

FINANCING INDICATORS OF PROJECTS FINANCED FROM EUROPEAN FUNDS - PARTICULARIZATION SOPHRD INDICATORS

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ABSTRACT: *The objective of this article is to highlight the importance of indicators for financing projects financed by European funds in their evaluation and monitoring by institutions implementing and managing European funds. Indicators play a decisive role in establishing the financing priorities at the level of a member state of the European Union, at the operational program level and even at the project level. In this article, a theoretical synthesis is made on the notion of financing indicators, at program level and at project level, their importance, the way of tracking their degree of accomplishment and the effects of their non-fulfilment.*

KEY WORDS: *indicators, control, European projects, structural funds.*

JEL CLASSIFICATION: *M40, M21.*

1. INTRODUCTION

Indicators are numerical expressions that quantitatively characterize a phenomenon or process, or defines its evolution. The following properties or principles apply to the indicators: they must identify the essence of the problem, provide comparability between countries using the same information system and their comparability with international standards, should be periodically reviewed and adjusted according to the relevant objectives (ECLAC, 2010).

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Structural and Cohesion Funds or Structural Instruments are an important source of income complementary to national policies. The evaluation of the intervention through programs financed by European funds is carried out based on a system of indicators.

In the EC's view, the notion of indicator only applies to information that program managers consider pertinent and necessary to support them in decision-making, negotiation or communication (Collection MEANS, 1999).

The indicators are established from the beginning of the programming period in order to establish the eligible areas, the economic and social issues, the analysis of the regional context, to determine the necessity of the program, its mode and its degree of realization.

When determining the indicators to be used in monitoring and evaluation processes, the most relevant indicators must be selected in accordance with the objectives and the results to be achieved.

Each Member State of the European Union must take into account in developing the indicators system the methodological guidelines in the field, the lists of examples of indicators and the categorization of the proposed KAI.

These indicators set the framework for the implementation of European programs, being measurable and predictable for a unitary development and coherence of Community policies. Thus, for these indicators, expected values are to be achieved and monitored over time, the corrective or supportive measures that need to be taken, based on reports periodically made on their implementation (European Commission, 2015).

2. METHODOLOGY OF RESEARCH

The starting point of this scientific approach is the positioning in the sphere of knowledge, both of the general research area and of the specific domains. Through the issues addressed, the paper has as a general area of research the issue of control, as a subdomain of accounting, especially customized in the control over projects funded by European funds.

The central objective of the research is to present and deepen the issue of the indicators of financing projects financed from European funds from a conceptual point of view. The specificity of how to set the financing indicators used in the monitoring and implementation of European funds involves the deepening of the specialized literature, the legislation in force, the European Commission's series of documents, the official websites of the European Union and the state institutions Romanian.

As a way of approach, a general-to-specific approach was chosen, starting from a theoretical presentation of the current state of knowledge, identifying the general framework of indicators and their role in the efficient implementation of projects funded by European funds.

As the main research technique is used the process of literature review, documentation in the relevant literature, study of works in the field, various books, articles, applicable legislation.

This paper combines elements of descriptive and explicative research used in the analysis of the state of knowledge with exploratory research tools used to identify and test their own contribution.

In conclusion, we can say that the goal of the action will be to add value to the area of interest by highlighting the theoretical valences of an efficient, intelligent and adaptive management of the changes, by anticipating and controlling the specific risks, which presupposes, above all, the existence of adequate control.

3. CONCEPTUAL DEVIATIONS OF THE FINANCING INDICATORS OF PROJECTS FUNDED BY EUROPEAN FUNDS

In designing operational programs, the responsible authorities have to develop the overall framework in cooperation with all the relevant institutional, socio-economic and public stakeholders involved and targeted through them so that the implementation process is as transparent and efficient as possible (Ministry of Agriculture of the Republic of Lithuania, 2014).

Each operational program has defined priorities, based on specific objectives, and each priority sets the appropriate indicators and targets. Indicators established for operational programs are grouped into: financial indicators; performance indicators; result indicators. For each fund, the Fund-specific rules establish common indicators and may make provisions in relation to specific indicators for each program (Regulation (EU) No. 1303/2013, Art.27).

The progress made in implementing each operational program and specific priority axes shall be determined by quantification of indicators.

For the sake of strict monitoring and ensuring a fair assessment of the results obtained, a set of common indicators is needed at EU level. These indicators must match the investment priority and the type of action supported. (Regulation (EU) No 1304/2013, Article 14)

For each priority axis and intervention field, the program indicators and cumulative indicative target values are defined for each year of program implementation.

The indicators defined at program level are complex and can only be obtained by producing and aggregating indicators at the level of the projects financed under the operational program. Each project will contribute less or more to the achievement of program indicators. In addition, project-based management is beginning to be used by organizations, proving to have outstanding performance (Godenhjem, 2015).

At international level, in the theory and practice of evaluating and monitoring programs and projects, indicators are classified into: output indicators, result indicators and impact indicators.

There must be a very close link between the indicators established at program level, translated into the applicant's guides and project indicators.

Based on the main evaluation criteria, the project indicators are divided into: efficiency indicators, efficacy indicators, performance indicators, relevance indicators, sustainability indicators, net impact indicators. Of particular importance for the efficiency indicators are the elements of intangibility of both goods and capital. Sometimes, it is difficult to accurately assess the effectiveness of the organization's good communication climate, human resources policy, marketing policy, or promotional campaigns (Kolev, et al., 2013).

Project indicators are the tools by which it is possible to measure and quantify the level of achievement achieved by the objectives proposed by the project as a result of its implementation. The project indicators are subject to monitoring of the implementation and performance of the investment proposed by the project (Call for proposals POR / 2016/5 / 5.1 / 1).

The identification, identification and nomination of the indicators forms the basis of the project evaluation and monitoring system and ensures the control over the process of their realization.

Within a project, the purpose of the project, specific objectives, expected results, description of activities and project indicators should be formulated and correlated. Their identification and determination should show how the project brings about a change, a novelty that can be funded by the program, how it will be implemented (activities planned) and quantified (indicators and outcomes).

4. FINANCING INDICATORS USED IN THE SOP HRD

The 2014-2020 Partnership Agreement sets out the Performance Framework, an instrument that stimulates the effective implementation of operational programs to achieve the planned results, applying the mechanism to offset progress in meeting the program's objectives and modifying the inefficient use of EU funds (through the financial correction to end of the programming period).

For each operational program, with the exception of the Technical Assistance Operational Program, performance framework tables are established to establish a set of indicators, an intermediate target (set for 2018) and final targets. They will measure progress in achieving the program's objectives (the final target is set for 2023).

The development of the performance framework is based on an institutional partnership, namely on close collaboration with the management authorities, as stipulated in the specific regulations related to ESI funds as well as with the applicable EU guidelines in the field. The main body responsible for the conceptual framework in selecting indicators and setting targets is the Ministry of European Funds.

In order to ensure a coherent approach to performance framework planning, the Functional Performance Task Force (Level 3 - GLFEP) was set up bringing together experts from all the managing authorities covering all funds.

This group will meet periodically to analyse and ensure consistency in the selection of indicators and in setting intermediate and final targets for different operational programs and established priorities. The performance indicators' series of

indicators will derive from indicators already defined in operational programs, common indicators and program specifics. In order to set a limited number of indicators within the performance framework, it is necessary to set those indicators that could be used to monitor the progress of multiple investment priorities.

Within the POSDRU document 2007 - 2013, the result indicators and the output indicators specific to each priority axis were established. Output indicators are those indicators that quantify the goods and services achieved within the project, according to the specific objectives of the project. Result indicators quantify the effects, direct and immediate benefits of the project.

The SOPHRD Indicator Guide, developed by the Romanian Government, through the Ministry of Labour, Family and Social Protection, is the synthesis document in which the indicators have been detailed within each priority axis and major area of intervention. The system of indicators has been adapted to the specific features of the program and allows for monitoring the achievement of the targets assumed by aggregating the information (project, field of intervention, priority axis, operational program, national reference strategic framework).

For an accurate understanding of all the imbalances, the system provided detailed instructions and a comprehensive list of monitoring and evaluation indicators, definition of each indicator, responsibilities, periodicity and modalities of data collection and processing, all of which provide an overview of the context and progress interventions under the program.

Monitoring progress on the efficiency and fairness of funded operations is a continuous process. The monitoring system requires a periodic review of resources, context, immediate achievements and the results of the program and its interventions, based on progress reports, which provide essential information from the point of view of the reported physical and financial indicators.

The Progress Reports present as the main information the indicators achieved, the indicators proposed and the progress towards the targets, the targets set for each year of implementation. Thus, it is possible to collect information necessary to analyse the progress of operations and to determine the need for possible corrective measures.

The document setting out the results and indicators specific to each major area of intervention is the Applicant's Guide - Specific Conditions. During the 2007-13 financial year, the main project selection criteria were studied and then ways were proposed to correct the calculation of some indicators, to introduce new elements of analysis (Droj, 2012) so that the indicators of the project to be relevant (essential for the successful implementation of the activities); realistic (to identify the set of objectives that have been achieved); verifiable (can be measured, quantified).

In determining the degree of fulfilment of the indicators, the resulting percentage shall be taken into account by reporting the value achieved for each indicator to the value proposed in the application as follows:

$$\text{Indicator achievement rate } n = \text{indicator } n \text{ (achieved)} / \text{indicator } n \text{ (proposed)} \times 100\%$$

If the resulting percentage exceeds 100%, it will be capped at this value, less for Program Indicators, for which the cap is set at 110%, in order to compensate for the non-realization of additional indicators.

Each indicator is set by the financier a weighting coefficient, which is applied to its percentage of achievement, in order to determine **the degree of fulfilment of the specific indicators** by applying the following formula:

$$D.F.S.n = (\text{percentage } n \times \text{weighting } n)$$

In order to determine **the degree of achievement** of all **indicators** in a project, all levels of fulfilment of the specific indicators will be summed up according to the formula:

$$D.A.I. = \sum D.F.S.n$$

The difference between the maximum percentage of 100% and the degree of achievement of the indicators is the **degree of non-implementation** of the indicators:

$$D.N.I. = 100\% - D.A.I.$$

The indicators to be achieved after the end of the project will not be taken into account.

If the degree of achievement of the end-of-project indicators is less than 100%, the project budget will be adjusted proportionally for each budget chapter by applying to its initial value the performance calculated according to the most recent algorithm above.

The identification of realistic intermediate and final targets is an important element in the planning of the performance framework and is based on the analysis of the previous programming period 2007-2013, on a comparative analysis with the interventions of other Member States, on studies of target setting methodologies and on verifications made for each sector with competent experts in the field.

When developing operational programs, the Ministry of European Funds has ensured continuous consistency assessment in terms of developing the performance framework and selecting appropriate indicators. The way of selecting the indicators and justifying the values identified for the intermediate and final targets were included in the documentation of each operational program.

5. CONCLUSIONS

For any identified need, public intervention can be projected into a public policy or program. Insufficient resources lead to hierarchy, prioritizing needs, so that not all identified needs will address public programs at the same time. This hierarchy is based on quantification, based on the proposed indicators of intervention, which must be consistent with those of the funding program.

Taking into account that the impact analysis of the projects is necessary to check that they produce the desired effects, if they contribute properly to the achievement of the objectives of the European programs and policies (Mureșan, 2012), we consider that the indicators achieved within the projects are the instrument through which stakeholders can assess the impact of all projects and programs on economic development.

European project financing indicators are considered the key instruments used in monitoring and implementing projects with a view to quantifying the achievement of the objectives of the project, program or financial allocation of the EU Member State.

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