PARTNERSHIP ROLE IN THE MANAGEMENT OF EUROPEAN STRUCTURAL AND INVESTMENT FUNDS

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Abstract: This paper highlights the importance of the Code of Conduct on the Partnership, as partnership is a basic principle in the programming of European structural and investment funds, from conception, management and implementation to their monitoring and evaluation, a principle that adapts the actions to be taken to regional and local needs and priorities. Partnership encourages close cooperation between public authorities in the member states, at national, regional and local level, with the private sector and other stakeholders.

Keywords: European funds, absorption capacity, partnership, programming, effectiveness

1. INTRODUCTION
Attracting and managing the European funds is one of the problem the states of the European Union confront with. All local, regional and national levels of public administration should intensely cooperate in the direction of coherent and integrated approach of the European funds (Catană & Ștefănescu, 2011). Local and regional authorities are considered to be the nearest to the effective use of these funds, playing a major part in order to achieving the objectives of the Europe Strategy 2020 (European Commission, 2010) and realizing the economic, social and territorial cohesion.

The extent to which these authorities get involved into attracting and managing the European funds is influenced by the institutional framework specific to each member state, but especially by the legal and budgetary competences of different territorial levels. At national level, the member states can choose to use some existent associations and groups of regional, sub-regional and local authorities, as they can offer a large representation and practical experience.

2. PROBLEMS AND PROGRESS REGISTERED IN THE IMPLEMENTATION OF PROJECTS FROM EU FUNDS
National reports prepared by member states provided information on the different contexts in which programs for the programming period 2007-2013 were executed. Regarding the system’s obstacles in rapid implementation, member states have identified the following key issues (European Commission, 2011a):
• delays in the approval of the EU budget, delayed adoption of the regulations, of the Community Strategic Guidelines (CSGs) and the subsequent negotiation of programmes (in Austria, Germany, Spain, Lithuania);
• changes in financial control procedures were perceived as the most frequent source of delays in the implementation, while member states were adapting to the new control
system (in Austria, Belgium, Cyprus, Czech Republic, Germany, Denmark, Estonia, Greece, Spain, Ireland, Italy, Portugal, Slovakia, United Kingdom);
• the complexity of managing overlapping programming periods (in Austria, Estonia, Greece, Spain, Finland, Ireland, Italy, Hungary, Portugal, United Kingdom);
• unclear task distribution at national level, insufficient experience, lack of administrative capacity in case of both the managing authorities and beneficiaries, processes of local government internal reorganization (in Bulgaria, Romania, Lithuania);
• A group of member states also consider the impact of growing restrictions on public funding, at national or local level (Germany, Spain, Finland, Lithuania, Latvia, Malta).

An aspect emphasized in most of the national reports was related to overcoming or counteracting the difficulties interfered in applying the operational programs by adapting some measures. For this purpose examples of good practices (European Commission, 2011a) meant to outline certain successful factors in applying the programs were offered:
• Member states and The European Commission must cooperate in order to fulfill the regulations and directions;
• Strong relations having positive results must be realized between the objectives of cohesion policy and sectoral reform, taking into account various fields (education, science/research, medical system and business sector);
• The latest technologies in the field of information and telecommunication should be used;
• Take into account the positive effects of the investment plans and extended national reforms
• National and/or regional procedures must be simplified
• Promoting adaptability meant to lead to sustaining the entrepreneurship and approaching some missings on the labour force market.

In case of Romania and Bulgaria, as member states that joined the Union in 2007, the plans should be associated with approaching some problems related with social inclusion, upgrading economy and institutions and reinforcing capacities, aspects also mentioned in the strategical reports of the states that entered in 2004. Other national strategical reports mention the role of governance at many levels and partnership in planning funds, aiming at mobilizing and coordinating different levels in administration, but implying civil society and business interest in integrating various objectives.

Even since 2010, based on the Strategic report (for the year 2010) on the programmes implementation for the period 2007-2013 (European Commission, 2013), which represented a synthesis of national reports submitted by the member states, these states have been required to improve programmes implementation, to use the money given through the cohesion policy in the optimum way possible, for key projects in the energy and environmental field, as well as for social inclusion. The report, presented by Johannes Hahn (Regional Policy Commissioner) and László Andor (Commissioner for Employment, Social Affairs and Inclusion), evaluated for the first time the rate of the progress registered in each country, in terms of their reaching the agreed EU objectives (Apostolache M.A. & Apostolache M.C., 2013).
3. THE ROLE OF ASSESSMENT IN ATTRACTING AND MANAGING EUROPEAN FUNDS

Within the System of European Structural and Investment Funds (ESI Funds), the member states have the opportunity to use the funds in order to develop their national infrastructure, economic, social and public structures. Exercising this opportunity implies a huge responsibility of the management structure of the Structural Instruments System, especially in terms of EU rigorous financial and administrative procedures.

The management structure of the Assessment System for Structural Instruments, in order to carry out this goal, have to use all available management practices. Such a practice is assessment, which aims at identifying the existing problems, multiple links and the development needs of the analyzed structures. Assessment also constitutes a compulsory activity for the programmes financed by means of structural funds, originally requested by Regulation EC 1083/2006, and then by EU Regulation No 1303/2013, which repealed the first.

In the member states, there has been conducted an analysis of the Assessment System for Structural Instruments, on several levels, in order to identify the development needs. The period 2007-2013 represented a pilot period for this system, the real challenges being expected in 2014-2020. The number of completed projects did not allow the use of the most advanced assessment techniques and, as a result, the system reached only part of its potential.

The overall objective of the evaluation is to improve the relevance, quality, efficiency, effectiveness and consistency of project implementation, taking into account, where appropriate, changes occurring in the current socio-economic context, changes in the labour market of the member states, and other changes in the implementation system, which may have an impact on the implementation of the operational programmes (KPMG, 2011).

The assessment should provide an objective and well justified opinion on the management and implementation system of the programmes for the period under review. Initially, the evaluation was carried out according to the four key principles set out in Council Regulation (EC) no.1083/2006, further described in Working Paper No. 5 of the European Commission (Indicative guidelines on evaluation methods: mid-term evaluation during the programming period): proportionality, independence, partnership, transparency.

In order to analyze relevance, the activities include a review of the priorities and objectives of the operational programme, starting from the current socio-economic context (different from the one existing at the beginning of the implementation of the operational programme), as well as the relevance (and / or consistency) of the indicative operations, of the eligible activities and of the indicators set, for example, by linking them with the purpose and objectives of the programme.

In case of the efficiency criterion, the carried out activities have determined an analysis on the efficiency of the OP implementation, at the level of Managing Authorities and Intermediate Bodies, taking into account the evaluation and selection of projects, the contracting process, the monitoring system of the operational programme and the financial management system.
Regarding the efficacy criterion, there were analyzed a series of issues such as the efficacy of:
- the information and publicity measures planned, inter alia, in order to increase awareness and to provide guidance to potential beneficiaries;
- the evaluation and selection of applications submitted for financing within different requests proposals for the launched projects;
- the way in which the internal monitoring system at the project level provides the information necessary to support an effective monitoring of the operational programme as a whole;
- the way in which monitoring answers to the specific reporting needs of the operational programme;
- the way in which beneficiaries understand the monitoring indicators, clearly and evenly;
- the way in which beneficiaries considered horizontal themes and objectives of the operational programme when elaborating their applications for financial assistance and when implementing the projects;
- internal and / or external factors / characteristics that influenced / influences / will influence the implementation of the operational programme.

In Romania, a major problem encountered in all operational programmes (excepting major projects with a specific system of preparation, submission and approval) is the relatively long period of projects evaluation and selection, from the submission of a project to the notification sent to the beneficiary of the outcome of the appraisal itself, usually passing between 6 and 10 months (especially for operations where requests for funding far exceeded estimates in terms of both number and value of the solicited assistance (Analysis Report of the Current System Evaluation, 2011).

The analysis carried out within each state indicated a number of development needs, of which most can be explained by the existence of common problems and by the low rate of achievement. If development needs are not met, the System of Structural Instruments may not use evaluation as a management tool, which is absolutely necessary to increase the effectiveness and absorption of EU funds. Given the fact that planning the 2014-2020 programming period began in 2012, the lessons learned due to evaluation had a more important role by contributing to the planning of activities.

Recent evaluations proved that the member states achieved their responsibilities and made efforts in reporting directly and exactly the progresses made. The aspects related to the experience gained will be found in the way of making the national reports, which will be more concisely and concentrated on the realizations, results and strategical evolutions. Also, it is necessary that the states use systematically the public presentations and debates.

But only a partial image of the policy impact was obtained, as the field of applying the strategical reports limited to the programs between 2007-2013. Assessment carried out in the member states represents a promising basis for building a deeper assessment of performance, giving an impetus to a more results-oriented policy.

The “Europe 2020“ Strategy for smart, sustainable development, in favor of inclusion, was launched by the European Commission in March 2010 and approved in
June 2010 by the Heads of State and Government of the member states. The document set concrete goals that would be achieved over a period of ten years, in areas such as employment, education, energy and innovation in order to overcome the economic crisis and to get Europe back on track growth.

The “Europe 2020” Strategy proposed three priorities (European Commission, 2010):

- **smart development**: developing an economy based on knowledge and innovation;
- **sustainable development**: promoting a more efficient economy in terms of resource use, ecology and competitiveness;
- **inclusive development**: encouraging an economy with a high rate of employment, that may ensure social and territorial cohesion.

Through partnership contracts agreed with the Commission, member states will take the commitment to reduce their range of investment priorities in line with these objectives. The legislative package also harmonizes the regulations on different package funds, dedicated among other others to rural development and maritime affairs and fisheries, in order to increase the coherence of EU action (European Commission, 2011b). After the conducted assessment it was found that using the principle of partnership could lead to the elimination of disparities and imbalances in the access, implementation and monitoring of projects from EU funds.

4. PARTNERSHIP, A STATE-LEVEL SOLUTION OF STRENGTHENING ABSORPTION CAPACITY AND MANAGEMENT OF EU FUNDS

Each operational program (OP) as "a strategical document of managing the European funds, that includes a coherent set of priorities, is elaborated by a collective process which the authorites at the local, national or regional and European levels, social partners, and organizations of the civil society take part at" (West Regional Development Agency of Romania, 2007). This partnership can be applied to all stages of the planning process, starting from conception, managing, and implementation, to monitoring and evaluation (European Commission, 2011b), taking into account the state of regional and local needs and priorities the respective action had to be adapted to.

Ever since 2012, the European Commission introduced guidelines (Commission Staff Working Document, 2012) on the principles that should guide EU countries so that to ensure appropriate participation of the partners involved in the use of funds. The document laid the foundation for a future "European Code of Conduct on Partnership" and was elaborated on the proposals for regulations adopted by the Commission on 6th October 2011, 12th October 2011 and 2nd December 2011.

The European Parliament, Committee of the Regions and the Economic and Social Committee have published a series of resolutions, opinions and white papers that appealed to strengthen the partnership principle in the implementation of funds (EESC, 2010). The Commission proposal for the funds (the Common Strategic Framework – CSF) answered therefore to the need to apply a more coherent partnership principle (European Parliament, 2011).

Taking into account all these considerations, in accordance with Article 5 (3) of Regulation no. 1303/2013 of 17 December 2013 of the European Parliament and of the
Council ("Common Provisions Regulation - CPR") laying down common provisions on the European Regional Development Fund (ERDF), European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Fund for Fisheries and Maritime Affairs (EMFF) and repealing Regulation (EC) Nr. 1083/2006, the European Commission adopted on 7th January 2014 (European Commission, 2014a) a delegated act under Article 142 of the new Regulation which provides the European Code of Conduct to support member states and to facilitate the organization of the partnership. This includes a common set of standards meant to improve consultation, participation and dialogue with partners such as regional, local, urban and other public authorities, trade unions, employers, NGOs and bodies responsible for promoting social inclusion, equality between women and men and non-discrimination in the planning, implementation, monitoring and evaluation of projects financed by the ESI funds.

One can, therefore, assert that Regulation no. 1303/2013 of the European Parliament and of the Council have established the European Code of Conduct on Partnership for partnership agreements and programmes supported by the ESI Funds. Regulation has not yet entered into force, being subject to law of the European Parliament and of the Council to express objections within two months of its adoption, in accordance with Article 290 (2) of the Treaty on the Functioning of the European Union (European Commission, 2014b).

After the entry into force of the provisions of the Common Provisions Regulation of the European Structural and Investment Funds, the Commission was empowered to adopt the Act on the European Code of Conduct, so that it may assist member states in organizing partnership.

The Regulation on the Code of Conduct is accompanied by a working document on the collection of best practices regarding the implementation of the partnership principle in EU Structural Funds programmes and investment funds. Code of Conduct is intended to provide a framework for partnership in accordance with institutional and legal frameworks of the member states, taking into account their national and regional powers. The commission elaborating the document is also to establish best practices specified by Article 5 (3) of the CPR of the ESI Funds.

The principle of partnership is one of the key principles in the management of EU funds and partners – be they local, regional, economic and social partners, civil society organizations - must be actively involved throughout the cycle of the cohesion policy (preparation, implementation, programme evaluation). From the time of its establishment, in 1988, this principle has experienced a slow and discontinuous application. The process has involved civil society organizations (especially social partners). It was noticed that the principle was accepted more easily in countries where partnership has been an intrinsic part of the decision making process and was reinforced when the Commission had a greater direct responsibility as far as the cohesion policy and community initiatives (such as EQUAL and LEADER) were concerned. However, in many cases, partnership existed only formally. In the 2007-2013 programming period, the partnership was not actively promoted (Community of Practice on Partnership in the European Structural Funds, 2008), even if, the parallel stakeholder participation has become one of the
cornerstones of implementing the Lisbon Strategy. EU cohesion policy has faced new challenges when new different countries, 10 countries in 2004, followed by Bulgaria and Romania in 2007, adhered to the Union.

They have been registered some implementation deficiencies, identified by the European Commission, and failures have been criticized by civil society partners. The focus was to disseminate good practice, as a natural reaction to the changing relations between member states and the Commission, in terms of the management of EU cohesion policy (EESC, 2012). Given the fact that structural fund programming for the period 2014-2020 has already begun in several member states and regions, the European Commission should actively disseminate the code so that it can be used by relevant stakeholders. The European Economic and Social Committee (EESC) urge its members to actively encourage the organizations they represent to participate in projects and programmes of EU cohesion policy, based on the Code of Conduct.

Partnership also envisages close cooperation between public authorities at national, regional and local level in the member states with the private sector and other stakeholders. So far, although an integral part of the cohesion policy, from comments (Community of Practice on Partnership in the European Structural Funds, 2008) submitted by interested parties, there results that the implementation of the partnership principle varies greatly from one member state to another, depending largely on institutional and political culture of each state, more or less favorable to consultation, participation and dialogue with relevant stakeholders. It has been noticed that the efficiency of the partnership principle also depends on strengthening the technical capacity of all members to get significantly involved into the process.

Partnership should be viewed in connection with the approach based on multilevel governance and with the principles of subsidiarity and proportionality. Multilevel governance is a coordinated activity of the European Union, of its member states and their local and regional authorities, based on partnership, which aim to develop and implement EU policies (Committee of the Regions, 2009). The assessment taken into account drew attention to the benefits and to the added value that partnership can bring in the implementation of funds (Network of experts for ESF evaluation, 2011), in strengthening collective commitment and in the ownership of EU policies, in enhancing knowledge, skills and views available for the development and implementation of strategies, while ensuring greater transparency in decision making. Multilevel governance contributes to reducing disparities in terms of coordination and of the capacity to elaborate policies on information, resources, funding and administrative fragmentation and the related policies (OECD, 2009).

Regulation (EU) no.1303/2013 sets out the principles to be applied by the member states, but it provides great flexibility in terms of organizing the practical details so that relevant stakeholders may be involved in different stages of programming.

For the partnership contract and for each programme respectively, a member state reaches an agreement with the following partners:

a) regional, local, urban and other public authorities;
b) economic and social partners;
c) bodies representing civil society, including environmental partners, non-governmental organizations, and bodies responsible for promoting equality and non-discrimination.

However, practice proved that the member states apply the partnership principle differently, due to the institutional regulations and traditions of the parties implied. The capacity of the partners implied in the process may also influence the efficiency of the partnership.

By means of its provisions, the *European Code of Conduct regarding the partnership principle* requests that "the member states strengthen the cooperation between the national authorities responsible with spending the EU investment and structural funds and the project partners in order to facilitate the exchange of information, experience, results and good practices during the planning between 2014-2020" (European Commission, 2014a), thus sharing their contribution to guaranteeing the efficient spending of these funds. Thus "we want to ensure that member states work together, within constructive partnerships, with representative stakeholders so that they plan and implement programmes that use European structural and investment funds in order to maximize the impact of these funds", declared Commissioner László Andor (Andor, 2014).

The Code of Conduct, which takes the form of a Commission regulation, that is legally compulsory, sets objectives and criteria meant to ensure that member states implement the partnership principle. Therefore they have to comply with the following obligations ¹ (Article 5 of Regulation EU 1303/2013 Common Provisions Regulation, “CPR”):

- to ensure the transparency of the process of selecting partners representing regional, local and other public authorities, social partners and businesses, as well as bodies representing civil society, that are to be appointed full members in committees monitoring programmes;
- to provide adequate information to partners and to give them enough time, which is a prerequisite for a proper consultation process;
- to ensure that partners will be involved in virtually all stages of the process, from preparation and throughout the implementation phase, including monitoring and evaluation of all programmes;
- to support the consolidation of partners’ capacity to improve their skills and abilities in order to actively involved in the process;
- to create platforms for mutual learning and exchange of good practice and innovative approaches.

In the period 2014-2020, according to the Commission’s proposals for funding Common Strategic Framework (CCS), member states will be obliged to organize a partnership, but establishing specific procedures for the involvement of relevant stakeholders in the different stages of the programming will be up to their national authorities. The *European Code of Conduct on Partnership* (CECP) provides the minimum requirements necessary to achieve a high quality partnership in funds implementation, while at the same time, it ensures the flexibility of the member states’ actions in terms of organizing the participation of different partners.
According to the Commission proposal for Common Provisions Regulation (CPR), the partnership agreement should establish measures to involve partners and their role in the partnership contract preparation. It can be considered that CECP completes CPR, asking that both the contract of partnership and the programmes should specify in particular:

- the list of partners involved, their responsibilities and the extent of their involvement;
- how the partners were identified and how the principles of transparency and accessibility have been applied;
- the measures taken to facilitate wide involvement and active participation of partners;
- the coordination structures and procedures within the programme and in relation with other operations of the CSF Funds;
- how technical assistance resources will be used to promote partnership (nature of support services, the level of available resources and the management of the planned agreements);
- partners' opinions on the implementation of the partnership principle, expressed clearly and open.

Based on the principle of partnership, the member states will achieve, overall, the reformed cohesion policy, which will provide up to 351.8 billion EUR to invest in the regions, cities and the real economy in Europe. The target of these funds is achieving the objectives of the strategy Europe 2020: job creation and economic growth, approaching the problem of climate change and energy dependence, reducing poverty and social exclusion. In addition to this, the key-priorities of the European Fund for Regional Development will have a special contribution, more exactly the support given to small and medium-sized entreprises, the objective being to double the support, from 70 to 140 billion EUR during the seven years. All European structural and investment funds that stimulate good projects will be more results-oriented and will focus on a new backup performance (European Commission, 2011b).

5. CONCLUSIONS

The partnership principle must be always analyzed in strong connection with a multi-level governing approach, without neglecting the role played by the principles of subsidiarity and proportionality. Each governing level must have a well defined role, and decisions, proportional to objectives, must be made at the appropriate level. A range of possible benefits from the way of conceiving and applying some strategies regarding the management of European funds has been distinguished, thus guaranteeing a greater transparency in decisional processes. A contribution to these benefits comes from implying the partners, common reinforcement, engagement and right of possessing the European policies, obtaining knowledge, expertise and available opinions.

For each member state, the successes and experience gained in the previous programming period provides a solid basis, but also a source of information. The conclusions derived from the experience of each state, included in the evaluation reports, can be applied in the process of elaborating strategies, and thus can demonstrate to the EU that a member state will use the funds more productively in the future period. Involvement of the partners can contribute to reduce the gaps in coordination and in the
policies application capacity at different levels of government, in terms of information, resources, financing, etc.

In these circumstances it is vital that Romania mobilize and consider the priorities set for the 2014-2020 funding period, by following best practices imposed by the principle of partnership, since the current funding period represents one of the biggest challenges for the public sector, as there are numerous priorities and significant budgetary constraints.

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