments developed in the areas of transport infrastructure and public utility and in the areas regarding the protection of environment. Human

Capital Operational Programme will be focused on investments related to employment, social inclusion, education and training. Administrative Capacity Operational Programme will follow the increase of administrative capacity, modernizing and use of on line platforms for public services. Regional Operational Programme will deal with investments in local infrastructure, health, as well as the development of business environment. Operational Programme Competitiveness will follow research, development and innovation in the business sector, IT infrastructure and increase of TIC use capacity in this sector. Not least, the role of Operational Programme Technical Assistance will be to offer technical assistance to the structures dealing with the Management of Investments and Structural Funds in order to ensure an efficient management of the funds (FESI). (PPU, 2013; MoEF, 2013).

We can conclude that there are not major differences in the templates of operational programme proposed by Romania for the 2014 – 2020 next structural funds' programming period comparing to the developing programmes in the 2007-2013 current programming period. Both programmes from the first post-accession period and those from 2014 – 2020 next programming period are following the same priorities mentioning that two of these programmes, namely SOP Transport and SOP will be united into one single operational programme having as major action domain the development of infrastructure and investments for the environment protection, fighting and prevention of risks and climate changes.

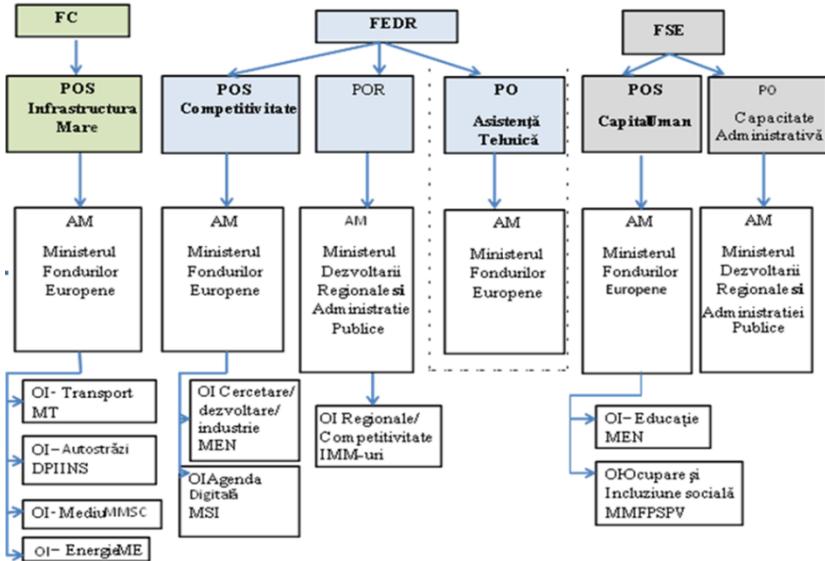
Though there are major changes in the establishment of the management structures of the operational programmes. Consequently, during the next programming period four of six operational programmes will be managed by Ministry of European Funds (Major Infrastructure OP, Competitiveness OP, Human Capital OP and Technical Assistance OP) and two of the operational programmes will be part of the responsibility of Ministry of Regional Development and Public Administration (POR and Administrative Capacity OP).

A specific image of these aspects will be given by the figure nr 1.

During the next programming period the Management Authority for the Major Infrastructure SOP will be Ministry of European Funds and its four major action domains will be managed by Intermediary Bodies within the competent ministries, as it follows: for the transport domain Ministry of Transports will be delegated as Intermediary Body and for highways the

Department for Infrastructure Projects and Foreign Investments was designated as Intermediary Body.

Figure 1: Management structures for Operational Programmes during the 2014-2020 period



Source: Ministry of European Funds, 2013

Ministry of Environment and Climate Changes will be Intermediary Body for Environment and Ministry of Energy will deal with the management of energy domain having the quality of Intermediary Body.

Competitiveness SOP will be managed by Ministry of European Funds as Management Authority and Intermediary Body for research/development/industry will be Ministry of National Education (MoNE) while the Intermediary Body for Digital Agenda will be Ministry for Informational Society (MfIS). Also, Ministry of European Funds will be Management Authority for both Technical Assistance OP and Human Capital OP, while Intermediary Body for Education will be the responsibility of Ministry of National Education and Intermediary Body for employment and social inclusion will be part of Ministry of Work, Family, Social Protection and Old Persons.

Ministry of Regional Development and Public Administration will ensure the management of Administrative Capacity OP and Regional OP. We have to mention that during the next programming period Regional OP will be the only operational programme which will have regional Intermediary Bodies comparing to the 2007-2013 current programming period which has structures at the regional level for three operational programmes (Regional Operational Programme, Operational Programme for the Development of Human Resources and environment SOP).

Considering all these aspects, we can conclude that within the next programming period operational programmes will have more responsible management structures because these programmes will represent the activity of the same institution especially created for these actions. With a specialized ministry able to assume important attributions within the implementation process of the structural funds we can say that the accession process will be more accessible and simplified. It is very important to keep in mind the best practices examples for their perpetuation and revaluation, but especially Romania's negative experiences for a better absorption rate given by large projects with significant impact on the economic development.

According to the so far occurred negotiations, for the future programming period 39,34 billions de euro will be allocated from the Investments and Structural European Funds (ISEF). 55% from the entire allocated amount will be directed to areas regarding smart and sustainable increase, 28% to social inclusion and its related infrastructure and 44% will be allocated to energy investments, environment and transport (CIAP, 2013).

The proposals regarding the financial allocation on operational programmes for the next programming period in Romania reflects the following:

Table 2: Romania's Operational Programmes proposed for the period 2014 – 2020 and financial allocations

European Policy	Operational Programme (OP)	Amount (blls. euro)	% ISEF
Cohesion Europe Policy	Major Infrastructure OP	6,98	27
	Human Capital OP	2,18	8
	Administrative Capacity OP	0,96	4
	Regional OP	6,99	27
	Competitiveness OP	1,35	5

	Technical Assistance OP	0,3	1
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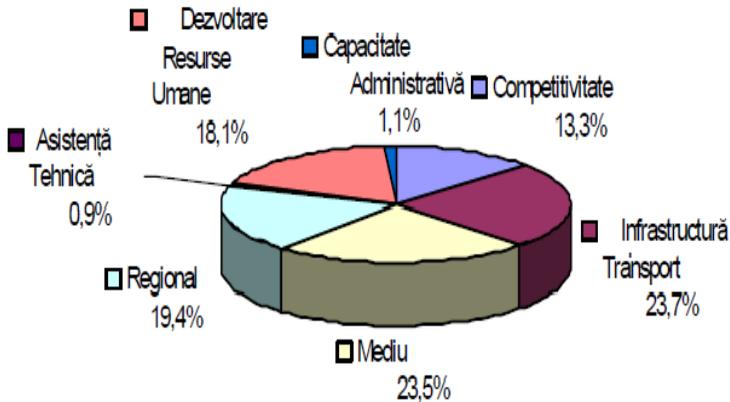
Source: CIAP, 2013:92; MoIA - PPU, 2013

Major Infrastructure OP and Regional OP are the programmes with the biggest financial allocations from the Investments and Structural Funds, each programme having 27% from the Romania's allocated total amount allocated. Human Capital OP follows with 8% financial allocation from the total amount negotiated for Romania.

For Competitiveness OP Romania intends to allocate 5% from the total amount granted to Romania through Investments and Structural Funds while Administrative Capacity OP will receive 4% and 1% will be directed to Technical Assistance OP within the future programming period.

Following a comparative analysis to the financial allocations granted for the current programming period we can conclude the following aspects:

Figure 2: Reference National Strategic Framework's Allocations on Operational Programmes for the 2007 – 2013 programming period



Source: Reference National Strategic Framework, 2006:7

As Romania has allocated for Environment SOP and Transport SOP 47,2% from the financial allocation of structural funds within the current programming period, for the 2014 – 2020 programming period the financial allocations granted to Major Infrastructure OP (Environment SOP and Transport SOP) through Investments and Structural Funds will be only 27%.

The order of the other operational programmes will be maintained within the future programming period mentioning that the financial allocations are much lower than from the current allocations.

For the next programming period Romania is granting the same level of importance to the operational programmes which have registered the lowest performance (Major Infrastructure OP) and the highest performance (regional OP) within the absorption process of the Structural Funds.

Operational Programme for the Development of the Human Resources keep its position in the top of the allocated amounts, its percentage being less than 50% compared to the current programming period, the situation being similarly for Competitiveness OP.

The only operational programmes with increased financial allocations comparing to the current programming period are Regional OP and Administrative Capacity OP. It is interesting the fact that although Environment SOP and Transport SOP were united in one single operational programme the allocated percentage to these domains was significantly reduced with 20,2 compared to the present programming period.

So far, we notice that although the performances of the above mentioned two operational programmes are extremely low within the absorption process, Romania intends to decrease the financial allocation for the next programming period even if these programmes are representing the domains with the biggest development problems, while Regional Operational Programme which registered the best performances within the current programming period will receive an allocation by 7,6% percentages higher.

In conclusion, we can say that Romania has on the one hand increased the allocations for the operational programmes which have registered a better rate of absorption during the current programming period and on the other hand has reduced the allocations for those domains with the lowest rate of absorption. Although the infrastructure domain represents a serious problem for Romania, both in terms of development and the absorption of structural funds, the financial allocation for this area was extremely reduced contributing to the increase of allocations for Regional Operational Programme and Administrative Capacity Operational Programme, both programmes have registered special performances related to the absorption rate.

For the next programming period the financial allocation for investments and structural funds proposed by Romania is of 18,76 billions

euro, 453 millions euro less than 2007 – 2013 period. The proposals for financial allocations on each operational programme are envisaging an allocation of 6,98 billions euro for Major Infrastructure OP with 2,09 billions euro less than the previous period. The allocation for Regional Operational Programme is 53,21% higher comparing to the current programming period, the total amount for this programme will be 6,99 billions euro.

Table 3: Financial Allocation of the Structural Funds on Operational Programmes for the 2007 – 2013 period comparing to 2014-2020 period

2007-2013 Period		2014-2020 Period	
Operational Programmes	Allocated Amounts (blls. euro)	Operational Programmes	Allocated Amounts (blls. euro)
Transport SOP	4,56	Major Infrastructure OP	6,98
Environment SOP	4,51		
Human resources development SOP	3,7	Development of Human Capital OP	2,18
Development of Administrative Capacity OP	0,208	Development of Administrative Capacity SOP OP	0,96
Regional OP	3,72	Regional OP	6,99
Increase of Economic Competitiveness SOP	2,55	Competitiveness OP	1,35
Technical Assistance OP	0,170	Technical Assistance OP	0,3 0
TOTAL	19,213	TOTAL	18,76

Source: Reference National Strategic Framework's Allocations on Operational Programmes, 2007; CIAP, 2013

It is very important to mention that the financial allocations have increased only in the case of Regional Operational Programme while for the

others operational programmes the allocations were significantly reduced, the biggest decrease being registered for Major Infrastructure Operational Programme. Another decrease was register for Human Capital Operational Programme which has an allocation with 1,52 billions euro less, followed by Competitiveness Operational Programme with an allocation reduced by 1,2 billions euro. According to operational programmes proposals least affected is Technical Assistance Operational Programme with a reduced allocation by, 0,13 billions euro, followed by de the Development of Administrative Capacity Operational Programme with an allocation reduced by 752 millions de euro, comparing to the allocations of the current programming period. Considering Romania's population at the date of 1-st of January 2013 and Eurostat' estimations related to gross domestic product of Romania for the year 2013 we made some calculations in order to analyze the impact which the investments and structural funds will suppose to have it in for 2014 – 2020 programming period. After this analyse the following data were revealed:

Table 4: Allocation based on population and GDP's FESI for 2014-2020 period comparing to , FS&C's allocation for 2007-2013 period

2007-2013 Period		2020 Period	
Population (mil. habitant)	21,5	Population ⁴ (mil. habitant)	18,995
Annual GDP (blls. euro)	131,7	Annual GDP ⁵ (mld. euro)	138,8
Annual GDP per capita (euro)	6,125	Annual GDP per capita (euro)	7,307
Financial allocation (blls. euro)	19,213	Financial allocation (blls. euro)	18,76
FS&C Allocation per capita (euro)	1102	FESI's allocation per capita(euro)	987,6

Given the fact that Romania's allocated amount for the period 2014 – 2020 is 453 millions euro less than the allocation from the previous period the only aspects estimated to be increased are those related to gross domestic product and gross domestic product per capita.

Considering that the calculations were made in the context of population's decrease all these differences do not cause major negative effects, because according to current date the structural funds' allocation will be

⁴ ** the calculations were made based on NSI's information and according to which Romania's population was 18,995 millions habitants at 01.01.2012

⁵ ** GDP value taken into account is the estimated value for 2013, according to Eurostat

almost of 988 euro per capita 114,4 euro less than the current programming period. In conclusion, we can say that for the next programming period Romania's responsibility is intensified both by the fact that the financial allocation was reduced and based on the negative experience from the current programming period.

Although the allocations were reduced with 114,4 euro we have to consider a very important aspect related to the fact that Romania has succeeded in these 6 years to absorb from the structural funds only 108,99 euro per capita.

Nevertheless, the contracted 765,01 euro per capita represent a very important reason to adopt an optimistic attitude regarding Romania's success for the future programming period. Based on the establishment of a performing management system the adoption of efficient simplifying measures within the management and accession process as well as the prevention of events which could affect this aspect we can say that the next programming period can register important performances better than those from the current programming period.

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