Aspects regarding the Institutional Framework for the Coordination and Management of European Structural and Investments Funds in Romania

Associate Professor  Mihaela Adina APOSTOLACHE, PhD.  
Petroleum-Gas University of Ploiesti  
mihapostolache@yahoo.com

Abstract
The paper takes into account one of the problems faced at present in the EU States, namely improving ways of attracting and managing EU funds. There must be taken into account the changes in the current socio-economic context, the changes on the labour market in the states, as well as other changes in the system of implementation, which may have an impact on the implementation of the operational programmes. It was found that the elaboration, implementation, monitoring and evaluation of programming documents involve compliance with the European principle of partnership. A close cooperation aiming at an integrated and coherent approach to EU funds must exist between all national, regional and local levels of public administration. Regional and local authorities are seen as authorities located closest to the actual use of these funds, having a key role in the realization of economic, social and territorial cohesion. The degree of involvement of these authorities in attracting and managing EU funds is influenced by the specific institutional framework of each member state, but also by the legal and budgetary competences of the various territorial levels.

Keywords: European funds, specific principles, institutional framework, programming, absorption capacity, implementation.

1. Introduction
One of the Romania’s concerns as a member state of the European Union consists of the correct and efficient management of European funds viewed both in terms of the public authorities involved in the coordination and administration of these financial resources, but also in terms of the actual beneficiaries of these funds.

The manner in which Romania manages the available financial resources efficiently, following the example of other European countries, can lead to a decrease in the existing gap in comparison to other member states, since the direct beneficiary is the Romanian state itself: its people and its economy. It is necessary to analyze the implications of the structural and cohesion instruments in the context of overall economic development [1]; no matter how well these funds are managed, unless the overall economic development strategy integrates the perspective of an efficient use of funds, this analysis will not succeed.
2. The Efficiency of Managing European Structural and Investments Funds

The priority policies at European level represent priorities at national level as well, Romania being placed in a situation of diminishing, and even totally eliminating, the existing gaps in relation to other European countries, and also the present national challenges related to competitiveness and a reduced administrative capacity, insufficient human capital and a reduced innovation capacity. Thus, one of the ways of ensuring the fulfillment of these goals consists in the ability to provide a framework of integrity in managing the funding allocated by the European Commission through structural instruments.[2]

European Structural and Investment Funds (ESI) have an important role in achieving the objectives of the Union’s Strategy for a growth which is smart, sustainable and favorable to inclusion, adopted in the European Council of June 17th 2010. According to the Strategy, the Union and the member states shall cooperate for a smart, sustainable and inclusive growth, promoting, at the same time, the harmonious development of the Union and reducing regional disparities.

Structural Funds are financial instruments managed by the European Commission, with the purpose of offering support at structural level. Financial support from the Structural Funds is mainly intended for less developed regions in order to strengthen economic and social cohesion in the European Union.

The European Commission has presented, since March 14th 2012, the “Common Strategic Framework” (CSF) to guide the member states in their preparation for the future cohesion policy. CSF has been developed in order to help establish clear investment priorities for the 2014-2020 programming period in the member states and their regions. The framework allows a much better arrangement of EU funds in order to maximize their impact. National and regional authorities have used this framework as a basis for drafting “partnership agreements” between them and the Commission, pledging to achieve the goals of the Strategy Europe 2020 for economic growth and employment.
In the summary published on March 14th 2012 there is a description of the investment priorities and key actions, current separate sets being replaced by strategic guidelines for the cohesion policy, the rural development policy and the maritime and fisheries policy.

In the current economic context, we can state that these funds have a significant contribution in terms of sustainable growth, employment and competitiveness, an increasing convergence of member states and less developed regions with the rest of the Union. The state and local communities require additional financial resources to increase the quality of public services, to modernize and develop infrastructure, a necessity that is correlated with the obligation to protect the environment.[3] CSF represents a single source of guidance for all five European funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD), the European Maritime and Fisheries Fund (EMFF), strengthening the integration of EU policies and ensuring a greater impact, on field, for citizens and businesses, aspect also revealed in “CSF: Clear Investment Priorities for all European Funds” by the European Commission, 2012 [4]. The CSF funds aim at the common endorsement of competitiveness, convergence and cooperation by establishing proper investment priorities for each country.

As a member of the EU, Romania developed, in cooperation with its partners and in dialogue with the Commission, a Partnership Agreement, a national strategic document which underlies and sets out the thematic objectives for development and indicative allocation of EU funds for the period 2014-2020, and also subsequent programs, which translate the elements provided in the Agreement, containing firm commitments from the state regarding the meeting of EU objectives by programming EU funds. [5] These aspects are addressed in the Memorandum of the Ministry of European Affairs - Approval of the actions and documents regarding the access preparation and implementation of European funds in 2014-2020.

have a long-lasting economic and social impact. This approach is in line with the call made by the European Council since June 29th 2012 on the use of the EU budget.[7] Programming the CSF funds by the member states and regions in preparing their partnership agreements was performed according to country-specific recommendations issued by the Council under Art. 121 Para. (2) and Art. 148 Para. (4) of the TFEU, as well as their national programs of reform. The member states have taken into account the recommendations of the Council based on the Stability and Growth Pact. As according to a press release of the European Commission, 2011, it was necessary for each member state to establish, in the partnership agreement, how the different EU and national funding streams contribute to the approach of challenges identified in the recommendations specific to each country concerned. [8]

In the document entitled “The Position of the Commission Services on the development of a Partnership Agreement and of Some Programs in Romania during the 2014-2020 period” it was stated that the CSF funds represent one of the most important instruments for addressing key development issues for Romania, as identified in its EU/IMF lending program and in the commitments under the Europe 2020 Strategy. The first Romanian version of the Partnership Agreement for the programming period 2014-2020 was developed based on the proposals of the European Commission from October 2011 on the legislative package regarding the Cohesion Policy, respectively the Common Agricultural Policy and the Common Fisheries Policy. This was informally sent to the EU services on October 11th 2013. The document, which was elaborated with input from ministries and dialogue partners involved in the programming process, was discussed on October 7th in the fifth meeting of the Inter-institutional Committee for the Partnership Agreement. As known, the preparation, implementation, monitoring and evaluation of the programming documents involve following the European principle of partnership, and also consultations with the competent national, regional and local authorities, with civil society organizations, with economic and social partners.

This version includes recent proposals received from the social dialogue partners, constituting an enhanced form compared to the one published in early October, but one that does not include, however, the regulations setting out the manner in which European funds will be implemented during the future programming period.
Before being formally adopted by the EU Council and the European Parliament, the regulation proposals were under negotiation with the European Union member states. These European regulations were adopted in December 2013 and became official after their publication in the Official Journal of the European Union; from this moment on, the member states were given a four-month deadline to submit the Partnership Agreement officially.

Since July 2013, a first draft of the document sent to the European Commission was considered “incoherent and lacking clear priorities”. This document did not display, though, the financial allocation of available funds to finance the identified priorities, because at the level of the European regulations, the financial aspects had not been finalized. However, in the process of developing the Partnership Agreement, the Romanian authorities had also taken into account the financial planning so that, with the completion and approval of the European financial framework, a coherent proposal was available.

Thus, it should be noted that challenges of economic development can not be addressed without a coherent strategy for competitiveness that includes public support for economic operators, and also through research and innovation policies and investments in human capital. In addition, the links between the funding areas identified and the expected results should be noted.

Following the final discussions on the Partnership Agreement with the two main directions of the Commission, DG Employment and DG Regio, it was determined that the document could be formally sent to the European Commission at the end of March. After Romania had sent draft copies of this document as part of the informal dialogue, an official version of the Partnership Agreement 2014-2020, setting out how to use European funds, approved by the Romanian Government on March 26th 2014, was sent to European Commission via the computer system of communication - Structural Funds Communication (SFC), on March 31st, the deadline set by EU regulation being April 22nd 2014. The document was to be signed within a maximum period of three months, during which Brussels officials could make the necessary observations. Based on them, on July 7th 2014, the Ministry of European Funds sent the updated proposal
for the Partnership Agreement 2014-2020 to the European Commission officially, including the changes to the document submitted on March 31st.

According to a press release [9] from the Ministry of European Funds from our country, on August 5th 2014 the Partnership Agreement 2014-2020 with Romania was validated by the four commissioners; the decision of the European Commission to adopt this document was to be published in the following days. Statistically, Romania is the 11th state to obtain the approval of the Commission on this document, which demonstrates that Romania’s document meets the demands of the European Commission. The Partnership Agreement shows how the European structural and investment funds will be used in the actual programming period (2014 – 2020).

In this programming period, Romania benefits from European funds worth about 43 billion euros, of which over 22 billion are intended for the cohesion policy. The proposed allocations, as reflected in the Partnership Agreement [10] signed with the European Commission are:

- 9.5 billion euros for the Operational Program regarding the Large Infrastructure;
- 6.7 billion euros for the Regional Operational Program;
- 4.2 billion euros for the Human Capital Operational Program;
- 553 million euros for the Administrative Capacity Operational Program;
- 1.2 billion euros for the Competitiveness Operational Program;
- 265 million euros for the Technical Assistance Operational Program;
- 452 million euros for programs of cross-border cooperation;
- 8 billion euro for the National Program for Rural Development.

For the Fisheries Operational Program the allocation is not yet agreed upon; depending on the efficiency of absorption, Romania has a reserve of 1.82 billion euros that can be accessed.

These funds are considered to be crucial for Romania’s ability to meet the challenges of development in the medium and long term, as they will mobilize additional public and private funding meant to expand and create jobs, and reduce the social and regional disparities existing in Romania.

The priorities for the CSF funds for Romania were developed based on a thorough country analysis of the Commission services, and they were selected from out
of the 11 thematic objectives arising from the Commission’s proposal for a regulation on the common dispositions for the CSF funds adopted by the Commission on October 6th 2011 [11]. These 11 thematic objectives translate the Europe 2020 strategy into operational objectives to be supported from the CSF funds. The 11 thematic objectives common to the cohesion policies, rural development and maritime and fisheries policies, ensure that these policy interventions are directed towards the accomplishment of common goals, those of the Europe 2020 Strategy, offering a range of financing objectives possible across the entire EU.

Specifically, a Summary of the Partnership Agreement with Romania for the period 2014-2020 shows the following challenges and afferent priorities [12]:
- Promoting competitiveness and local development in order to strengthen the sustainability of economic operators and improve regional attractiveness;
- Development of human capital by increasing the employment rate and the number of graduates in tertiary education, while providing solutions to serious social challenges and combating poverty, particularly in marginalized or disadvantaged communities or in rural areas;
- Development of physical infrastructure, both in the ICT sector and the transport sector in order to increase the accessibility of regions in Romania and their attractiveness to investors;
- Encouraging the sustainable and efficient use of natural resources by promoting energy efficiency, a low carbon economy, environmental protection and climate change adaptation;
- Consolidation of a modern and professional public administration through a systemic reform oriented towards solving structural errors of governance.

These priorities translate the aspirations towards economic growth reflected in the overall objective of the Partnership Agreement. Briefly, in the period 2014-2020 Romania’s development priorities are [13]: competitiveness and local development; people and society; infrastructure; resources; administration and governance.

3. Changes in the Institutional Architecture of the Management of European Structural Funds
It is currently known that, in Romania, the coordination and management of structural instruments is ensured by the Ministry of European Funds, as shown in the GD 43/2013 on the organization and functioning of the Ministry of European Funds [14]. According to its competences, this ministry coordinates structures within the institutions exercising attributions of the management authorities and of the intermediate bodies, as well as structures within the institutions exercising attributions of the program operator. As of March 1st 2014, the Ministry of European Funds took over the activity and structures of the management authorities afferent to the Sectorial Operational Program Human Resources Development (SOP HRD) and the Sectorial Operational Program Increase of Economic Competitiveness (SOP IEC). This change is the consequence of the application of Government Emergency Ordinance no. 9 of February 26th 2014 for the approval of measures to streamline the management system of structural instruments [15].

The Ministry of European Funds is responsible, according to Art. 7 paragraph 4 letter b) of the GEO No. 9 of February 26th 2014, to coordinate the process of development, negotiation, modification, monitoring and evaluation of the implementation of the Partnership Agreement 2014-2020 and of the programs financed by European structural and investment funds 2014-2020 and by the EEA and Norwegian Financial Mechanisms 2014-2019 [16]. In addition, according to Art.7, paragraph 6 of GEO No. 9 of February 26th 2014, it is authorized to issue, based on its competences, orders and instructions regarding the coordination and management of structural instruments 2007-2013, European Structural and Investment Funds 2014-2020, pre-accession instruments PHARE and ISPA, provisional financial instrument Transition Facility, the Financial Mechanism of the European Economic Area for the periods 2004-2009 and 2009-2014, the Swiss-Romanian cooperation Program, the Norwegian Cooperation Program for Economic Growth and Sustainable Development 2004-2009, the Norwegian Financial Mechanism for 2009-2014 and the financial mechanisms EEA and Norwegian 2014-2019, in order to implement them correctly and efficiently. [17]

In the actual funding period, this coordination should be strengthened and particular attention should be given to ensure the consistency in management procedures implemented by management authorities and guidance to beneficiaries [18].
Also, consultation and dialogue with the competent Commission services should be intensified, within or complementary to the annual review meeting. The possibility of further rationalization or even formalization of the coordination committees at the level of partnership agreement can be properly considered.

A statement of the Ministry of European Funds [19] affirmed: “Coordination will take into account on the one hand, the lessons learned in 2007-2013, and will follow the implementation efficiency and reduction of administrative burdens, and on the other hand, the thematic concentration of funds will ensure a significant impact of investments, respectively the continuation of sustainable interventions from the current programming period”.

The Partnership Agreement for 2014-2020 details the institutional framework - the Management Authorities and the Intermediary Bodies, presents the principles of effective implementation of the funds in accordance with the stipulations of the European Union’s legislative package. According to the document, the implementation of the European Structural and Investment Funds 2014-2020 will be done in a much more coordinated system, establishing responsibilities of management authority only at the level of three ministries:

- The Ministry of European Funds, for the management of four Operational Programs: Large Infrastructure (transport, environment and energy); Competitiveness (Research - Development, Digital Agenda); Human Capital and Technical Assistance;
- The Ministry of Regional Development and Public Administration, for the management of regional development programs, the programs for the European territorial cooperation and the program Administrative Capacity;
- The Ministry of Agriculture and Rural Development, for the management of programs dedicated to agriculture, rural development and fishing and aquaculture.

Although structural funds are related to the European Union budget, the way they are spent is based on a division of responsibilities between the Commission and governments of the member states. Thus, the Commission negotiates and approves the development programs proposed by the member states and allocates credits; the states and their regions manage the programs, ensuring their application, and select the
projects they control and evaluate; the Commission participates in program monitoring, commits to and pays for the certified expenses and checks the control systems in place.

For each operational program, the member state designates:

- a management authority (public authority or national, regional or local body of public or private law to manage the operational program);
- a certification authority (authority or national, regional or local public body to certify the situation with the expenses and applications for payment before they are sent to the Commission);
- an audit authority (authority or national, regional or local public body level designated for each operational program and responsible for verifying the effective functioning of the management and control system).

The objectives of the cohesion policy will be achieved through 8 operational programs (OP), with less than 1 program compared to the period 2007-2013. The funding of operational programs will be carried out as follows:

- from the FC: Operational Program Large Infrastructure;
- from the ERDF: Competitiveness Operational Program; Regional Operational Program (POR); Operational Program Technical Assistance (POAT);
- from the ESF: Administrative Capacity Operational Program Directors (POCA); Operational Program Human Capital (POCU);
- from EAFRD: National Rural Development Program (PNDR);
- from EMFF: Operational Program for Fisheries and Maritime Affairs (POP).

4. The Partnership, a Key Principle in the Management of European Funds

The European Commission has adopted a common set of standards to improve consultation, participation and dialogue with partners such as regional, local, urban and other types of public authorities, trade unions, employers, nongovernmental organizations and bodies responsible for promoting social inclusion, gender equality and nondiscrimination, in the stages of planning, implementation, monitoring and evaluation of projects financed by the European structural and investment funds. These aspects are presented in a Commission press release of January 7th 2014.[20]

This common set of standards can be found explained in the European Code of Conduct regarding the Partnership Principle. According to this, the member states are
required to strengthen cooperation between national authorities responsible for the spending of EU structural and investment funds and project partners, in order to facilitate the exchange of information, experience, results and good practices in the programming period 2014-2020, thereby ensuring that these funds are effectively spent. The Code of Conduct, which took the form of a Commission regulation binding legally, sets objectives and criteria to ensure that member states implement the principle of partnership. The regulation also establishes the principles that the member states must apply, allowing them greater flexibility in organizing accurate practical details to involve relevant partners in the different stages of programming.

The partnership is one of the key principles for the management of EU funds and involves close cooperation between public authorities at national, regional and local level in the member states with the private sector and other stakeholders [21]. Although this principle is part of the cohesion policy, so far, based on comments submitted by the states, it was revealed that its application varies greatly from one member state to another, being mostly influenced by the institutional culture and policy of each state, which is more or less favorable to consultation, participation and dialogue with relevant stakeholders. It has different forms at the level of the member states: the public-public or the public-private partnership. In doctrine was shown [22] that the public-private partnership is viewed by the European Commission as one of the recovery tools for the economic growth and the labor market, and also as an instrument of state reform.

It can be stated, therefore, that Regulation no. 1303/2013 of the European Parliament and of the Council has established The European Code of Conduct on Partnership for partnership agreements and programs supported by the European Structural and Investment Funds (ESIF). However, in many cases, the partnership existed only formally. In the 2007-2013 programming period, the partnership was not actively promoted, even if parallel stakeholder participation has become one of the cornerstones for the implementation of the Lisbon Strategy. In a guide developed by the Community of Practice on Partnership in the European Structural Funds, 2011 [23] it is mentioned that the partnership must be viewed in a close relation with the approach based on the multilevel governance and the principles of subsidiarity and proportionality. Multilevel governance is, according to The Committee of the Regions
a coordinated action of the European Union, of the member states and of the regional and local authorities, based on partnership, aiming at the development and implementation of EU policies.

For the partnership contract and, respectively, each program, a member state enters a partnership with the following partners:

a) regional, local, urban authorities and other competent public authorities;
b) economic and social partners;
c) bodies that represent the civil society, including partners in the field of environmental protection, nongovernmental organizations and bodies responsible for promoting equality and nondiscrimination.

However, in practice, it was found that the implementation of the partnership principle by the member states is carried out in different ways, due to the institutional provisions and traditions of the involved parties. The ability of the partners involved in the process can also influence the effectiveness of the partnership [25].

A Press Release of the European Commission [26] shows that by its provisions, The European Code of Conduct on the Partnership Principle requires “its member states to strengthen cooperation between national authorities responsible for the spending of EU structural and investment funds and project partners in order to facilitate the exchange of information, experience, results and good practices in the programming period 2014-2020”, thereby ensuring that these funds are effectively spent.

5. Conclusions

Intermediary assessments carried out in our country for the programming period 2007-2013 have revealed many difficulties in the implementation mechanisms. This determined the Government to adopt new support measures designed to ensure better financial management of European funds by the beneficiaries and the authorities competent in the management of European funds [27]. It is worth noting, in this regard, the Government Emergency Ordinance no. 9 of February 26th 2014 for the approval of measures to streamline the management system of structural instruments.

Another aspect concerns the level of financial corrections that can be applied to beneficiaries who do not strictly comply with the European principles and the applicable law in force, fact which represents a more flexible level; penalizing the beneficiaries is
done according to the gravity of their misconduct. These regulations are intended to improve and restructure the mechanism for prevention and management of irregularities, given the experience in the use of pre-accession funds and those allocated to the member states for the 2007-2013 programming period.

Another target represents the strengthening of the monitoring system for tasks delegated to other entities, thus ensuring that their activities are carried out according to the community requirements governing different categories of funds.

In Europe, for 2014-2020, the legislation proposed for the ESI funds offered additional flexibility which was necessary to create programs in each member state - operational programs that best meet the national institutional structure. The balance between funding, the number of programs and the best architecture was developed in partnership with stakeholders in the member states and in negotiations with the Commission. As for the priorities that target the growth aspirations reflected in the overall objective of the Partnership Agreements, it was found that they are consistent with those contained in the position paper of the European Commission [28], stating that funding priorities are complementary and reinforce each other, and depending on the specific situation of each member state, a more precise selection being performed, in accordance with the national authorities [29].

Although funding priorities are not presented hierarchically, they do reflect the importance of funding needs and the potential contribution to economic growth and employment. Moreover, the actual programming architecture 2014-2020 integrates sufficient flexibility to respond to new challenges and unexpected events, which allows reprogramming for good reasons.

References:


[27] See Government Decision no. 519 of June 26th 2014 on the establishment of rates aferent to the percentage reductions/financial corrections applicable for the deviations listed in Annex to the Government Emergency Ordinance no. 66/2011 regarding the prevention, finding and punishing of
irregularities arising when obtaining and using European funds and/or national public funds afferent to these, published in the Official Gazette Issue 481 of June 28th 2014 and GEO 47/2014 for the modification and addition of GEO 66/2011 on the prevention, finding and punishing of irregularities appeared in obtaining and using European funds and/or the national public funds afferent to these, published in the Official Gazette, Part I Issue 480 of June 28th 2014.


[29] Thematic objectives of the proposed regulations and their relation to areas of funding are included in Annex I to the position document of the European Commission.