

THE COHESION POLICY: THE MAIN INSTITUTIONS AND THEIR ROLE

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Abstract: The Cohesion policy is the main policy of the European Union that supports the development of regions in the Member States with a view to reducing disparities and creating welfare and development for their inhabitants.

Within the framework of cohesion policy, the institutions play a central role on both: planning and implementation. In this research I analyze the profile and role of the institutions at national level (Romania) and their role in the (good) implementation of the cohesion policy in Romania.

Keywords: cohesion policy, institutions, administrative capacity, European Union

The Cohesion Policy (or regional policy) is one of the main policies and one of the most complex policies of the European Union both in terms of its objectives and its budget.

The Cohesion policy is "the EU's main investment policy. This policy addresses all regions and cities in the European Union, supporting job creation, enterprise competitiveness, economic growth, sustainable development and improving the quality of life. The Cohesion Policy has a strong impact in many areas, and the investments contribute to achieve many other EU policy goals. The Cohesion Policy is complementary to other EU policies such as education, employment, energy, the environment, the single market, research and innovation. In particular, the Cohesion Policy provides the framework and the investment strategy needed to meet the agreed growth targets". (European Commission, 2014, p. 2)

The Cohesion Policy has already proven its significant added value in promoting the Union's growth and prosperity and addressing regional imbalances. At the same time, it proved to be a dynamic policy, reacting swiftly and effectively to the crisis, redirecting funds to priority areas, and investing in key sectors that generate growth and jobs.

The EU cohesion policy "as a unifying solidarity mechanism, gives at the same time room for more decentralised and differentiated empowerment". (Van den Brande, 2014, 6)

The institutional architecture in the planning and implementation of the Cohesion Policy is poorly treated and researched from a holistic and multidisciplinary perspective. Some scientific articles are published, but they deal with this issue only from certain number of angles: reform of the administration in general, anti-corruption policies, de-bureaucratization, the relationship between administration and citizens, the use of electronic instruments in the relationship between authorities and citizens.

The organizational structure of institutions with important roles in terms of cohesion policy differs from one state to another. The legal and real competences (regulated or informal) are different and fluctuate over time in some states. The documents developed by these institutions are sometimes contradictory. The evolution of their role is often in regression and the way they interact with each

other and with the beneficiaries is different. The history of the member state (and of the relationship with the EU) influences and determines these differences.

Since its inception, "the EU has been active in a fairly wide range of policies, extending its influence over time. Most international or transnational regimes are rather one-dimensional. (...) this range of domains has generated not just one but several policy-making ways, as case studies show. Moreover, the same EU institutions and the same national decision-makers have different characteristics and behaviors and produce different results, depending on the type of policy concerned and the period." (Wallace, Wallace and Pollak, 2011, 5-6)

The analysis of institutions within the Union structure, the relationship between supranational, national and regional / local is necessary to understand the dynamic processes of their functioning. (Paun, 2004)

The institutions enjoy specific powers that they exercise autonomously; powers protected against invasions of other institutions or organs (depending on the exclusive, shared and complementary competences). The functioning of the institutional system and the decision process, as well as the application of Community Law by Public Administrations is based on these competencies. (Mangas Martin, Liñán Noguera, 2005)

At the EU level, the financial framework is formally adopted when the three main European institutions: European Parliament, the Council and the Commission sign the Interinstitutional Agreement for a seven years period establishing the main priorities.

Three principles of cohesion policy were introduced: the "principles of regionalization, partnership and programming: the first principle relates to the vertical dimension of multi-level governance, whereas the latter two have both vertical and horizontal implications". (Bache, 2010, p. 7) The implementation of structural instruments is based on the following principles: concentration principle on priority objectives for development, programming principle, partnership principle, subsidiarity principle, additionality principle. (Braşoveanu et al., 2011, p. 34). These principles imply involving institutions to be put into practice and open up opportunities but also oblige parties to converging measures that offer interpretation and application (at least at national level).

The EU institutions declare that "economic, social and territorial cohesion will remain at the heart of the Europe 2020 strategy to ensure that all energies and capacities are mobilised and focused on the pursuit of the strategy's priorities. Cohesion policy and its structural funds, while important in their own right, are key delivery mechanisms to achieve the priorities of smart, sustainable and inclusive growth in Member States and regions". (European Commission, 2010, 21)

It is necessary to "define the European interest for today's world. If we want to properly address the global stage we must take into consideration both national and local levels. This requires first of all a strong vision that will build up and enforce the adequate functioning of institutions and synchronise the actions from all involved parties: NGOs, civil society, and economic and political actors from the Member States and the European Union". (Puscas, 2010, 148). Besides appropriate and functional institutions (at European, national or local level), it is also necessary to collaborate with other actors in the implementation of cohesion policy. The institutions have the main role, but it is important the good collaboration with other parties involved.

There are concerns about "the performance of Cohesion policy" (Bachtler, Gorzelak, 2007, p. 309) and several studies have noted that the contribution of Cohesion Policy to growth and convergence is conditional on institutional capacity (Cappelen et al., 2003) and "for the new Member States indicate that the massive inflow of EU funds may lead to the slowing down of their growth due to negative partial elasticities of growth relative to the influx of funds, caused by the level of

institutional development, particularly corruption” (Ederveen, De Groot, Nahuis, 2006, p. 317).

The current legislative architecture for cohesion policy comprises:

- an overarching regulation setting out common rules for the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD), the European Maritime and Fisheries Fund (EMFF), and further general rules for the ERDF, ESF and Cohesion Fund; (Include: Thematic concentration on Europe 2020, Increased performance and conditionalities, Ex ante conditionalities, Ex post conditionalities, Macroeconomic conditionalities, Common management arrangements, Supporting integrated programming, Increased use of financial instruments, Monitoring and evaluation, Simplified and streamlined eligibility rules).
- specific regulations for the ERDF, the ESF and the Cohesion Fund; (Include: Geographical coverage of support, Reinforced strategic programming geared towards results, Streamlining financial management and control, Moving towards ‘E-Cohesion’) and
- regulations on the European territorial cooperation goal and the European Grouping of Territorial Cooperation (EGTC). (European Commission, 2011, 1-7, 22. Regulation (EU) No 1300/2013, Regulation (EU) No 1301/2013, Regulation (EU) No 1303/2013, Regulation (EU) No 1304/2013)

Related to the possible roles of the institutions, ”there are two potential roles for regional and local institutions, that should not be confused: one is as an autonomous policy actor setting local, context-specific goals (true subsidiarity); the other is as an embedded delivery system for policies set at higher territorial scales, but cannot be implemented exclusively from those scales (multi-level governance and implementation). The task for policy-makers is to understand precisely which interventions are appropriate at each scale. (...) the question of how to intervene in order to improve institutions is not easy to answer. ‘Institution-building’ is politically appealing and appropriate institutions are strongly suggested by theory and evidence as key to creating the capacities for economic development.” (Farole, Rodriguez-Pose and Storper, 2011, 1103)

The institutions of the Member States ”are also fundamental elements of the EU’s institutional architecture and partners in EU policy-making. The European dimension is not only a supplement to the activities of national governments; in real and tangible terms, national governments and other authorities and agencies provide a large part of the EU operational juncture. Ultimately, what the EU system is doing is expanding the resources available to the Member States.” (Wallace, Wallace and Pollak, 2011, 73)

The Partnership Agreement with Romania for the period 2014-2020 emphasizes that ”Romania is still characterized by weak administrative capacity of public institutions and a predisposition towards bureaucracy and disproportionate regulation that seriously influence the competitiveness of Romania’s business environment (...) need for further capacity-building, reform and modernization” (Partnership Agreement, 2014, 7)

The Public Administration ”plays a key role in coordinating, regulating, promoting and implementing policies and actions that create the framework for achieving them, even if it is not a direct link to the Europe 2020 targets. In this context, there needs to be an efficient, coherent, stable and predictable public administration capable of making decision-making (public policies and regulations) in a sound, realistic and coordinated way (with emphasis on rigorous, integrated and coherent strategic planning, including the correlation with financial resources), the implementation of the measures adopted (focusing on the correlation of the competences allocated with the administrative capacity), the monitoring and evaluation system (covering both the design of the system and the

capacity of institutions to collect, correlate and interpret data), so that deviations can be quickly identified and corrective measures taken in a timely manner.” (The Strategy for Strengthening Public Administration 2014-2020, 2014, 13)

Romania (...) ”has gone through two stages in developing its own European Affairs Coordination System. Thus, during the pre-accession period, the behavior was one of its adequacy to the specific administrative tradition and internal tradition, an application as such of the French model for European affairs coordination; during the progress in the negotiation of the *acquis communautaire* and even after the formal accession, the initial model and the changes were adapted, being adapted from the desire to reflect the internal constitutional arrangements, but also the internal political environment and, last but not least, some “suggestions” from time to time in time from the European institutions. If to a point such a strategy was justified and salutary, expressing the ability of the administration to adapt Romanian changes to internal and external changes, further this change continues an internal model almost 20 years after signing the Agreement European Association and six years after accession, also shows its negative side, namely the inability of the authorities to find something that really works”. (Bărbulescu, Ion, Toderaş, 2013, p. 21)

In the case of Romania ”the annual implementation reports mention aspects related to projects submitted by beneficiaries and issues related to project approval, contracting, monitoring and evaluation, the latter report gives an overview on structural instruments in Romania, and points out aspects related to functioning of Management authorities and program management (...) implementation of structural instruments is negatively affected by the lack of correlation among technical, legal and financial terms”. (Braşoveanu et al., 2011, p. 45)

In spite of the “financial support from the European Union for the increase of the administrative capacity, materialized in the pre-accession funds and subsequently in the financing of the Administrative Capacity Development Operational Program, the reduction of the bureaucracy, the increase of the transparency and professionalisation of an administration and the efficiency of public funds expenditures continue to or major objectives for Romanian public administration”. (The Strategy for Strengthening Public Administration 2014-2020, 2014, 8)

In recent years, simplification measures have been attempted at the level of the central public administration and for the modification and completion of some normative acts to simplify the process in the case of public procurement, evaluation and contracting of projects funded by European funds or or to establish the general financial framework for the management of non-reimbursable financial assistance as well as the pre-financing and co-financing of this assistance, in order to ensure efficient financial management of these funds. (Order MFE no. 1953 / 29.09.2016, GEO no. 40/2015)

Since April 2011, the Government of Romania has implemented the Priority Actions Action Plan to increase Structural and Cohesion Funds absorption capacity (PAP), whose overall objective is to address the problems and deficiencies most affected by the implementation of Structural Funds and cohesion, with a view to eliminating or significantly reducing barriers to absorption.

The main deficiencies in the administrative capacity of the authorities, identified by the Romanian authorities and underlined in the Partnership Agreement, are related to: The low authority of the management and coordination bodies and the weak stability of the structures and the general framework, difficulties in ensuring adequate human resources, both quantitatively and qualitatively, strengthening management and control systems, in particular with regard to ethical norms, especially regarding conflict of interest and departure staff in the private system (prevention and reduction mechanisms of the fraud and corruption did not rise to the expected efficiency level), a burdensome and bureaucratic implementation system, the low level of efficiency and effectiveness, the

methodological environment that is not entirely satisfactory, and the lack of institutional responsibility and initiative.

The institutional framework in Romania for the 2014-2020 period comes with a centralized approach and concentrates management functions from three essential ministries that have demonstrated already good management capacity: the Ministry of Regional Development and The Public Administration, the Ministry of Agriculture and Rural Development and the Ministry of European Funds.

In the Partnership Agreement, for the 2014-2020 period the simplification envisaged for the implementation of the cohesion policy is structured on three axes:

1. Submission of applications and contracting stage: publish by the end of each year schedules of competitions planned for the next year, uniform information of the applicants for similar cases, teams of evaluators are to be contracted in due time, setting-up a dedicated IT system for ensuring the interoperability of different systems of public institutions that hold database information on beneficiaries, comprehensive and accessible information and guidance on accessing public funds
2. Implementation stage: dedicated help-desks for ensuring uniform information, updated procedures to harmonize them across the programmes for avoiding requesting unnecessary documents or the same documents multiple times, improving quality and simplifying the written guidance, elaboration of standard format of the application for payment, utilization of the simplified cost options
3. Horizontal actions: progressive mainstreaming of risk-based management, developing a manual for audit and control known by the beneficiaries of European funds, shifting to paperless system using electronic exchange of data, introducing electronic signature, compatibility of IT instruments, on line submission of the projects, simplification of the documentation submitted, maximum 3 verifications related to the projects, in correlation with the stages of the project implementation. (Partnership Agreement with Romania, for the 2014-2020 period)

In order to improve “the absorption capacity and not to lose allocated funds it is necessary not only and more active implication of management authorities and other directly linked to structural funds entities but also the efficient and coordinated contribution of ministries, civil society components, business milieu, R&D institutes as well as of the EU bodies for a better monitoring and implementation of SOPs.” (Zaman, Cristea, 2011, 67)

In the implementation there were “various difficulties, starting the project portfolio preparation and launching the application, and continuing with the launching of evaluation and commencement of implementation by the beneficiaries, especially for large projects, and ending with budgetary projects, at the institutional level, and legislative non-conformity or compatibility”. (Zaman, Cristea, 2011, 71)

The difficulties were related to: limited capacity of local and central public authorities (Insufficient expertise of management authorities, insufficient financing resources, delays in creating inter-Community development associations etc.), the project application launching (the lack of medium- and long-term strategies, delays in publishing the applicants’ guides and in opening the calls for projects, the late operation of certain national legislation modifications), the project selection and contracting and implementation (long duration of the project evaluation, selection and contracting processes, legislative obstacles, difficulties in application of public procurement law). Also there are institutional obstacles and difficulties related to the accreditation of management and control institutions, problems related to the recruiting and retention of employees). (Zaman, Cristea, 2011, 71-76)

The institutions have their specificity in every EU member state and the planning and implementation of cohesion policy depends on their financial capacity and their human resources.

Conclusions

The institutional capacity has a major influence on the planning and implementation of the cohesion policy. This influence translates into the degree of absorption of the European funds (Structural and Cohesion Funds, European Structural and Investment Funds).

The degree of interaction and collaboration vertically (between institutions) and horizontally (civil society, private) with beneficiaries generally, influences the benefits for all parties involved.

Excessive bureaucratization and cumbersome and lasting procedures influence the achievement of goals and the impact of the interventions funded by European funds.

Often some institutions are assigned roles that exceed their capabilities in terms of logistics and human resources and this influence the absorption rate and the implementation process.

The relationship between human resource performance and results is operationalized in the absorption capacity and in the impact of the projects results.

The process of simplifying the access and implementation of projects funded by European funds depends (to a large extent) on the institutional capacity of the public administration and of the public bodies involved in planning and implementation

Some of the problems identified at the level of the institutions are common and can be found also at the level of beneficiaries (financial capacity, human resources, procedures)

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