

NEW CHALLENGES FOR THE REGIONAL DEVELOPMENT OF ROMANIA IN THE 2014 - 2020 PROGRAMMING PERIOD

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Abstract

The new programming period (2014 – 2020) introduces new requirements for Romania, imposed by the new regulations of the European Union with the purpose of increasing the quality and the transparency of the regional development interventions. Among these requirements we can find the “ex-ante conditionalities”, the “performance framework”, e-cohesion and the new necessities regarding information and publicity. Taking the experience gained in 2007 – 2013 as a starting point, this paper analyzes each of these requirements, identifying their possible implications for the elaboration and implementation of the programmes that will enable Romania to access the European Union funds that have an impact on regional development. Our study contributes to a better understanding of the framework within which the regional development interventions will be put into practice in our country in the coming years and the improvement of the currently on-going process of legislative, institutional and procedural preparation.

Keywords

“Ex-ante conditionalities”, “performance framework”, e-cohesion, information and publicity, regional development

Introduction

The setting-up of the Romanian legislative, institutional and procedural framework for 2014 – 2020 is currently in progress. Also, the increasing weight of the European Union funding for the new programming period is a given fact. In comparison to 2007 – 2013, the allocation of the funds that have an impact on regional development - the “Cohesion Fund” (CF), the “European Regional Development Fund” (ERDF), the “European Social Fund” (ESF) has increased by 16.77%, reaching over 22.4 billion euros, amount which does not include the allocation for the cooperation programmes.

The interventions that have an impact on the future regional development of Romania are included in 6 operational programmes: “Large Infrastructure Operational Programme” (covering transport, environment and energy sectors), “Competitiveness Operational Programme” (covering research and development, information and communication technology), “Human Capital Operational Programme” (covering education, employment, social inclusion, etc.), “Regional Operational Programme” (covering competitiveness, infrastructure, cultural heritage, tourism, urban development, etc.), “Administrative Capacity Operational Programme” (dealing with public administration) and “Technical Assistance Operational Programme” (for technical support issues). The implementation of these programmes must be done according to the requirements imposed by the new regulations of the European Union (EU), among which there are several new requirements meant to increase the quality and the transparency of the regional development interventions: “ex-ante conditionalities”, “performance framework”, e-cohesion, information and publicity.

Taking advantage, where applicable, of the experience obtained in 2007 – 2013, this paper critically analyses each of these requirements in order to identify their implications on the implementation of the future operational programmes in Romania. Our analysis contributes to a better understanding of the framework within which the regional development interventions will be carried out in Romania in the coming years.

Therefore, in the first part of the paper, the “ex-ante conditionalities” imposed by the EU regulations are analyzed, considering the manner in which they were transposed in the Romanian programming documents for 2014 – 2020, including the status of their implementation to date. In the second part of the paper, we present the performance framework, from the perspective of both EU regulations and the programming documents. In order to fully understand the impact of this requirement, a simulation of the application of the performance framework is performed on one of the operational programmes from 2007 – 2013, namely the “Sectoral Operational Programme Human Resources Development”.

The third part of the paper focuses on the concept of e-cohesion, which concerns the transfer of information between the authorities responsible of managing and controlling the EU funds (managing, certifying, audit authorities, intermediate bodies) and the beneficiaries. Starting from the requirements of the EU regulations and considering the steps already made in this direction in 2007 – 2013, we analyze the main challenges and opportunities introduced by this concept for both the beneficiaries and the authorities. The analysis is also based on the strategic and programming documents of Romania for 2014 – 2020 period regarding this concept.

The fourth part of the paper deals with the requirements regarding publicity and information, in a comparative analysis between 2007 – 2013 and 2014 – 2020. Also, on the basis of the 2007 – 2013 experience, it introduces practical suggestions of improvement for the future. The paper concludes with a series of recommendations regarding the 4 requirements analyzed.

1. The “ex-ante conditionalities”

Regulation no. 1303/2013 that sets the general framework for the programming, management, implementation and control of the “European structural and investment funds” introduces a new concept – the “ex-ante conditionality”. The definition provided for this concept is “*a concrete and precisely pre-defined critical factor, which is a prerequisite for and has a direct and genuine link to, and direct impact on, the effective and efficient achievement of a specific objective for an investment priority*” (“The European Parliament and the Council” 2013, art. 19, page. 340). The purpose of these prerequisites is to ensure, even before the approval of the operational programmes, that there is a strategic and coherent vision and the corresponding administrative capacity at the level of each member state for the regional development interventions to be appropriately implemented. The experience of the past programming periods proved that sometimes the efficiency of the investments was undermined by delays or bottlenecks generated by the institutional, political or regulatory frameworks of the member state (Jouen, 2012, page 120).

As a general rule, the “ex-ante conditionalities” must be fulfilled by the member states before the official submission of the Partnership Agreement or of the operational programmes. Nevertheless, as an exception, the deadline can be extended until the end of 2016 if the member state includes in the operational programmes specific actions, for each unfulfilled conditionality, with clear deadlines and institutions in charge.

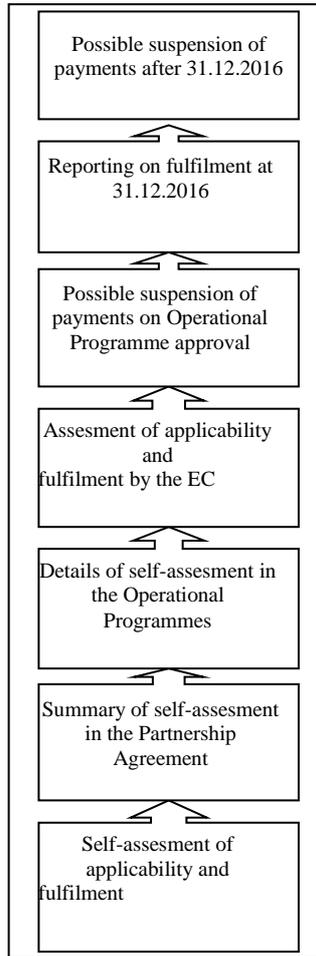
The “ex-ante conditionalities” cover both general and thematic conditionalities, mentioned in regulation no. 1303/2013 - Annex XI. The 8 general conditionalities concern

requirements regarding the administrative capacity of the member state in areas such as antidiscrimination, gender, disability, the existence of arrangements for the effective implementation of EU rules in fields like state aid, procurement, environment legislation and the existence of a statistical database and of a system of indicators. The thematic conditionalities are specific to each fund. There are 25 conditionalities for the ERDF, 10 for the Cohesion Fund and 14 for the ESF. These conditionalities impose the existence of national strategies or policies, such as a smart specialization strategy, a comprehensive plan for investments in transport, active labor market policy, etc. (“The European Parliament and the Council” 2013, pages 438-456)

The mechanism for assessing, fulfilling and reporting on the “ex-ante conditionalities” is presented in fig. 1. The implications of this mechanism are very important as unfulfilling the “ex-ante conditionalities” in due time may allow the European Commission to suspend the payments, even at the moment of the approval of an operational programme, if there is a risk of significant detriment to the efficiency and effectiveness of attaining the objectives set for a priority axis (a component of an operational programme). The suspension of payments may be applied also later, if the member state does not report in the 2017 annual implementation report that all “ex-ante conditionalities” have been accomplished. Therefore, it is important to underline the role these conditionalities play in imposing on the member state to conceive and integrate the interventions that have an impact on regional development inside a larger strategic framework, at both national and European level, with the purpose of improving their results.

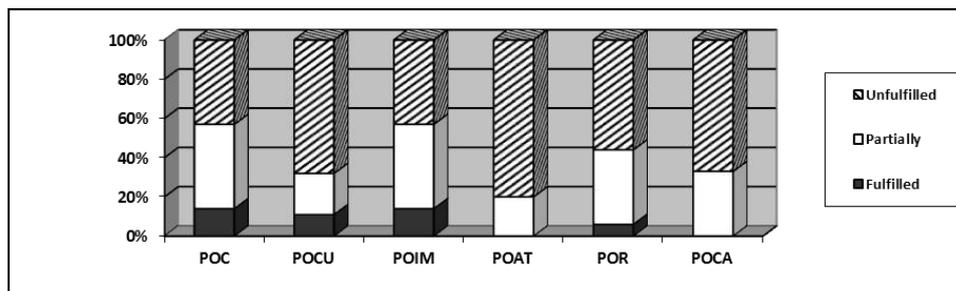
When analyzing the Romanian draft operational programmes for the programming period 2014 – 2020, we find that there are still many issues to approach by the end of the year 2016 regarding the “ex-ante conditionalities”. As such, for the “Competitiveness Operational Programme” (POC), there are 7 applicable conditionalities, 3 general and 4 thematic, of which only 14% are fulfilled, the rest being unfulfilled (43%) or partially fulfilled (43%) (“Ministry of European Funds”, 2014, pages 121-122). Regarding the “Human Capital Operational Programme” (POCU), there are 19 applicable conditionalities, 6 general and 13 thematic, of which only 11% are fulfilled, the rest being unfulfilled (68%) or partially fulfilled (21%) (“Ministry of European Funds”, 2014, pages 246-249). For the “Large Infrastructure Operational Programme” (POIM), there are 14 applicable conditionalities, 5 general and 9 thematic, of which only 14% are fulfilled, the rest being unfulfilled (43%) or partially fulfilled (43%) (“Ministry of European Funds”, 2014, pages 249-252). Regarding the “Technical Assistance Operational Programme” (POAT), there are 5 applicable general conditionalities, mostly unfulfilled (80%), the rest being partially fulfilled (20%) (“Ministry of European Funds”, 2014, pages 76-77).

In the case of “Regional Operational Programme” (POR), there are 16 applicable conditionalities, 5 general and 11 thematic, of which only 6% are fulfilled, the other being unfulfilled (56%) or partially fulfilled (38%) (“Ministry of Regional Development and Public Administration” 2014, pages 193-222). Finally, for the “Administrative Capacity Operational Programme” (POCA) there are 3 applicable conditionalities, 2 general and one thematic, mostly unfulfilled (67%) or partially fulfilled (31%) (“Ministry of Regional Development and Public Administration” 2014, pages 114-115). The status of fulfillment of the “ex-ante conditionalities” are illustrated in fig. 2.



Source: Authors' adaptation of art. 19 of Regulation no. 1303/2013

Fig. 1 Mechanism of “ex-ante conditionalities”



Source: Authors' adaptation

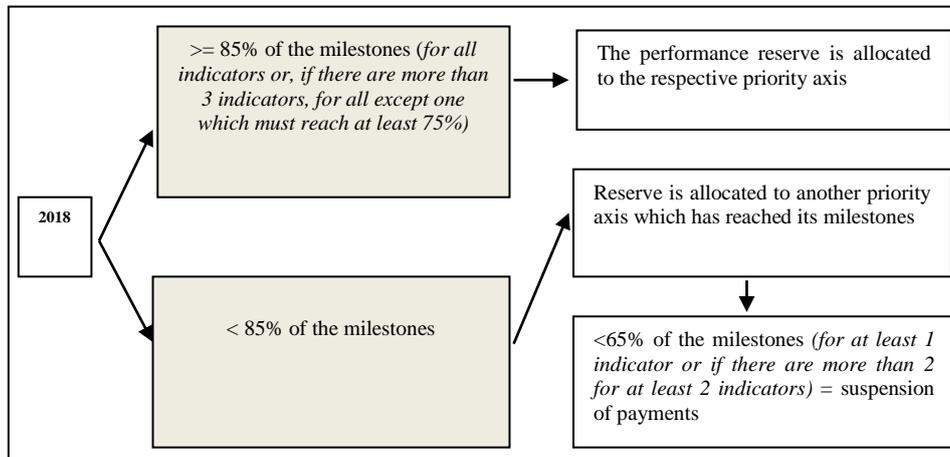
Fig. 2 Status of fulfillment of the “ex-ante conditionalities”

An overview of this information suggests that a high pressure is to be expected on the Romanian authorities in order to fulfill the “ex-ante conditionalities” in due time, according to the requirements of the new regulations for 2014 – 2020.

2. The performance framework

Another requirement of the new EU regulations for the programming period 2014 – 2020 concerns the performance framework. This framework rewards or sanctions each country according to the performance achieved for every priority axis of the operational programmes. The performance framework includes 2 separate stages, namely the 2018 milestones and the 2023 targets. As far as the first stage is concerned, 5-7% of the allocated budget for every priority axis can be granted or not in 2019, depending on the degree of the physical and financial progress achieved, set as milestones for the year 2018 (“The European Parliament and the Council” 2013, art. 22, page 348). In other words, the member state must demonstrate the physical/financial progress achieved not only when the programming period ends, but also at some stage in it. The review of the performance framework in 2019 is illustrated in fig. 3.

In order to better illustrate the implications of the performance framework, we have performed a simulation of applying it to one of the Romanian 2007 – 2013 operational programmes, namely the “Human Resources Development Sectoral Operational Programme”. Given that 2018 is the 5th year of 2014-2020, it was equalized with 2011, which is the 5th year of 2007-2013. Using the information regarding the annual cumulative targets and the progress achieved up to 2011 collected from the 2011 Annual Report of Implementation for the above mentioned programme (Ministerul Muncii, Familiei și Protecției Sociale 2012, pages 67 - 126) we calculated the percentage of achievement of the milestones for 2011.

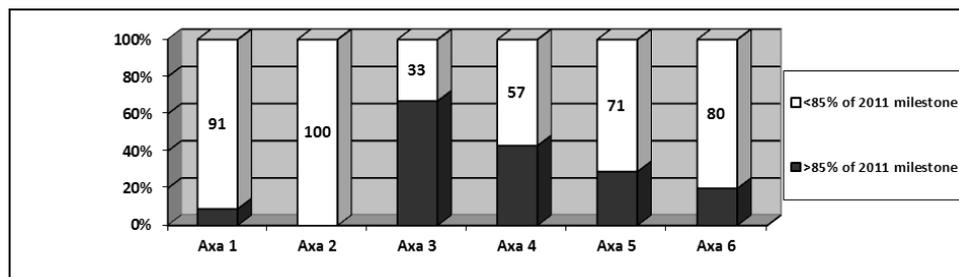


Source: Authors adaptation of regulation no. 215/2014 (“European Commission” 2014, pages 68-69)

Fig. 3 The performance framework – Stage 1 (Milestone 2018)

From the simulation it resulted that for the first priority axis only 9% of the indicators achieved at least 85% of the milestone set for 2011, the rest reaching between 0 and 48,5%. In the case of the second priority axis, the corresponding indicators reached between 1 and 47% of the 2011 milestones. Regarding priority axis no. 3, 67% of the indicators achieved

more than 85% of the 2011 milestones, the others reaching between 29 and 72%. In the case of the priority axis no. 4, 43% of the indicators achieved more than 85% of the 2011 milestones, the rest reaching between 0 and 84%. For the priority axis no. 5, 29% of the indicators achieved more than 85% of the 2011 milestone, the others reaching between 20 and 81%. For the priority axis 6, 20% of the indicators achieved more than 85% of the 2011 milestone (where applicable), the others reaching between 6 and 49%. The results of the simulation are illustrated in fig. 4.



Source: Authors' adaptation

Fig. 4 Results of the simulation

These data support the conclusion that none of the 6 priority axes would have benefitted from the performance reserve if the rules enforced by the new regulations were applied. In addition, each of the priority axes meets one of the conditions necessary for the possible suspension of payments, due to the fact that at least 2 indicators achieved less than 65% of the milestone.

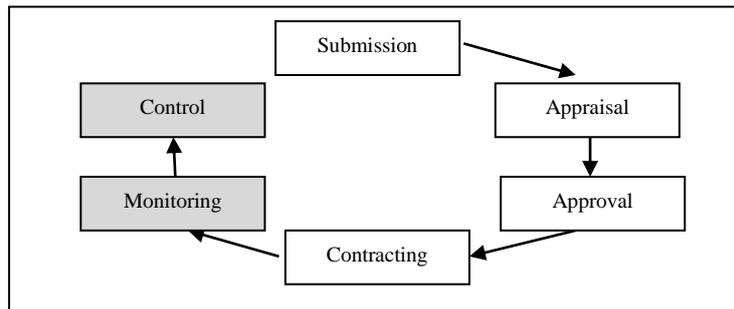
The second stage of the performance framework concerns the targets set for 2023. In this case, financial corrections are applied by the Commission if the targets agreed for every priority axis, except for the ones regarding the financial instruments or technical assistance are not fully achieved. On the basis of an achievement coefficient, calculated by dividing the physical progress by the financial one, the financial corrections are applied as a flat rate of 5 up to 25%, depending on the value of the achievement coefficient ("European Commission" 2014, pages 9-10).

The requirement regarding the setting up a performance framework is not entirely new, Regulation no. 1083/2006 mentioned for 2007 – 2013 in art. 50 the possibility for a member state to set up a 3% "performance reserve" if it considered this appropriate. Following the assessment of the progress achieved up to 2010 and reported in 2011, this reserve was allocated to the most advanced programmes. In contrast to 2007 – 2013, the review of performance done in 2019 for the progress achieved up to 2018 is compulsory. The mentioned review is done at the level of the priority axes, on the basis of clear criteria included in the new EU regulations.

The performance framework has already been designed in the draft operational programmes elaborated by the Romanian authorities for 2014 – 2020. Taking into consideration the possible financial implications of applying this framework, it is important that its components are set up in a realistic manner from the very beginning, using the experience obtained in 2007 – 2013. Also, it is necessary to closely and constantly monitor the performance of the priority axes in order to early identify any bottleneck or delays that could affect the achievement of the milestones and targets set in the operational programmes.

3. E-cohesion

The regulation no. 1303/2013 introduces a new requirement designed to decrease the administrative burden for the beneficiaries of EU funds – the e-cohesion requirement. As such, the member states must implement the technical means to enable the beneficiaries to choose an electronic transfer of information to the authorities managing and controlling the operational programmes, namely the managing, certifying, audit authorities and the intermediate bodies (“The European Parliament and Council” 2013, art. 122, page 398). In other words, if the beneficiaries wish so, starting with January 1st 2016 at the latest, they should be able to transmit the information regarding their projects to the national authorities in electronic format only.



Source: Authors’ adaptation of Regulation no. 1303/2013 (“European Commission” 2014, page 398)

Fig. 5 Options regarding e-cohesion

The national authorities also have several options regarding e-cohesion, given that the requirement included in the regulation is a minimal one. As such, they can limit themselves to the requirement as stated in the regulation, allowing the beneficiaries to choose if they will use this possibility or not (this option is illustrated with grey boxes in fig. 5), they can transform this possibility into an obligation, conditioning the financing of the projects on using the electronic exchange or they can even extend the electronic exchange up to the potential beneficiaries, at the moment of the submission of the financing request.

The regulation also introduces two important principles, with implications for the relationship between beneficiaries and the national authorities. Firstly, there is the unique registration of information, at least within an operational programme. This translates into the obligation of the authorities to communicate among themselves the information submitted by the beneficiaries without asking the latter to resend any piece of information. In this respect, there is also the principle of interoperability, which implies communication between the different electronic systems used by the national authorities, communication that has to be enabled from the technical point of view but also as far as the type and characteristics of the data are concerned.

The electronic transfer of information between national and regional institutions and beneficiaries is not a completely new concept for Romania. In 2007 – 2013 some steps were made in this direction, even though the paper documents were not completely eliminated. The application Actionweb, used within the “Human Resources Development Sectoral Operational Programme” represents one such step. This application currently allows the online submission of the financing requests by the potential beneficiaries. Also, for this operational programme, the beneficiaries submit the supporting documents for the reimbursement claims in electronic format only (scanned documents). Nevertheless, the

transfer of information is not completely electronic as, for instance, the reimbursement claims must be submitted in paper version at the headquarters of the authorities in charge. Another step belongs to the Promotion of the Information Society Intermediate Body, within the “Increase of Economic Competitiveness Sectoral Operational Programme”. As such, the financing requests and all the supporting documents are uploaded and transmitted by the potential beneficiaries via an electronic application. Nevertheless, the paper documents must also be submitted at the headquarter of the institution in 5 working days after the online transmission. We can find a similar approach in the case of the “Technical Assistance Operational Programme”, where the information included in the financing requests is registered in an electronic application – MySMIS, from which it is printed and submitted on paper, together with the appendixes, to the managing authority.

The electronic exchange of information mentioned by the 2014 – 2020 EU regulations brings opportunities and challenges for both the beneficiaries and the national authorities. As far as the beneficiaries are concerned, the administrative burden is likely to be reduced, due to the elimination of printing, multiplication and transmission costs, related to performing these tasks. The increase in transparency could also be an opportunity, as the beneficiaries would be able to know in real time the status of the documents transmitted to the authorities. The challenges for the beneficiaries might concern access to the Internet and computer literacy, especially at the level of the small beneficiaries. For the authorities, the electronic exchange of information with the beneficiaries implies investments in technology for the development and maintenance of the electronic systems and also an important mentality breakthrough, given the adjustments that have to be made in order to replace a well-known paper flow with a new electronic flow. In terms of opportunities for the authorities, the electronic exchange of information could imply a higher discipline on behalf of the beneficiaries regarding the quality and the timing of the information submitted, a reduction in the duration of the processes and an increase in their transparency. Looking at the future, the 2014 – 2020 Partnership Agreement of Romania stipulates that e-cohesion will be achieved by the electronic application MySMIS 2014+, due to be launched in December 2014 (“Ministry of European Funds” 2014, page 455). The application will cover all the 6 2014 – 2020 operational programmes.

4. Publicity and information

The publicity and information requirements stipulated in the EU regulations, especially those concerning the general public, have significantly evolved for 2014 – 2020 in comparison to those from 2007 – 2013. As such, if in the previous programming period, there was only the obligation to make available to the public the list of beneficiaries, including the name of the project and the public contribution granted, for 2014 – 2020 the amount and format of the public information have changed dramatically.

According to art. 115 of regulation no. 1303/2013, the information regarding the projects must be available in .xls or .csv format, making possible operations such as search, sort or comparisons of data (“The European Parliament and Council” 2013, page 395), thus increasing the transparency of information and the availability of data for research and analyses.

The information to be included in these lists or files must comprise a summary of the project, which is very important as sometimes the title of the project is not sufficiently suggestive of the content of the project, project start and end date, geographical location, eligible budget and EU contribution (“The European Parliament and Council” 2013, page 457). Also, the titles of the data fields must be available in at least one other EU language. The information must be updated at least every 6 months.

The regulation also imposes that the information should be published on a single webpage, which would facilitate the access of the general public to the information, instead of consulting several websites, belonging to different managing authorities. All these measures could also help the potential beneficiaries to identify possible partners or complementarity links among the different interventions that have an impact on regional development.

During 2007 – 2013, the Romanian Ministry of European Funds created and made available to the public the webpage www.fonduri-ue.ro. Within this webpage, information is available about the projects that have a financing contract, including the title of the project, the name of the beneficiary, the total budget, the eligible budget, the registration number and date of the financing contract, the status of the implementation of the project, the geographical location and also data regarding the financial progress, namely the reimbursement claims and their status. Information is available for all the 7 operational programmes belonging to the programming period 2007 – 2013. There are several search options implemented, but no possibility to download data in .xls or .csv.

Furthermore, every Romanian managing authority has its own webpage, the available information being different from one institution to another. Several examples of good practice can be identified when analyzing these webpages. For instance, the inclusion of an interactive map providing information about the contracted projects, as in the case of the webpage for the “Regional Operational Programme” (www.inforegio.ro), the availability of the entire text of the financing contracts, as in the case of the webpage for the “Sectoral Operational Programme Transport” (www.ampost.ro) or the provision of a minimum amount of information about the submitted projects that were rejected during the evaluation process or the objectives and the expected result for the approved projects, as in the case the webpage for the “Technical Assistance Operational Programme” (www.poa.ro).

Regarding the programming period 2014 – 2020, the webpage www.fonduri-ue.ro will be further developed “*as a single webpage that offers information and access to all OPs [operational programmes] in Romania*” (“Ministry of European Funds” 2014, page 27). In order to better provide information to the general public and to the potential beneficiaries of EU funds, the webpage should cover also the projects financed by the funds dedicated to rural development, fisheries and also by other EU and national instruments.

Also, the information provided about projects should include more details about the physical targets (i.e. objectives expected results, indicators) and progress achieved. As in the case of the “Technical Assistance Operational Programme” mentioned above, information should be made available also about the submitted projects. In the case of the finalized projects, the information available should illustrate how much was achieved of what was initially planned, both in physical and financial terms. Taking advantage of the current technologies, interactive maps could allow a visual representation of the interventions of all operational programmes that have an impact on regional development.

Conclusions

The programming period 2014 – 2020 brings new challenges for Romania in the form of the requirements imposed by the new regulations, requirements that should be analyzed in depth in order to transform them into opportunities for the regional development of Romania. These requirements incorporate the “ex-ante conditionalities”, prerequisites meant to ensure the existence of a strategic and coherent vision and an appropriate administrative capacity even before the approval of the operational programmes. Taking into consideration the current status of fulfillment, as mentioned in the draft operational programmes, a better mobilization of the responsible authorities is needed in order to

ensure that the fulfillment of the “ex-ante conditionalities” will be achieved in due time for the upcoming programming period.

Another requirement regards the performance framework which rewards or sanctions each country according to the performance achieved for every priority axis of the operational programmes. On the basis of the experience gained in 2007 – 2013, it is important to set from the very beginning realistic objectives and to ensure that the performance of the priority axes is closely monitored in order to early identify any bottleneck or delays.

The requirement regarding e-cohesion, namely the electronic transfer of information between the national authorities and the beneficiaries, is expected to generate important changes in the workflows of both beneficiaries and institutions. Last but not least, the implementation of the requirements regarding information and publicity could translate into the availability of a large volume of information for the general public, which could be further used for studies and analyses in order to improve the efficiency and effectiveness of regional development interventions in Romania.

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