



Munich Personal RePEc Archive

The structural funds management in third-Central and Eastern European

Duduiala-Popescu, Lorena

University of Constantin Brancusi Targu Jiu, Romania

10 January 2009

Online at <https://mpra.ub.uni-muenchen.de/12882/>

MPRA Paper No. 12882, posted 21 Jan 2009 07:37 UTC

The structural funds management in third-Central and Eastern European

***Abstract:** Based on reviewing the literature in the field, the article shows the importance accorded to issues of structural funds absorption. The subject is central to assessing how the administrative capacity to absorb EU candidate countries in terms of structural funds. It will describe the methodology on absorption capacity of the countries of central and eastern Europe. This article provides preliminary expressions of capacity to absorb in a given Member State and bring additional information on the capacity of all states in the programming period 2006-2013. Thus, the work is an ex-ante evaluation of administrative capacity to absorb very useful for the next programming period.*

There are views held by the European Commission that the structural funds should hurry the process of convergence among countries and regions more or less developed in the European Union.

This article will demonstrate that economic research in the field of structural funds are insufficient. Attention will head the administrative capacity to absorb, with emphasis on new Member States, in terms of processes needed to improve administrative preparations. It will draw some conclusions about the possibilities of implementation of structural funds in less-developed countries studied during 2006-2013.

It must be emphasized that countries were subjected to continuous pressure for the adoption of rules and practices in a very short time. Rules and practices used for the structural funds have been developed since the end of 1980, enabling the old Member States to adopt these rules in a period of 10 years. Currently, there is the management systems almost optimal, although different, used to manage structural funds and cohesion in each Member State.

1. Aspects of theoretical capacity of

Under EU rules, Member States must meet certain requirements before taking part in the cohesion policy and structural. Thus, each government ministry is to decide who will play the main role in the management of structural funds and cohesion, who will be responsible for implementation of programs, implementation and financial control, provision of financing the national budget, etc..

2. Bibliographical aspects of the phenomenon of absorption

A look at literature in the field indicates the absence of a conceptual framework for assessing capacity to absorb. Moreover, the subject of how to manage structural funds is rarely achieved in the academic literature.

What explanation could be that low interest from the European Commission, and academics? Of course, one can speculate that one reason could be that the absorption of structural funds is a relatively new field.

Must be taken into account that only from the end of 1980 structural funds have started to head shape. Since the bid materializes in time it is too early to assess the impact of structural funds in the long term.

After reform since 1988, the first programming period began in 1989 and lasted until

1993, the period 2006-2013 is the third time programming.

3. Factors of institutional capacity to absorb EU Structural Funds

Absorption capacity depends, first, the institutional factors, both at EU and national level. Other important factors are: the transparency of the allocation of structural funds and consistency in the use of funds. Also, administrative factors be considered: problems of administration overbusy, lack of communication vertically and horizontally, leading to reduced organizational skills.

Institutional factors at the national level are related to the economy, the wage system, administrative capacity, organization and political system and economic policies.

Absorption capacity is determined by three main factors:

- A. macroeconomic absorption capacity. This can be defined and measured in relation to gross domestic product (GDP). At the summit in Berlin was established that the annual benefit that a member of the Structural Funds, with assistance from the Cohesion Fund, should not exceed 4% of GDP State.
- B. The administrative capacity to absorb. This refers to the ability of central and local authorities to prepare plans, projects and programs in a timely manner, to select the best of them, to organize an efficient partnership, to meet the administrative burden and reporting, as well and to fund and oversee the implementation process by avoiding any irregularities.
- C. financial absorption capacity. This capability is central and local authorities to co-finance programs and projects supported by the EU to plan and ensure such contributions multi internal budgets and to collect from the various partners involved in a project or program. Financial capacity of absorption can be evaluated only ex post.

4. Administrative capacity to absorb new Member States

Concerns about the ability to absorb the structural funds in new member states came when they discovered the existence of differences over the use of pre-accession instruments, in particular the Phare funds.

Three variables must be considered in connection with the administration of structural funds:

- a. performance, namely the extent to which structural funds were managed effectively and efficiently. The performance can be evaluated only ex post, at the end of the program.
- b. Operation of the extent to which structural funds are managed effectively and efficiently. This phase can not be assessed for a candidate.
- c. Design (design), at this stage to create the conditions for effective and efficient management of structural funds. Capacity planning must be evaluated by reporting requirements arising from the rules on structural funds.

The above considerations demonstrate the importance of a suitable design (structure, human resources, systems and tools) as variable input in the management of structural funds, in accordance with the requirements.

Correlation between design requirements and determine the current operating system and offer administrative capacity, while the skills of current potential beneficiaries of projects is to create capacity for absorption of the demand.

Structure, human resources, systems and tools are complementary elements measurement of the absorption capacity.

Structure refers to the clear division of responsibilities and tasks institutions, tasks that are related to: (1) management, (2) programming (3) implementation, (4) evaluation and monitoring, (5) financial management and control.

People have the ability to detail the duties and responsibilities to the charter of the station, to estimate the number and qualifications of staff and make the recruitment. One of the factors of success in managing the funds is to ensure timely and retain qualified personnel, experienced and motivated.

Systems and tools have the existence of methods, instruction manuals, systems, procedures etc.. These elements enable organizations to transform the tacit knowledge and implicit (existing staff qualifications) in which explicit knowledge can be shared inside and outside the organization.

5. Comparative analysis: The administrative capacity of the five candidate and Romania

The main conclusions of the European Commission report on the five candidates are:

- Institutional arrangements for implementing the system have not been completed and a concern for the Commission is the role of intermediate bodies and the lack of written agreements between the various bodies of management and implementation;
- Recruitment of additional personnel was delayed, and in those states where the bodies were designed, there is a lack of personal tasks for the future;
- Should be paid more attention to the administrative capacity in regional and local administrations, they meet difficulties in attracting qualified and motivated staff;
- In general, many things remain to be done.

In "The monitoring of Romania issued on 25 October 2008, the European Commission outlined the administrative capacity of our country on regional policy and coordination of structural instruments, formulating the following conclusions:

- Measures are needed to strengthen administrative capacity in all ministries and other bodies in the interim;
- The number of staff and the pace of employment must be increased to recover the delays;
- Cooperation between central and local levels should be substantially strengthened;
- Mechanisms for funding, especially at local level should be clarified and established;
- In the programming, the principle of partnership should be implemented in real;
- Financial management and control is still characterized by structural

weaknesses and requires considerable strengthening of its order to avoid irregularities.

The results suggest that in all analyzed were deficient areas of human resources and the systems and instruments. Of the six countries, Estonia and Hungary have each received a grade A. Those two countries have sufficient capacity to manage structural funds, but presents some weaknesses. Czech Republic and Slovenia have achieved results, the Czech Republic is more powerful in terms of management. With four qualifiers D B and one from the administration that Slovakia is not ready for management and implementation Structural Funds.

Also, the results of Romania indicates that our country is in an early stage of building its capacity to absorb. In nine primary indicators, Romania has obtained a grade A and the institutional structure of the management, where points are awarded that were set them. In other primary indicators 8, absorption capacity is not sufficient (grade C in six cases) or even no basis for managing the Structural Funds (grade D, in two cases). It notes that Romania is one of the places sloven, though not the last. You, however, noted that in four cases (programming, implementation, structure and human resources), grades obtained at the lower limit of the category, and must be taken into account that evaluation involves a degree of subjectivity. Grade obtained in stage management is limited to upper class. At the same time, it notes that in all countries, normally can, the situation is the worst record in the process of implementation and in terms of building systems and tools

Hungary had in the first year, a percentage of funds catastrophic contracted by 6%, but has now reached the second place, ahead and Poland and the Czech Republic. Best after a year and a half with Slovenia was 36% and the worst, with 23%, Slovakia. Romania has a chance and even the obligation to learn from mistakes and good things made by other Member States to integrate before.

6. Conclusions and recommendations

Most countries that joined the EU in May 2006 have been highly successful in contracting funds. Indeed, countries such as Slovenia have contracted over the EU's commitments to ensure full funding for the implementation of the project fails. However, in most countries, the absorption of structural funds has grown rather slowly over time because it took some time to create the administrative capacity needed to verify projects, effective implementation, financing and insurance settlement funds following the proper documentation. For example, the Czech Republic and Poland had a very modest initial development, so that in 2006 applications for interim payments were less than 5% of commitments for the period 2007-2008. Slovenia, Estonia and Hungary are doing well, but Slovenia has taken a year after accession until it started to attract structural funds. The organizational structure and procedures for these funds were too complicated to be effective. After changing the system in early 2005, Slovenia became the best country performance of countries in terms of attracting EU funds.

Administrative capacity to absorb EU funds after Romania is not yet adequate, and there are many serious weaknesses that must be resolved. Comparisons made with the assessments of capacity to absorb from other states at similar moments of time, a fire alarm signal further, taking into account the place occupied by Romania backward.

There is a feeling of a lack of authority and coordination of the preparation for managing funds. Real stake today is: to be able to absorb as much of the funds which have been or will be allocated. Because to spend as much (and obviously the most effective) of money to another, in principle, do not push anybody in the back. In addition, few times, political management of the institutions involved appears to be quite a bit involved and interested in this issue, which - to recognize - requires not only a language but also specific knowledge.

Would be required recentralization process of building an administrative capacity to absorb properly. Create a working group, with real powers (authority to obtain information, and decision authority), to the government to follow (to accelerate) all aspects of enhancing capacity to absorb would be a good idea.

Regarding the institutional structure, it may be a need for better connectivity of the whole management system of structural funds to the upper levels of the government decision. Regular communication and debate at ministerial level, to issues of operational management structure of the structural funds would be desirable in order to give priority in this process properly.

Overall, less than 40% of staff are experienced in working with community funds. It is especially experienced in the sense of being received technical assistance and monitoring programs be financed from European funds. It is less about the achievement of economic and social analysis, formulation of strategies and quantified targets for development. At the PM's share of personnel with experience ranging between 20% and 40%. At the IB's case most often is that of a number of 1-2 persons with experience in carrying out surveys, development strategies and quantified targets.

Specific programs are needed to train personnel, focusing on aspects of the structural funds to all institutions involved, but especially at IB - sites. Most of them received more courses of general or even wrong with the tasks which they will have.

In the context created by the novelty and complexity of issues related to the use of structural funds and cohesion, and lack of experience in this field received the impact of technical assistance can be decisive. AM Most sites (70%) and most of IB sites have benefited and still benefit from such assistance, which indicates some exposure to the experiences of staff and EU requirements.

Many Technical assistance programs are ongoing programs are institutional twinning (twinning). First, in many cases involving real institutions of the Community is more formal. Secondly, the technical assistance was developed, usually by the foreign, only in rare cases received prior knowledge of specific environmental Romanian. Thirdly, little or no training content is

determined and qualified foreign experts who can be mobilized to come to Romania to data points. In short, efficiency programs twinning is not anticipated, and that the fault of both parties, who have serious problems of communication and involvement.

An analysis of efficiency programs twinning seems to be necessary. It requires a massive involvement of these programs in building capacity of institutions in Romania. In other words, if you still benefit from technical assistance, must use the what we need.

Motivation of human resources remains a priority, to avoid the departures of staff when it reaches the survey evaluated more beneficial in terms of salary in the private sector. Nonwages elements that can contribute to the maintenance of public officials, such as the career prospects of stability, prestige or exposure in Europe.

Regarding the organization of the partnership, it was found that only part of AM sites now use expanded partnership structure, the other being in a relatively advanced stage of preparation of these structures. The quality of the construction AM structures partnership's most select their partners from among the institutions and representative organizations in the fields of activity covered by the plan or program operational.

The activity must take place within a framework open to both the institution and using a framework partenerial expanded. In the first case, referring to relations of cooperation with other departments of the institution and in the second, using an expanded framework partenerial is a prerequisite for the activity programming is also one of the requirements for programming Structural and Cohesion Funds.

Coherence, coordination and lack of overlapping operational programs focus on issues truly important issues are particularly important.

All this can not be achieved in the office or by a coordinator, through a top-down. They may only through a bottom up, based on real partnerships.

A major challenge is the period following internalization capacity assessment and monitoring, to reduce dependence on foreign technical assistance, very expensive, and not allow too much accumulation of institutional memory. A first step is the training, especially that of "work" and not the theoretical, and she needed anything. A second step is to gradually by outsourcing research institutions - assessment - local monitoring. This step should not be seen as a reduction in quality, but thought to be a natural progression for capacity independent monitoring and evaluation, located in the private sector or the NGO of NGOs.

Regarding the use of tools, manuals and work procedures, it is notable that only a small part of the AM-ROMs have a series of working procedures, most other AM sites being only during the drafting of them. Lack of working procedures and detailed methodologies absence in connection with the fragile structure of some of the institutions involved, can be an important threat to the absorption process.

Concluding, the following aspects should be highlighted:

can consume more funds, and this does not have notable results, as few can spend money with you;

absorption of EU funds must be accompanied by an economic policy based on a coherent, long-term;

is preferable that the money Europeans are mainly invested in the public sector, because then the recipient is all public investment.

Bibliography :

1. Baur, M. W. – “A Creeping Transformation? The European Commission and the Management of Structural Funds in Germany”, *Library of Public Policy and Public Administration*, Kluwer, 2006
2. Bojimans, P., “Building Institutional Capacity: From ISPA to Cohesion and Structural Funds”; *Annual Meeting of ISPA Partners*, Brussels 9-10 April, 2007
3. Horvat, A., “Absorption Problems in the European Union’s Structural Funds Focussing on Administrative Absorption Capacities in the Candidate Countries”, Vienna University of Economics and Business Administration, *Ph. D. thesis*, December, 2006
4. Institutul European din România, „Cerințe specifice ale gestionării instrumentelor structurale și implicațiile pentru România”, *Studii de impact II*, București, 2007
5. Institutul European din România, „Analiza capacității de absorbție a fondurilor comunitare în România”, *Studii de impact III*, Studiul nr. 1, 2008