

THE CAPACITY OF ROMANIAN UNIVERSITIES TO CONTRACT EU FUNDS FOR HUMAN RESOURCES DEVELOPMENT

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ABSTRACT

The importance given to human resources in achieving a higher level of development is increasing. European Union gives to its member states the opportunity to use European funds to invest in the fields that needs to be improved in order to reach the social and economic cohesion. Human resources development is one of these fields. This paper is going to analyze the capacity of Romanian universities to use European funds, given by contracted projects financed through Sectoral Operational Programme Human Resources Development (SOPHRD) 2007-2013. A comparison between the universities that managed to sign a European financing contract will be made, from two different perspectives: the number of projects contracted and the contracted value.

KEYWORDS: contracted projects, European funds, human resources, universities

JEL CLASSIFICATION: M00, D83

1. INTRODUCTION

Once a state becomes a member of European Union, it receives the right to use financial instruments in order to achieve the common objectives. These are pointed out in European strategies for ten years, for instance Lisbon Strategy 2000 (revised in 2005), Europe 2020 Strategy. The main objective this union seeks is a social and economic cohesion, due to the fact that the latest enlargements stressed the differences between regions. In 2004, 2007 and 2013, the European Union integrated 13 new states, ten in 2004, two in 2007 and one in 2013. The level of development between regions became more noticeable, "the problem of differences between the economic levels of the member states has appeared before, throughout the existence of the European Union, but didn't have the same amplitude" (Hapenciuc et al., 2013).

In order to overcome this situation, European Union uses financial instruments, like structural and cohesion funds. Each member state should acknowledge the need of using these financial aids to reach a higher level of development. Structural and cohesion funds are established through the European Cohesion policy, which "is designed to bring about concrete results, furthering economic and social cohesion and reducing gaps between development levels in the various regions" (European Communities, 2007).

Structural and cohesion funds can be obtained through a complex process that involves investments in real projects. To be able to use the financial aid eligible for European Union member states, project must be written and implemented. But it's important to notice the differences between a project, in general, and European projects, in particular. "They support European policies in achieving

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their goals, being the means by which the European funds allocated to the member states can be accessed. These projects are common at European level, being different from other projects, and require an adapted management" (Nistor, Muresan, 2012). The first step in the process of using structural and cohesion funds is to identify the proper financial instrument, operational program, priority axis, key area of intervention for the identified need to invest in. Each of these has a specific application form and the project must be written accordingly with the predetermined format and taking in consideration all the regulation, instruction, guides at national and European level linked to this topic. There are also restrictions regarding the applicant, target group, budget. This type of project is based on "rigorous, specific concepts and terminology". (Nistor, Munteanu, 2013).

Among the funds used to deliver Cohesion Policy, the European Social Fund (ESF) "is the main financial instrument for supporting jobs, helping people get better jobs and ensuring fairer job opportunities for all EU citizens. It does so by investing in human capital" (European Commission, 2012). In Romania, investing in human resources, promoting employment and social inclusion and strengthening administrative capacity is one of the six national priority for development, established in National Program for Development, in 2005, next to: increasing economic competitiveness and developing an economy based on knowledge, developing and modernizing transport infrastructure, protecting and improving the quality of the environment; developing rural economy and increasing productivity in the farming sector, diminishing development disparities between country regions (Government of Romania, 2005).

ESF allocation, in Romania, amounts 3.684 bn.Eur for 2007-2013 and 4.774 bn.Eur for 2014-2020. In Romania, ESF covers two operational programmes, one for investing in human resources and one for administrative capacity, in both periods of programming: 2007-2013 (Sectoral Operational Programme Human Resources Development (SOPHRD) and Operational Programme Administrative Capacity Development) and 2014-2020 (Operational Programme Human Capital – OPHC and Operational Programme Administrative Capacity). The programmes for investing in human resources have the highest share from ESF: SOPHRD has allocated 94% (3.476 bn.Eur) and the corresponding programme in 2014-2020 covers 88.4% (4.221 bn.Eur) (Government of Romania, 2007, 2014).

2. METHODOLOGY

This paper is going to analyze, from a quantitative point of view the interest of possible beneficiaries in using European funds for human resources development in Romania. Due to ESF share among operational programmes, we consider that the most representative are those that invest in human resources. Because of the late launch of OPHC 2014-2020 in April 2015, it's impossible to analyze this program. Due to this, we choose to focus our attention on using European funds under SOPHRD 2007-2013.

This research is based mostly on reports, statistics, data available on the official website of the Ministry of European Funds in Romania, www.fonduri-eu.ro. The analyzed period will be 2007-May 2015.

There are a lot of possible beneficiaries of SOPHRD funding, like public and private bodies, universities, associations, non-governmental organizations. Higher education institutions have an undeniable role when it comes to developing human resources. With this research, we want to reveal the interest and capacity of universities to invest European funds for human resources development. The study will focus on contracted projects financed through SOPHRD during 2007-May 2015 by universities. A comparison between universities will be made considering the number of financing contracts sign and their value. Moreover, a comparison between regions can be made. This way the importance of this type of beneficiary is going to be underlined.

3. SOPHRD 2007-2013 CONTRACTED PROJECTS

3.1 General aspects on SOPHRD 2007-2013

Romania, starting with 2007, became a member state of European Union, status that provides the eligibility of our country to use structural and cohesion funds for reducing the development gap that exists between regions. In order to invest in human resources development, Romania can use 3.476 bn.Eur under SOPHRD 2007-2013, which represents 18.09% of total allocation (19.213 bn.Eur). The situation of this operational programme at 31 May 2015 is revealed in Table 1. During this period, Romania managed to reach a current absorption of only 46.53%. Current absorption is given by dividing the statements of expenditures submitted to European Commission to total allocated funds.

Table 1. SOPHRD Situation at 31 May 2015

Financial allocation 2007-2013 (bn.Eur)	Submitted projects	Approved projects	Contracted projects	Internal payment to beneficiaries (bn.Eur)		Current absorption (bn.Eur)		Intermediate payment from European Commission (bn.Eur)	
				Value	Percentage	Value	Percentage	Value	Percentage
3.476	15,467	4,438	3,978	2.215	63.73%	1.617	46.53%	1.158	33.30%

Source: Absorption rate at 31 May 2015, downloaded from www.fonduri-ue.ro

The level of payment received from European Commission is very low, reaching only 33.30% of total allocated budget for the entire period. But this is not due to the lack of interest for this kind of funding, which is underlined by a contracting rate higher than 100%. Moreover the number of submitted projects reveals a high interest for receiving financial aid for development of human resources using SOPHRD funding. But, the differences between submitted, approved and contracted projects shows that it's not enough to express the will of using this funding opportunity by submitting a project. We must be aware that the project must fulfill all the given rules and to be written according with the instructions and the guides available. The approved projects refer only to those which managed to pass the evaluation phase. The contracted projects reveal those who passed the evaluation phase and received the funds for implementation. A project reach the contracting phase in descending order of the scored obtained during evaluation.

In order to underline the capacity of attracting European funds, contracted projects must be analyzed. As we can see in Table 1, in the analyzed period 2007- May 2015, Romania managed to sign 3,978 contracts funded by SOPHRD. These bring together different types of beneficiaries, projects funded under all the priority axes, key areas of interventions, a wide range of target groups, results and objectives. Due to this paper aim, we analyzed all the contracted funds, classifying the beneficiaries into four groups, as followed: public bodies, nonprofit NGOs, commercial companies and the educational environment. Table 2 presents the contribution of these four types of beneficiaries in the process of contracting European funds for human resources development. We can see that taking into consideration the number of signed contracts, nonprofit NGOs managed to cover 32%, but when considering the value of these projects, the educational environment has the highest rank.

The educational environment has an important position in signing contracts funded by SOPHRD. This type of beneficiary brings together all the entities that are linked to this field, such as: Ministry of National Education, all the institutions affiliated to it, all levels of education. As it is shown in Table 2, this type of beneficiary managed to contract 943 projects with a total value of European Union contribution of 6.42 bn.Ron. If we are to calculate the contracted rate for this beneficiary, we

can see that the educational environment succeeded to write projects that covers around 40% of total allocation under SOPHRD 2007-2013.

Table 2. Contracted projects by type of beneficiaries

Type of beneficiary	Contracted projects			
	Number	%	Value (bn.RON)	%
Nonprofit NGO	1,263	31.75%	5.98	30.49%
Public bodies	783	19.68%	4.10	20.91%
Commercial companies	989	24.86%	3.10	15.81%
Educational environment	943	23.71%	6.42	32.74%
Total	3,978	100%	19.61	100%

Source: Own contribution based on data available on www.fonduri-ue.ro related to contracted funds at 31 May 2015

3.2 Contracted projects by universities

In a communication from European Commission (2005), it is stated that “investing more and better in the modernisation and quality of universities is a direct investment in the future of Europe and Europeans”. Universities and other higher education institutes represent possible beneficiaries of ESF and belong to the educational environment type, presented above. To make it easier to follow, in this paper we are going to use the term “university” referring to all higher education institutions.

In order to reveal the contribution of universities in the process of contracting projects financed by SOPHRD in the programming period 2007- May 2015, we must split the educational environment type of beneficiary in two different parts: universities and other institutes. We can notice that universities have the biggest contribution, covering 63.2% of total number of projects contracted and 58.72% of contracted value within this type of beneficiary. Moreover, we can reveal the position held by universities among all SOPHRD beneficiaries: universities managed to contract 596 projects in the analyzed period, representing around 15% of all contracted projects through SOPHRD. Universities contracted 3.77 bn.Ron, representing 19.2% of the total value of contracted projects. This underlines the universities capacity to contract a project funded by European funds through SOPHRD 2007-2013, their contribution being important for achieving the goals set .

Table 3. Contracted projects in the educational environment

Type of beneficiary	Contracted projects			
	Number	%	Value (bn.RON)	%
Universities	596	63.20 %	3.77	58.72 %
Other institutes	347	36.80 %	2.65	41.28 %
Educational environment	943	23.71%	6.42	32.74%

Source: Own contribution based on data available on www.fonduri-ue.ro related to contracted funds at 31 May 2015

Going deeper with this research, we see that we have universities with more than one project of this kind contracted, meaning that we don't have 596 beneficiaries in this period. Grouping all the beneficiaries within the same university, we find out that only 64 entities managed to sign a financing contract. Based on this analysis, we were able to make a Top 10 of universities that contracted the higher number of projects funded through SOPHRD (see Table 4). This is done in terms contracts signed by an entity as beneficiary, without taking into account projects that are in partnership. In addition, we can notice that, referring only to universities location, Bucharest brings together the highest number of financing contracts, followed by Cluj Napoca, Timisoara, Iasi, Sibiu.

These ten universities bring together around 53% of all the projects contracted by this type of beneficiary.

Table 4. Top 10 universities according to the number of contracts signed

University	Number of contracted projects
Polytechnic University Bucharest	69
Academy of Economic Studies Bucharest	47
Babeş-Bolyai University Cluj Napoca	46
University of Bucharest	36
Spiru Haret University Bucharest	24
West University Timisoara	19
Lucian Blaga University Sibiu	19
Technical University Cluj Napoca	19
Alexandru Ioan Cuza University Iasi	18
University of Medicine and Pharmacy Carol Davila Bucharest	17

Source: Own contribution based on data available on www.fonduri-ue.ro related to contracted funds at 31 May 2015

If we analyze the value of contracted projects by universities, the situation is slightly change, two of the first 10 universities presented above are not included when talking about those who managed to contract the highest amount of European funds contribution (see Table 5). We have two universities that contracted less projects, but with a higher value of European contribution, which reveals their great potential of using these funds (Romanian Academy Bucharest – 13 project contracted and University of Medicine and Pharmacy Grigore T. Popa Iasi – 10 projects contracted). Moreover the position held has change. We see that Bucharest is still leading, having six universities in top, followed by Cluj Napoca and Iasi, with two positions each. These 10 universities mentioned in Table 5 covers about 60% of the entire contracted value, the share that each university have is also revealed.

Table 5. Top 10 universities according to the value of contracts signed

University	Contracted funds	
	Value (Ron)	%
Polytechnic University Bucharest	533,323,326.00	23.93%
Babeş-Bolyai University Cluj Napoca	293,995,044.00	13.19%
Academy of Economic Studies Bucharest	290,807,950.00	13.05%
University of Bucharest	250,792,621.00	11.25%
Technical University Cluj Napoca	198,652,180.00	8.91%
Alexandru Ioan Cuza University Iasi	172,353,562.00	7.73%
University of Medicine and Pharmacy Carol Davila Bucharest	139,759,519.00	6.27%
Romanian Academy Bucharest	124,356,661.00	5.58%
Spiru Haret University Bucharest	121,758,530.00	5.46%
University of Medicine and Pharmacy Grigore T. Popa Iasi	103,256,466.00	4.63%
Total	2,229,055,859.00	100.00%

Source: Own contribution based on data available on www.fonduri-ue.ro related to contracted funds at 31 May 2015

As we can notice from the two tables above (Table 4 and 5), there are 12 universities mentioned as the most relevant when talking about contracting projects financed by SOPHRD 2007-2013. Analyzing these universities from a qualitative perspective, we found some interesting results, as showed in Table 6. We choose to make a ranking of these beneficiaries regarding the value, the number of contracted projects and the contracted funds per project. We can see that the first three universities that managed to contract both the highest amount of contracted funds and the highest number of contracts signed are ranked on the 6 ,8 and 9th place when it comes to the average value per contracted project. This underlines the focus of these universities in writing a lot of projects with a lower value. On the other hand, we find the University of Medicine and Pharmacy Grigore T. Popa Iasi, which managed to contract an important value of EU contribution with only 10 projects, being on the second place when analyzing contracted funds per project.

Table 6. The position held by universities as SOPHRD beneficiaries

Beneficiary	Rank Value of contracted funds	Rank Number of contracted projects	Contracted funds/project	
			Value (Ron)	Rank
Polytechnic University Bucharest	1	1	7,729,323.57	6
Babeş-Bolyai University Cluj Napoca	2	3	6,391,196.61	8
Academy of Economic Studies Bucharest	3	2	6,187,403.19	9
University of Bucharest	4	4	6,966,461.69	7
Technical University Cluj Napoca	5	6	10,455,377.89	1
Alexandru Ioan Cuza University Iasi	6	7	9,575,197.89	3
University of Medicine and Pharmacy Carol Davila Bucharest	7	8	8,221,148.18	5
Romanian Academy Bucharest	8	9	9,565,897.00	4
Spiru Haret University Bucharest	9	5	5,073,272.08	10
University of Medicine and Pharmacy Grigore T. Popa Iasi	10	10	10,325,646.60	2
West University Timisoara	11	6	3,832,618.63	11
Lucian Blaga University Sibiu	12	6	3,202,522.53	12

Source: Own contribution based on data available on www.fonduri-ue.ro related to contracted funds at 31 May 2015

The number of contracted projects reveals the interest for each university to absorb European funds for investing in human capital. This way, we can identify the higher education institutes from Romania that managed to write, understand and identify the need for developing human resources according with the general framework of SOPHRD 2007-2013. The contracted value reveals also the capacity of every university to cover the required co-financing, a factor to be taken into account when analyzing the capacity of a possible beneficiary to use European funds. A higher number of projects under the management of a single beneficiary allow us to group the universities after the accumulated experience and knowledge linked to the process of contracting this financial aid. Moreover, the qualitative analysis undertaken reveals the rank of each university regarding the process of contracting this kind of funding. We see that in the end it is not very important to have a lot of projects written and contracted, but the value of them. Choosing to write more projects with a

lower value can be justify by the difficulties that may occur when it comes to managing a larger project.

4. CONCLUSIONS

The educational environment represents an important player in the process of absorbing European funds for human resources development. The above statement is proven by this conducted research, revealing the high contribution of this type of beneficiary in contracting SOPHRD funded projects. Moreover, within this type of beneficiary, universities are majority, even if we speak about the number of contracted projects or their value. Universities managed to sign 15% of all financing contracts and to cover 19% of total European Union contribution within SOPHRD during February 2008 (when was launched first call for projects) and May 2015.

This research is not presenting final situations linked to contracted funds due to the opportunity to use and implement this kind of funded projects till the end of 2015, which can lead to some changes in all the above presenting facts and numbers.

The results reveals the high interest of universities to invest European funds in the development of human resources and their capacity to understand the regulations, the relevant legislation, to develop projects according to existing guidelines and identified needs in this field. More than that, a large number of projects reveals high financial capacity needed for a good implementation. Also, working in this field, interacting with the managing authority, intermediate bodies, experience of working in a team of a project financed by SOPHRD lead to creation of important knowledge for achieving objectives and increase absorption. Therefore, we conclude that universities hold vital knowledge and important, notable experiences in this area. Analyzing their situations and progress can have significant impact on improving the management of projects funded by SOPHRD, in particular, and European funds, in general.

This paper presents the importance of universities in economic and social development by analyzing, from a quantitative point of view the capacity of contracting projects funded by European Social Fund in order to invest in human resources, as a way of reducing the development gap that exists between European regions. The main limitation of this research is that we only take into consideration the contracted project, because of the lack of information linked to submitted, approved projects. Unfortunately, there are no available data on all contracted projects linked to their implementation, status, financial data, reimbursed funds. Analyzing only contracted projects we don't emphasize on the implementation and management of these funds after the contract is sign, which can underline if we have what it takes to deal with projects financed through European financial instruments after the integration in European Union.

This research can be useful for the next period of programming, by identifying the beneficiaries that have experience and knowledge related to this field. The beneficiaries that managed to use and absorb European funds can give advices and share their knowledge to others in order to increase the absorption rate and also the interest for this kind of funding.

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