

SIX YEARS IN MANAGING STRUCTURAL FUNDS IN ROMANIA. LESSONS LEARNED

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Abstract

The absorption of structural and cohesion funds is one of Romania's top priorities. Nevertheless, with a very weak absorption rate (11.47% as of December 31st 2012, according to official data), the overall situation is particularly alarming, considering the slow pace of effective project implementation and expenditure recovery from the European Commission. This text proceeds to provide an analysis of the realities of managing structural funds in Romania, focusing on the causes and factors that lead to weak absorption and on the experience of the main actors and institutions involved in this process.

Our interests are, in particular, connected to the following: (1) to identify and analyze the most important aspects of structural funds management in Romania after six years of accessing and implementing projects; (2) to evaluate the capacity of the institutions involved in the structural funds management system with a focus on the level of turnover of institutions involved in the process; and (3) to identify and present added-value experiences and lessons learned from both institutions and beneficiaries (public authorities) involved in this process.

Keywords: structural and cohesion funds, operational programmes, public authorities, project management, absorption rate.

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1. Introduction

In order to counterbalance the negative impact of economic disparities, the European Union has implemented what is currently known as the Cohesion Policy. The Cohesion Policy is based upon the assumption that financial transfers can and will foster economic development, leading to economic and social convergence. The specific tool chosen to foster convergence is the transfer of significant funds to national and sub-national levels, namely the structural and cohesion funds. Thus, the aim of the structural and cohesion funds is to increase economic and social cohesion among EU member states by diminishing the income per capita gap between the most and least developed EU Member States.

However, experience has shown that a large proportion of these funds cannot be effectively and productively absorbed by the formerly centralized economies in transition, such as Romania, due to a whole series of structural, institutional and administrative problems (Kalman, 2002, p. 31).

The following sections will provide an analysis of the range of causes and factors which determine the low absorption rate, focusing on the management of structural funds within the operational programmes which have public institutions as eligible beneficiaries.

2. Methodology

The analysis presented in this article is based on information provided by official databases¹ of the European Commission, national programming documents² and on the opinions of distinguished scholars in the field of structural funds management and regional development. Additionally, our conclusions are based on the results provided by five surveys posted on the www.fonduri-structurale.ro informational portal. www.fonduri-structurale.ro is Romania's first information source for European financing opportunities (according to official statistics), with more than 75.000 registered users and 35.000 newsletter subscribers. The daily average number of visitors of www.fonduri-structurale.ro is about 4500 unique visitors.

2.1. Survey I: Main causes leading to poor management of structural instruments

The registered users of www.fonduri-structurale.ro were invited in 2008 to select what was, in their opinion, the 'main problem of the European funds management in Romania'. They were given eight alternatives: excessive bureaucracy, lack of co-finance, lack of transparency in project assessment and selection, lack of expertise in project

1 Such as: Cohesion Policy 2007-2013: Indicative Financial Allocations (European Commission, 2007) and the Absorption rate of each operational programme (Ministry for European Affairs, 2012).

2 Such as: National Strategic Reference Framework 2007-2013 (Ministry of European Affairs, 2007) and the Action Plan to strengthen Romania's absorption capacity of the structural and cohesion funds (Romanian Government, 2011).

writing, lack of information regarding financing opportunities, extensive acquisition procedures, dysfunctions in project implementation and the centralized management of funds (at the level of ministries). A number of 3310 respondents expressed their opinions. The structure of the www.fonduri-structurale.ro subscribers at the time given was 63% representatives of the business environment, 18% representatives of the NGO/Education/Research sector, 11% representatives of the management/consultancy sector, and 8% representatives of the public sector.

2.2. Survey II: Means of improving the expertise of public servants in the writing and implementation of EU-funded projects

12% of the people that participated in the previous survey indicated the lack of expertise in project writing as the main cause leading to poor management of structural instruments. Thus, in the same year as the previous survey (2008), we proposed to find out what was, in the opinion of www.fonduri-structurale.ro readers, the best way to improve this situation. 4293 users chose between professional development courses in project management, diminishing the level of involvement of political factors and the encouragement of the abundance of public servants who work with European funds, including the salaries of the public servants that deal with European funding on the list of eligible costs in EU-funded projects, a salary increment of 75% for public servants working with EU funds and organizing exchanges in other Member States to learn from the experience of other public authorities.

2.3. Survey III: 'SOS Reimbursement'

Between March 8th and April 4th 2011, 43 representatives of different organizations answered to a questionnaire launched by www.fonduri-structurale.ro intended to collect relevant and up to date information concerning the length of the reimbursement of costs process in Romania. The survey was part of a larger campaign that evaluated the reimbursement of European funds mechanism in our country. The structure of the respondents was as follows: 16 (37.2%) from the NGO sector, 14 (32.6%) from the academic environment, 11 (25.6%) from the business environment, and 2 respondents (4.7%) from the public sector. All respondents were representatives of organizations that developed projects with EU funding (especially within the Sectorial Operational Programme Human Resources Development (SOP HRD)). They provided information on specific time spans between the dates of the submission of reimbursement claims and the actual compensation, along with relevant comments about the process.

2.4. Survey IV: Outsourcing intermediate bodies' activities

In December 2011, following a public statement of Leonard Orban, the minister for European Affairs, putting forward the possibility of outsourcing (in the next financial period) the activities performed by the current Intermediate bodies to 'entities from the private sector, including NGOs', www.fonduri-structurale.ro asked in a poll whether the website's users agree with this idea. We based our results on 2470 valid answers.

2.5. Survey V: Public Authorities

In April 2012, www.fonduri-structurale.ro asked its registered users to identify the problems faced by public authorities in the management and implementation of EU funded projects. 68 representatives of various organizations (28 public authorities, 16 NGOs, 18 private bodies, 6 N/A) answered, by choosing the most important problem in four sensitive areas: administrative capacity, relationship with the financing body, public procurement procedures and other factors. Concerning administrative capacity, the respondents were asked to select what was the main challenge encountered by the authorities dealing with European funds: the fluctuation and migration of personnel; the insufficient/poorly specialized personnel or the 'demotivation' of such employees.

Concerning the relationship with the financing body, the survey participants were invited to choose the main impediment to an ideal relationship: conflicting information, insufficient information regarding funding opportunities, cumbersome and difficult communication, subjective and uneven rule application. Regarding the public procurement procedures, the choices of problems presented to the respondents were: recurring rejections by the National Authority for Public Procurement Regulation and Monitoring (NAPPRM) of tender documentation, the mandatory prior verification by NAPPRM and disadvantageous conditions for the Contracting Authorities. Besides these problem areas, the respondents were asked to choose from other factors that have a negative impact on the management of European funds: economical/political 'influences' over the projects, the unwillingness of new elected politicians to continue particular projects, vanity and a poor management of project partners. The respondents were encouraged to comment on each of their choices.

2.6. Limitations

Our study provides a comprehensive analysis of the opinions of www.fonduri-structurale.ro subscribers. Nevertheless, being based on online surveys, our research also presents some natural limitations/challenges.

First of all, the surveys were conducted exclusively on one website and, even though www.fonduri-structurale.ro is considered from the perspective of statistics the first European financing information source in Romania, it can only address a limited sample of the structural funds beneficiaries. Also, given the technical features of the website, we do not have exact data of the structure of the respondents (in terms of demographics: gender, organization, localization etc.) for surveys number I, II and IV of the above. The structure of the respondents of these surveys in the analysis is only an estimate based on the general structure of the website subscribers at the respective dates.

Additionally, all the surveys that helped us in our analysis (with the exception of survey III) are perception based surveys, with their inherent confines. Therefore, we must admit that the opinions of the respondents could have been influenced by media coverage of a respective issue or personal views that do not always have an objective foundation.

3. Structural funds management in Romania.

Where do we stand six years after EU accession?

The Cohesion Policy offered Romania the opportunity to attract almost 20 billion Euros in the 2007-2013 period, from which 455 million Euros are allocated through the European Territorial Cooperation Policy. Thus, according to the European Commission, Romania currently has the eighth highest Cohesion Policy allocation, being surpassed only by Poland (67.3 billion Euros), Spain (35.2 billion Euros), Italy (28.8 billion Euros), the Czech Republic (26.7 billion Euros), Germany (26.3 billion Euros), Hungary (25.3 billion Euros) and Greece (20.4 billion Euros) (European Commission, 2007, p.1).

However, Figure 1 shows that the absorption rate in Romania is by far the lowest in the European Union, as internal payments to Romanian beneficiaries (16.51% of the allocation as of December 2011) are less than half of the average internal payments made at EU level (33.4% of the EU allocation) and approximately one-third of the internal payments made by Ireland, the EU Member State with the highest absorption rate (48.3%) (European Commission, 2012).

Taking into consideration the sums reimbursed by the European Commission for the projects being currently implemented, the absorption rate is even lower, standing at 9.72% as of October 31, 2012 and 11.47% as of December 2012 (Ministry of European Affairs, 2012a; 2012b). Thus, the weak absorption of structural funds in Romania is, indeed, a highly serious and complex issue, being determined by a great variety of factors.

At national level, the funds allocated through the Cohesion Policy are distributed among seven operational programmes. Three of these programmes are financed through the European Regional Development Fund - (1) the Regional Operational Programme, (2) the Increase of Economic Competitiveness Programme, and (3) the Technical Assistance Programme - while another two programmes are funded through the European Social Fund, namely (4) the Human Resource Development Programme and (5) the Administrative Capacity Development Programme.

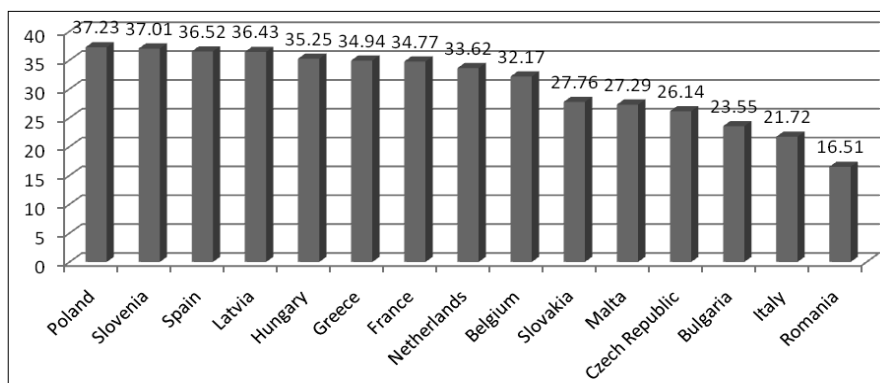


Figure 1: Structural funds absorption rate in EU 27

(Computed as % of internal payments in overall allocation as of December 31, 2011)

Source: European Commission (2012)

The remaining two programmes – (6) the Environment Programme and (7) the Transport Programme - are financed from both the European Regional Development Fund and the Cohesion Fund (Ministry of European Affairs, 2007, p. 6).

The total allocation is illustrated in Table 1, while Figure 2 shows the absorption rate for each operational programme, computed as both percentages of internal payments, as well as percentage of intermediate payments in the overall allocation.

Table 1: The distribution of the overall allocation to operational programmes, 2007-2013

Operational programme	Overall allocation
OP Transport	24%
OP Environment	24%
OP Regional Development	19%
OP Human Resource Development	18%
OP Competitiveness and Economic Growth	13%
OP Administrative Capacity Development	1%
OP Technical Assistance	1%

Source: Ministry of European Affairs, 2007

The programmes benefiting from the highest funding are the Transport and Environment operational programmes, each with approximately 23.5% of the total allocation (Ministry of European Affairs, 2007, p. 7).

However, the Transport Operational Programme has the lowest absorption rate, as only 6.46% of the allocation has been reimbursed by the European Commission after six years of structural funds management (Ministry of European Affairs; 2012b).

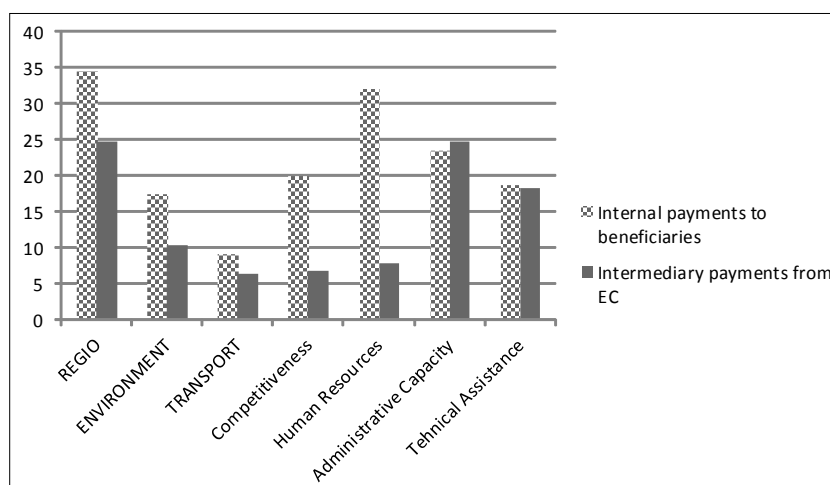


Figure 2: Absorption rate of each operational programme (in %), 2007-2013

Source: Ministry of European Affairs (2012b)

The Regional Programme has a relatively high allocation (19.4%) and the highest absorption rate of the seven operational programmes - 24.7%, as of December 31, 2012. The Increase of Economic Competitiveness Programme (13% of the total allocation) and the Human Resource Development Programme (18% of the total allocation)

have an absorption rate of 6.7-7.7%, while the Administrative Capacity Development Programme and the Technical Assistance Programme have a much lower allocation (approximately 1% each), but a higher absorption rate (24.63 - 18.23%) in comparison to the other operational programmes.

Overall, the low absorption of structural funds is an issue which should be addressed at every level of the social and economic environment, to identify the root causes as well as the most sustainable means of diminishing their impact.

A survey was performed in 2008 and posted on www.fonduri-structurale.ro portal with the aim of collecting information regarding the main causes leading to the poor management of structural funds. 3310 respondents took part in the survey: 63% of the respondents were representatives of the business environment, 18% of the NGO/ Education/Research sector, 11% of the management/consultancy sector, and 8% of the public sector.

Almost one third (29.1%) of the respondents stated that excessive bureaucracy (the large number of documents necessary for the completion of the application) is the main cause behind the poor management of structural funds in Romania. Another 15.16% of respondents claimed that the lack of transparency in the assessment and selection of projects is a major cause of low absorption, while 12.18% considered that beneficiaries do not have the necessary expertise for writing feasible projects. Moreover, 11.76% of the respondents stated that there is a lack of information regarding the opportunities of attracting and implementing structural funds, as showed in Table 2.

Table 2: Causes leading to the poor management of structural funds, as identified by survey respondents

Main causes	% of respondents
Excessive bureaucracy	29.91
Lack of co-finance	15.10
Lack of transparency in project assessment and selection	15.16
Lack of expertise in project writing	12.18
Lack of information regarding financial opportunities	11.76
Extensive acquisition procedures	6.65
The centralized management of funds (at the level of ministries)	3.61
Dysfunctions in project implementation	5.63

However, the lack of transparency, information and expertise can be translated in one single determinant - low institutional capacity. Public administration authorities, as managers and beneficiaries of structural funds, do not have the necessary capacity for ensuring an efficient assessment and selection of projects, relevant information regarding funding opportunities and the writing of projects capable of facilitating economic and social development.

4. Institutional capacity, a determinant of structural funds absorption

The overall absorption of structural funds is a process which depends on three main factors: (1) the programming architecture established and agreed upon by management authorities in each Member State (the number of priorities, their content,

the management authorities, intermediate bodies and final beneficiaries); (2) the level of commitment (funds allocated to projects by the management authorities); and (3) payments to beneficiaries in various stages of implementation (Zaman, 2009, p. 142; Zaman and Cristea, 2011).

It is apparent, however, that the institutional capacity of public administration authorities is vital to the successful implementation and absorption of structural and cohesion funds. On one hand, public institutions are entities responsible with the management of Romania's Cohesion Policy allocation, the institutional capacity thus being a determinant of the effectiveness with which the funds are distributed and used. On the other hand, public institutions may also be beneficiaries of projects financed through structural and cohesion funds, the quality of the public administration strongly influencing the absorption rate (Băleanu, 2008, p. 12).

The public administration thus has a bivalent role - public institutions being both managers as well as beneficiaries of community funding. Building the administration's capacity of attracting and implementing structural and cohesion funds is, therefore, central to ensuring an adequate absorption of EU financing (Transparency International, 2009, p. 5).

In Romania, public administration authorities are eligible for EU funding for all seven operational programmes - with the exception of local authorities, which are not eligible to apply for financing through the Technical Assistance and Transport Operational Programmes. However, public authorities must ensure the technical and financial capacity necessary for the projects' implementation, including the financial resources necessary for co-financing.

The limited absorption capacity does not depend only on the availability of financial resources. Numerous authorities encounter difficulties due to lack of experience and qualification, which are added to those arising from bureaucratic procedures. In some cases, these difficulties lead to delays in the selection and assessment of projects, but also on the payment of refunds, thus having a tremendous impact on the implementation of projects financed from European funds, the applicants and the partner organizations, and implicitly on the absorption of EU funds in Romania.

Therefore, the causes of the low absorption rate are deeply connected with the limited capacity of the institutions responsible with the implementation of the structural funds in Romania (Jaliu, 2011, p. 18).

5. The management of structural funds in Romania. Reimbursement procedures

The beneficiaries will implement the projects according to the financing contract, maintaining the projects' eligibility and continuously meeting the selection criteria taken into consideration in the evaluation stage. The periodical submission of progress reports comprising intermediate implementation results is compulsory, being performed according to the provisions from the Financing Contract (Bonfa and Marinescu, 2006, p. 31).

In most cases, the beneficiary covers all the expenditures in the implementation stage, the financing being later refunded by the competent authority. Based on relevant

support documents, such as invoices and receipts, beneficiaries will submit payment applications to the intermediate body, which must be analyzed and assessed in maximum 45 days after submission. After performing a technical and financial assessment of the application, the documents are forwarded to the management authorities for approval and authorization. Depending on the value and implementation period of each project, all expenditures are refunded in two or three lumps. The funds are reimbursed by the Payment Authority. The last reimbursement is made only after the completed project is assessed.

In the case of all operational problems, beneficiaries confront themselves with serious delays in the reimbursement of funds. In March 2011, the www.fonduri-structurale.ro team launched a survey entitled 'SOS Reimbursement', aimed at collecting relevant information regarding the duration of the refunding process in the case of beneficiaries who already submitted payment requests for EU-funded projects. 43 users responded to the call: 16 (37.2%) from the NGO sector, 14 (32.6%) from the academic environment, 11 (25.6%) from the business environment, and 2 respondents (4.7%) from the public sector.

The major issue emphasized by the respondents was the delay in the refund of sums by the management authority. Although management authorities should perform the reimbursement in maximum 45 days from the registration of the payment request, in some cases, the sums were refunded in more than 300 days after the submission of all the requested documents. For the beneficiaries of the Human Resource Development Programme, the average reimbursement period is of approximately 120 days, according to the results of the survey.

Beneficiaries have repeatedly stated that delays have a negative impact on the implementation of projects. 'Any comment is redundant after a refund delay of 6 months. It is extremely discouraging and impossible to continue', one respondent stated.

Other respondents considered that the delays could have been avoided, had public authorities requested fewer documents: 'The reimbursement process is delayed because we are repeatedly asked to submit the same documents that we have already filed in'.

Still, other respondents claim that the management authorities should pay more attention to their personnel problems, as it is one of the major causes of delays: 'We ask for references regarding the project and they reply that they do not have enough people to manage the projects'.

This information leads to the conclusion that on the circuit of the reimbursement request there are too lengthy checks, a large number of clarifications in the relation with the beneficiaries, unclear approaches and overlapping verifications that require a thorough analysis in view of the checking procedures, attributions that must be carried out by every actor involved (Jaliu, 2011, pp. 11-21).

6. Challenges and opportunities in the absorption of EU funding

The low absorption rate of EU funding in Romania has generated a growing debate regarding the reasons behind the failure to attract and implement external financial transfers. Academics and representatives of the private sector alike pointed out potential causes leading to the disappointing results of structural and cohesion funds in Romania.

There is a consensus upon the fact that the absorption capacity depends heavily on institutional factors. At the national level, one of the primary factors is the administrative capacity of public administrations authorities, both as coordinators as well as beneficiaries of structural and cohesion funds (Zaman, 2009; Zaman and Cristea, 2011).

Firstly, one of the causes most debated upon is the lack of experience of public authorities in the management and implementation of EU-funded projects. An argument is the fact that the operational programmes supervised and coordinated by the structures responsible with the management of pre-accession funds - and thus with a wider experience in the implementation of external financing - experienced a higher absorption rate than the other operational programmes. This is the case of the Regional Development Programme, managed by the Ministry of Regional Development and Tourism and the only operational programme with an absorption rate higher than 20% (Ministry of European Affairs, 2012a). The Management Authority for this OP was the only one where more than 75% of the personnel had previous experience with European Funds at the beginning of 2007 (Romanian European Institute, 2006, pp. 23-24). The intermediate bodies for this ROP are the Regional Development Agencies established in all eight development regions of Romania. The Regional Development Agencies were established by the Law 315/2004 with the purpose of ensuring the technical and financial management for the funds designed to encourage regional development (*inter alia*). These Agencies ensured the implementation of the pre-accession funds (e.g. PHARE) and, given their experience in dealing with such funds, they were given the mission to contribute to the implementation of ROP 2007-2013 as intermediate bodies (a unique situation among the current OP).

The ROP is also considered the best articulated and advanced, the main reason behind this relatively high level of progress being the fact that a number of projects from the pre-accession programme 'PHARE Economic and Social Cohesion 2003, and 2004-2006', were transferred to the ROP after being adapted to the requirements of the new Applicant Guides, under the technical assistance of the former Ministry of European Integration.

Secondly, another possible reason for the failure of structural and cohesion funds implementation is the lack of specialized personnel. The number of civil servants trained to work in the context of structural and cohesion funds is insufficient in order to increase the absorption capacity for these funds. Furthermore, many of those who have benefited from continuous education received training concerning aspects that do not concern their job-profile (Becker, 2007, p. 26). The consequences of this fact are the numerous delays both in the selection and assessment of applications as well as in the reimbursement process.

During the selection stage, a serious issue arising due to delays in the institutions responsible with this task is the time gap between the submission of the application and the actual selection. From the submission of the application until the communication of the final results, people may have been dismissed, the management may have changed or the project has become no longer necessary. Although management authorities and

intermediate bodies claim that delays are caused by insufficient staff, this mistake should be assumed by institutions, as they should permanently verify if the project can still be developed or not and whether the applicant has maintained the initial technical and administrative capacity necessary for the implementation of the project.

To exemplify, according to an Action Plan to strengthen Romania's absorption capacity of the structural and cohesion funds issued by our national government (Romanian Government, 2011, p. 16), at the end of 2010, there were 1904 positions filled, 1707 of which represented active jobs (they were filled by persons that actually worked and that were not in various situations of employee suspension). In these circumstances, the average employment rate in the institutional structures that deal with the implementation of funds was 81.6%, as follows:

1. structures with occupation rates between 60 and 69% - 2;
2. structures with occupation rates between 70 and 79% - 12;
3. structures with occupation rates between 80 and 89% - 19; and
4. structures with occupation rates between 90 and 100% - 10.

According to the same statistics, the Intermediate Bodies with the most intense activities within SOP Increase of Economic Competitiveness (the Intermediate Body for Promoting the Information Society and the Intermediate Body for the SMEs) and SOP Human Resources Development (the Management Authority, the Intermediate Body at the Ministry of Education and the National Centre for Developing the Technical and Professional Education) had the smallest occupation rate (between 60 and 79%).

The insufficient personnel in relation to the considerable amount of work is caused by the migration of the experienced staff to the private sector due to higher salaries and, generally speaking, more favorable working conditions in the private sector (Becker, 2007, p. 26) and by the suspension of hiring due to budgetary constraints. According to a governmental study, in 2010, 179 persons quit their jobs in the authorities implementing the structural and cohesion funds due to 'personal and financial reasons'.

As a consequence, on the 22nd of March (2012), the Ministry of European Affairs proposed a new legal framework for building the institutional capacity of authorities responsible with the management of structural instruments. The project proposes that institutions and public authorities comprising structures responsible with the coordination of structural instruments have the right to hire additional personnel if needed, for a period of maximum 36 months. The costs covering the salaries of the new employees will be covered exclusively from EU funding, within technical assistance projects.

However, not only the number of personnel employed within public administration authorities is critical to structural funds absorption, but also the quality and structure of the human resources. Two operational programmes are particularly important as opportunities to improve and develop human resources. The first is the Human Resources Development Programme, through which public institutions may obtain funding for personnel training. However, the Administration Capacity Development Operational Programme (ACD OP) may have an even more powerful impact on the quality of hu-

man resources, as it is directly and specifically addressed to the public administration authorities which are eligible beneficiaries for EU funding (Administrative Capacity Development Operational Programme Monitoring Committee, 2012).

Another solution to the lack of specialized personnel in the institutions responsible with the management of structural and cohesion funds, which has been repeatedly brought forward by Mr. Leonard Orban, minister of European Affairs, is the outsourcing of certain tasks of the intermediate bodies to private structures, starting with 2014, so as to counter-balance the limitations of the public institutional framework (Ravar and Preluca, 2012, p. 1).

In order to analyze the position of actual and potential beneficiaries with regard to the outsourcing of structural funds management activities, a survey was launched in December 2011 on the www.fonduri-structurale.ro information portal. The users of the website were asked if they 'agree with the outsourcing of intermediate bodies' activities to entities from the private sector, including NGOs'. Of the 2470 respondents, 62% (1541) supported the idea, while 38% (931) were against it.

Outsourcing the activities of the intermediate bodies to the private sector has its clear advantages as it can become a way for the authorities to show trust in the partnership with the civil society. Moreover, it sets the grounds toward diminishing the political influence in performing specific activities and it can also encourage the organizations that had a considerable contribution to the implementation of several grant schemes (especially from the NGO sector) to carry on with their respective missions. Nevertheless, the decision of outsourcing such tasks must take into consideration the fact that awarding a contract for this type of work can be time consuming (establishing the terms of reference, conducting the public procurement procedures, and so on) and also that it is necessary to assign and train staff of the Management Authorities capable to assess and monitor the outsourced work.

Additionally, we should not overlook the fact that the public procurement process that involves European funds in our country is under a continuous scrutiny due to suspicion of fraud (several OP have been 'pre-suspended' by the European Commission) and the risk of conflict of interests appearing is rather high.

However, the outsourcing of activities does not automatically lead to an increase in the capacity to manage structural funds. 'Regardless of whether the services are outsourced or not, the capacity to process the documents submitted to these entities must be sufficient', stated Mihai Patrascu, European funds consultant and moderator for www.fonduri-structurale.ro forum (Ravar and Preluca, 2012, p. 1). Therefore, the outsourcing should be performed with the precise objective of diminishing the delays associated with the selection and reimbursement processes.

A third aspect (added to the insufficient staff, expertise and specialized personnel in project implementation) refers to the insufficient staff with expertise in project writing. In fact, in a survey performed in 2008 on www.fonduri-structurale.ro information portal, more than 12% of the 3310 respondents identified the lack of expertise in project writing at the level of public administration authorities as the main cause of the poor management of structural funds.

A second survey was performed in June-December 2008 in order to identify the best solutions to increase the level of expertise of public entities. Almost half (43%) of the respondents were representatives of the public sector, 28% of the business environment, 19% of the NGO/Education/Research sector, and 10% of the management/consultancy sector. Almost one third (30.42%) of the respondents considered that expertise in project writing may be improved through professional development courses in project management. Another 25.8% considered that the political environment should not be involved in the appointment of public servants responsible with the management of European funds within public administration authorities.

19.37% claimed that the salaries of the project team members should be eligible costs in EU-funded projects, being covered through structural funds. Still, 13.78% of the respondents support Law 339/2007, which states that public servants involved in the management of EU-funded projects should benefit from a salary increment of 75%. Last but not least, 10.63% considered that public servants should benefit from exchanges in other Member States so as to learn from the experience of other public authorities. The results of the survey are illustrated in Table 3.

Table 3: Means of improving the expertise of public servants
in the writing and implementation of EU-funded projects

Means of improving the expertise of public servants	% of respondents
Intensive professional development courses for public servants involved in the management of structural funds.	30.42
Exclusion of politics from the appointment of public servants responsible with the management of European funds within public administration authorities.	25.80
Including the salaries of project team members in eligible expenditures of projects.	19.37
Law 339/2007, which implies a salary increment of 75% for public servants responsible with the management of structural funds.	13.78
Study visits and exchanges in the other Member States to learn from the experience of other public authorities.	10.63

However, improvement measures should not be disparately applied, but rather integrated in a broader strategic plan, in order to ensure the long-term sustainability of the entire structural and cohesion funds management system. Even if Romania is now more experienced than in 2007, it is too late to change certain issues, including legal measures and regulations. ‘We should at least learn from the problems we are facing at the time being so as to be more prepared starting with 2014 and find the solutions necessary to ensure a higher absorption rate and the qualitative use of European funds’, stated Leonard Orban, minister of European Affairs, in February 2012, at a reunion with representatives of the banking sector (Ravar and Preluca, 2012, p. 1).

Another survey conducted by www.fonduri-structurale.ro in 2012, four years after the previous ones, has shown that the citizens that take interest in the field of structural funds still find that public authorities, even in the position of beneficiaries of European funding, face a series of serious problems. In what the administrative capacity of the public bodies is concerned, almost half of the respondents (49% - as shown in Table 4) feel that the personnel of the institutions is highly demotivated, poorly specialized

or insufficient. An interesting fact is that 76% of the respondents from the public institutions indicated that the main problem that authorities face is the 'demotivation' of the personnel (only 26% of the private sector representatives and 41% from the NGOs specified this as the most important problem). Coming from 'inside the system', this opinion basically shows how the public servants feel, with obvious consequences to their performance.

Table 4: Administrative capacity problems of public authorities

Problem	% of respondents
The fluctuation and migration of personnel	9
Insufficient/poorly specialized personnel	42
Demotivated personnel	49

Moreover, the users of the website have identified further hurdles that delay public procurement procedures. As presented in Table 5, the recurring rejections by the National Authority for Public Procurement Regulation and Monitoring of tender documentation, along with the mandatory prior verifications by the same institution are the main causes of the problems faced by the public authorities - beneficiaries of the structural funds, thus demonstrating that the red tape is still an issue that the national authorities should find solutions to.

Table 5: Hurdles in public procurement procedures

Issues	% of respondents
Recurring rejections by the National Authority for Public Procurement Regulation and Monitoring (NAPPRM) of tender documentation.	49
The mandatory prior verification by NAPPRM.	24
Disadvantageous conditions for the Contracting Authorities.	27

Table 6 shows that the users of the www.fonduri-structurale.ro website think that public authorities also encounter problems in the relation with the respective financing bodies. Conflicting or insufficient information regarding funding opportunities, subjective and uneven rule application, along with an often cumbersome and difficult communication are the main factors that generate a troublesome relation between a beneficiary and a financing body.

For the new Multiannual Financial Frame, the Romanian authorities should firmly distribute responsibilities in the programming documents so as to avoid overlapping charges for individual authorities.

Table 6: Problems between beneficiaries and financing bodies

Problem	% of respondents
Conflicting information	53
Insufficient information regarding funding opportunities	22
Cumbersome and difficult communication	14
Subjective and uneven rule application	11

'Outside' stakeholders also seem to effect the smoothness of a project's unfolding. Almost 70% of the survey's respondents (Table 7) think that there still are a lot of eco-

nomical/political influences over the projects. Also, the unwillingness of new elected politicians to continue specific projects is seen as a recurrent problem in the Romanian public authorities. Unfortunately, the general public's perception regarding the implementation of structural funds is that corruption at different levels still influences the administration of different projects.

It is therefore mandatory for both authorities and beneficiaries to ensure a higher degree of transparency of the activities performed in each and every European funded project.

Table 7: 'Outside' stakeholders that bring a negative influence on ongoing projects

Stakeholders	% of respondents
Economical/political 'influences' over the projects.	68
The unwillingness of new elected politicians to continue particular projects.	22
Vanity and poor management of project partners.	10

8. Conclusions

Six years after the accession of Romania to the European Union, our capacity to absorb European funds still raises serious doubts. The interim payments from the European Commission are at about 11.47% (Ministry of European Affairs, 2012b) from the total, even though the target set by the national authorities for the end of 2012 was around 20%. This situation is the result of a series of problems faced both at the beneficiaries' level and at the management authorities' level.

Our study shows that the poor management of structural funds is a consequence of low institutional capacity. Unfortunately, the authorities that have the responsibility of managing and implementing the European funds still face an obvious shortage in personnel and also, the existing human resources often lack experience and training in dealing with these procedures. According to a survey conducted by www.fonduri-structurale.ro, more than 30% of the respondents support the idea of performing intensive professional development courses for public servants involved in managing structural funds.

Moreover, the general opinion of the public, as shown in another www.fonduri-structurale.ro survey, is that the personnel of the institutions are highly demotivated, poorly specialized or insufficient. Additionally, the beneficiaries often encounter hurdles in public procurement procedures determined by recurring rejections by the National Authority for Public Procurement Regulation and Monitoring of tender documentation and that they have problems communicating with the authorities due to conflicting information. Unfortunately, almost 70% of the respondents feel that there still are a lot of economical/political influences over the projects.

Furthermore, in what ACD OP is concerned, it is apparent that public administration authorities have focused on projects resulting in the elaboration of documents - guides, handbooks, strategies - as well as on the training of human resources. An analysis of the achievement rates indicator shows that for some major intervention domains the achievement rate of results indicators - such as number of methodologies and number of

training sessions - is higher than 100%, but significantly lower for indicators regarding structural changes (ACD OP Management Authority, 2012). This aspect raises the question of whether public authorities should submit projects focused on the achievement of a wider range of indicators, or if management authorities are in fact responsible for the selection of projects which respond to more acute necessities, such as the need for structural changes.

Although funds have been planned for the decentralization of each of the three priority sectors - health, education, social assistance - the beneficiaries primarily applied for projects centered on improving the effectiveness of public service delivery. Furthermore, public authorities did not take full advantage of the opportunity to form partnerships with NGOs and universities, demonstrating that public institutions have not yet embraced an integrative and comprehensive approach.

The positive impact is nevertheless obvious. Firstly, it is possible to replicate the projects' results to similar beneficiaries, demonstrating the programme's sustainability. Secondly, the results will stand at the basis of the following financial period - when the experience gained in the period 2007-2013 will allow a much more realistic correlation between the structure of the Administrative Capacity Development Operational Programme and the beneficiaries' necessities.

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