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Capacity of Phare and structural funds absorption: pre-accession versus post-accession*

Corina CACE¹, Sorin CACE², Cristina IOVA³, Victor NICOLĂESCU⁴

Abstract

The capacity of structural funds absorption is a priority for the member states of the European Union which accessed the EU in 2004 and 2007, but slowing rates of the absorption capacity of these funds were noticed in comparison to the absorption rates of pre-accession funds.

Within the context of “pre-accession versus post-accession” analysis, we present the gradual flexibilization of the process of EU funds absorption, the transfer of responsibilities for funds management towards the member states, as well as the differences between the two financing instruments used by the European Union function of different coordinates.

The accession of the new member states from Central and Eastern Europe testimonies for the efficient ways of conditioning the aid for modernization offered to these countries, creating a reference framework whose coordination by proactive measures should continue during the post-accession period too.

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The success of the positive conditionality during the pre-accession period should be preserved by focusing on endogenous aspects specific to the assumption of responsibility for structural funds absorption by every new member state.

Keywords: absorption capacity, positive conditionality, structural funds, European funds, new member states

Introduction

Within the context in which during the post-accession period the new member states receive the most generous allocation of funds in order to close the gaps separating them from the European average, predictions can be made by analyzing the results recorded during the pre-accession period, as well as by observing the early results of the countries which have accessed in 2004, in terms of performance of structural funds absorption. The efficient and efficacious use of the structural funds is an indicator to be evaluated at the end of the financing cycle. However, the countries which have accessed in 2004 and 2007 had to go through several compulsory stages during the pre-accession period, particularly concerning the programming segment, which is considered to be an input indicator (*Zaman, Gh., Georgescu, G., 2009, pp. 142*) with severe implications on the absorption of the structural and cohesion funds.

The political commitment during the pre-accession period competed with the solidarity of the citizens from the member states and from the candidate countries, aspects undergoing changes, sometimes even with negative oscillations within the context of the financial crisis. The clear trend for a more rigorous management of the public funds is increasingly obvious both at the national and at the European level, its impact resulting from the strict enforcement of the procedures and by redirecting the funds towards the regions which develop efficient mechanisms for funds absorption.

However, the slowing rate of structural funds absorption in the new member states from Central and Eastern Europe requires a comparative analysis of the two periods, pre-accession and post-accession, in order to ascertain the differences existing between the mechanisms of granting and managing the European aid.

Integration and the conditionality of the Central and Eastern European countries

The fall of the communist regimes in the Central and Eastern Europe and the staunch option of these states to adopt the market economy model represented unprecedented elements in world history. Starting with 1990, most of the Central and Eastern European countries, Romania included have seen the European Union as a point of support, while the process of European integration was perceived as an opportunity for their economic revival.

The start of the 90s in Europe was quite unusual. The idea of a new enlargement, towards Eastern and Central Europe, was not rejected; on the contrary, it was looked upon as a chance to accomplish “*an integrated Europe from the Atlantic to the Urals*”, as the French President De Gaulle put it years ago. The idea of enlargement was present particularly at the level of the political statements and discussions; although apparently the opinions of the European officials were favourable, in principle, to the idea of a new enlargement, the positions of the member states were not identical, rather contradictory often, particularly concerning the actual conditions and the moment of accession. There was a consensus, however, that the enlargement towards the east will be possible, but in a more remote period of time, after the candidate countries fulfilled several properly defined criteria which were formulated, though, only in 1993 at the Copenhagen Council of Europe.

The systematic review of the set of accession criteria was subsequently necessary, which made the debates and negotiations slide from the sphere of quantitative monitoring to that of qualitative evaluation.

In the 90s, the European Union was the subject of important transformations and it was at the final of the period of transition of the second and third enlargements – Greece (1981), Spain and Portugal (1985-1986), countries whose level of development was lower to the average community level and whose integration within the structures of the union proved to be costly. The reunification of Germany during the early 90s also required financial efforts not just from the German state, but also from the European community. After such experiments, it seemed only justified the reluctance of the member states to accept countries with no experience of authentic market economy, with low levels of economic development, in most cases with standards of living lower even than the level of development of the newest member states.

During the early 90s, the attention of EU and member states authorities focused on other aspects of the European integration. As the single market was accomplishing and in agreement with the ambitious ideas of the Rome Treaty and of the Single European Act, the European Union redefined its priorities. These priorities are to be found in the 1991 Maastricht Treaty. EU actions focus on a deeper

integration, which was obvious all along the 9th decade. The European Union was the adept of the idea of enlargement, however, by accepting members with a high level of development and high economic potential, as proved by the on-going negotiations at that time for the third wave of enlargement, towards the north, which ended in 1995 with the accession of Swede, Finland and Austria.

The enlargements of 2004 and 2007, which included 12 new member states including Central and East European states, reveal the fundamental ideals, values and goals of the EU.

The monitoring reports of the European Commission released before the pre-accession period tried to provide answers to three different categories of questions: a. degree in which the applicant/candidate state will be ready for integration within the European Union on January 1st, 2004 (the countries were evaluated not by their capacity at that specific time to be ready for integration, but in terms of their capacity to be ready in the beginning of 2004); b. problems which had to be solved before accession; c. aspects that might freeze the accession if unsolved despite the preliminary positive decision from 199. After the answers to these topics were aggregated, a hierarchy of the country scores from the candidates to accession was presented in the Luxembourg meeting of the Council of Europe (highest score was 40). As it can be seen from the table below, Romania ranked on the penultimate position in relation to the mentioned criteria.

Table 1: *Country scores in relation to the Copenhagen criteria*

Hungary	33
Poland	32
Czechia	29
Slovenia	25
Estonia	24
Slovakia	23
Lithuania	19
Latvia	18
Romania	13
Bulgaria	10

Source: Council of Europe, 1997

As it can be seen, despite different predictions as to the perspectives of finalising the accession, the reason for EU existence was consolidating by encouraging peace, stability, democracy and prosperity throughout Europe by integrating the states and peoples. The expansion transposes into life this vision by encouraging the economic and political integration. For the Central and Eastern European countries, the accession symbolizes a return within Europe and the chance to firmly anchor their own democracies within the EU, *Wim Kok (2003)*.

Table 2: *Main data of the enlargement process concerning the Eastern European states*

- **1989** – Fall of the Berlin wall. Start of the financial aid of the European Union for the Central and Eastern European countries, for the reform and renewal of their economies
- **1990** – Cyprus and Malta apply for EU membership
- **1990-1996** – Conclusion of the association agreements (European Agreements) with the Central and Eastern European countries
- **1993** – The Copenhagen Council of Europe approves the enlargement of EU to include the Central and Eastern European countries and defines the criteria which these countries must meet before accession
- **1993** – The European Commission publishes its opinions on Cyprus and Malta
- **1994** – The Essen Council of Europe approves the pre-accession strategy
- **1994-1996** – Ten Central and Eastern European countries apply for EU membership
- **1997** – The European Commission publishes its opinions on the Central and Eastern European countries and proposes a strategy of the enlargement process in the “Agenda 2000”
- **1998** – The negotiations for accession begin with Hungary, Poland, Estonia, Slovenia, Czechia and Cyprus. Malta reactivates its application for EU membership
- **1999** – The Berlin Council of Europe approves the “Agenda 2000” and a financial perspective for EU enlargement. Turkey is accepted in the enlargement process based on the Copenhagen criteria
- **2000** – The negotiations for accession begin with Slovakia, Latvia, Lithuania, Bulgaria, Romania and Malta
- **2002** – The Copenhagen Council of Europe marks the end of the accession negotiations with Cyprus, Malta, Slovakia, Latvia, Lithuania, Hungary, Poland, Estonia, Slovenia and Czechia
- **2004** – Cyprus, Malta, Slovakia, Latvia, Lithuania, Hungary, Poland, Estonia, Slovenia and Czechia become members of the European Union with full rights
- **2006** – April 25, in Luxemburg, Romania and Bulgaria, together with the EU member states have signed the Treaty of Accession to the European Union, which entered into force on January 1st, 2007
- **2007** – January 1st, 2007, Romania and Bulgaria become members of the European Union with full rights

During the pre-accession period, the efforts of the member states has been directed towards establishing the conditions to apply single sectoral policies, towards stressing on the interdependencies and towards meeting the convergence criteria stipulated by the Maastricht Treaty, as essential processes for the accomplishment of the extremely ambitious goal of achieving the economic and monetary union. The short-term costs associated to all these projects of increasing the European cohesion were already estimated as being high, the consequence being the increase in weight of the cost-benefit criterion within the evaluation of the political decisions to be made.

The institutional consequences of EU enlargement are reflected in different forms: the increasing influence of the “small” candidate countries within the works of the Council where a total period of 9.5 years of presidency of the total 13 years is presumed, which means a very high proportion of presence at the level of Council chairing. The number of European commissioners will increase by the end of the successive waves of enlargement, which is presumed to have substantial effects at the level of the global efficiency of this forum.

The enlargement towards the east has been and still is a strongly debated subject within the European Union. No other enlargement wave enjoyed so much attention. The conditions and premises of enlargement towards the east are completely different than those of any previous enlargement.

The general implications of globalization and the consequences of the 2004 and 2007 enlargements determined assumptions of position by the EU member states representatives concerning the rigidity and stagnation observed in the main European economies. The solutions to the known problems referred mainly to the acceptance of a number of liberal solutions characterized by workforce market competitiveness and capital mobility. Within this context, during the British presidency of the second half of 2005, Tony Blair mentioned the areas that have to be reformed: workforce markets, energy dependence, innovation, demographic policy, the balance between life at work and life at home (*Helle C. Dale, 2005*).

The concept of positive conditionality has been regarded as the “golden carrot” of the EU policies of vicinity, enlargement and foreign affairs. Approached as an important and valuable method of the partnership between EU member states and candidate states in developing the social, politic and economic process through an efficient system of motivation, the positive conditioning is presently used in various areas, from the development of cooperation to the policy of vicinity, being an aspect of success on the contemporary agenda.

Generally, conditionality can be regarded as a theoretical subcomponent or a method which explains the logic relations between two or more actors. Conditionality provides instruments to connect the state or the international organization with the benefits wanted by another international actor by meeting several conditions (Smith, 1987). Conditionality can be perceived as an institutional

norm or agreement. *Killick (1998, pp.6)* defined conditionality as a “set of mutual agreements by which a state undertakes, or promises to do so, specific political actions in support to which an international financial institution or another agency will supply specified values of financial assistance”. A certain similitude with the legal norms can be observed, especially by the negative conditionality by which any clauses of rejection or infringement of the agreed conditions determine penalties or sanctions.

The main argument in using the conditionality is a higher social, economical and political influence, while avoiding the more dangerous or costly methods. Conditionality is grounded on the confidence that the assistance will produce a cumulative progress and a consistent growth: the forced reforms create political backup and the political backup allows the reforms and modernization to continue (*Fiero, 2003:95*). The models of conditionality may be divided into two different sets: first, the models elaborated for the development of cooperation by less developed countries; second, the models developed by EU and NATO to impose a conditionality of structural pre-accession.

Conditionality as concept may be differentiated, categorised and measured in relation to three main aspects:

1. The ex post conditionality has the usual form of the international legislation: the conditions must be met after the ratification of an agreement or treaty or after signing a contract. Ex ante conditionality means that the conditions must be met in advance or immediately after a contract is signed (*Santiso 2002, pp. 6*);

2. The conditionality can be unilateral or multilateral. While during the cold war the unilateral conditionality was predominant, after 1990 EU, OSCE and NATO conditionality started to replace the former unilateral conditionality (*Stokke 1995, pp.7*).

3. The conditionality can be essentially positive or negative. The purpose of the negative conditionality is to influence a situation which already exists (the type of trade, the diplomatic relations etc.) which is threatened to be changed if the targeted country doesn't meets specific requirements. The negative conditionality involves sanctions to be imposed, such as reduction, abatement or canceling of the benefits if the specific country doesn't complies with some criteria (*Fiero 2003, pp.100*). The positive conditionality has an ex ante dimension; in this case, a side is not satisfied in the starting point, which motivates another actor to change. The influence is grounded on the promises of the actors to supply specific stimulants if the recipient state succeeds to meet certain conditions. The positive conditionality may include the reduction of the trade barriers, the establishment of a new net of cooperation, the supply of financial aid and the establishment of free visa regime. The positive conditionality is known as the “carrot method”, while the negative conditionality is regarded as the “stick method” (*Fiero 2003, pp.100*). The positive conditionality is asymmetrical by its

nature because a contractor is required to achieve a contract earlier. Also, it is technically more complex than the negative conditionality, but can be implemented gradually and without a wide consensus. It is dependent of the pre-conditions because it can only succeed in a situation in which the expected benefits of the recipient side are larger than the costs of the adjustments (*Schimmelfenning, Sedelmeier 2007, pp.89*). The moral aspects of the positive conditionality allow the accomplishment of the goals: the recipient state needs resources for reform and the donor country needs the relocation of the economic resources and the prevention of conflicts in its vicinity.

The accession history of the new EU member states from Central and Eastern Europe proves successfully the efficient methods to condition the aid for modernization given to them, creating thus a framework of reference which should be coordinated by proactive measures during the post-accession period too.

The PHARE program – vehicle of the European integration

The European Union and its member states have characterised conditionality as being a functional cooperation or a method of integration from the pre-accession period through which guiding and strict rules are required in order to ensure the efficient convergence with the European structures and to support the transition societies in their process of modernization. The motivation of conditionality was also characterized as functional in the mutual interest of the specific states and of the European Union.

The Phare program is one of the three pre-accession instruments financed by the European Union in support of the applicant countries from Central and Eastern Europe to be ready for integration in the European Union. Launched in 1989 to support Poland and Hungary, the Phare program was expanded to the other states in the region to support them during a period of massive restructuring and profound political change. Until 2000, the west Balkan states (Albania, Bosnia-Herzegovina and the Former Yugoslav Republic Macedonia) have been beneficiaries of the Phare program, and as of 2001, the financial assistance of the European Union to these countries materialized in CARDS program (Community Assistance for Reconstruction, Development and Stability in Balkans). The objectives of Phare program were to strengthen the administrations and public institutions so they will function efficiently in the European Union, to promote the convergence with the European legislation (*acquis communautaire*), to shorten the transition period and to promote the economic and social cohesion. In 1999, these directions were redefined by the creation of two distinct programs SAPARD and ISPA, offering the possibility to cover those areas which were not addressed by the activities in PHARE portfolio.

Within the context of this analysis it is important to remember that 2003 was the final programming year for the new member states which have accessed in 2004, while Phare programming continued for Romania and Bulgaria during 2004-2006 with a substantial increase of the financial allocations.

Since the establishment of the Phare program, the actual process of financing displayed an oscillating evolution, the main results being ascertained by the European bodies (the European Commission, the Court of Auditing and the Council of Europe) and put into practice in different periods. Thus, two British authors (*Bailey, D., De Propis, L, 2004, pp. 80-85*) have identified three distinct periods in the evolution of Phare program during which new mechanisms of financing have been put into practice, which aimed to improve the process of absorption of the funds allocated to the applicant countries.

During 1989 – 1997, Phare program was oriented towards providing technical assistance at the governmental and ministerial level in the areas of public financing, agriculture, environment and privatization and towards developing the small and medium enterprises. The main criticisms referred to the fact that programming was complex, expanded in time and not entirely efficient and each project had a project management unit. There also were several specific problems: 1. existence of 5 levels of the programming documentation; 2. inadequate and unclear procedures of monitoring and control; 3. overcrowding of the administration and obstacles in purchases transparency; 4. the contracting rates were below 10% in 1997 (the payments for the period 1990-1998 amounted to just 5.589 billion euro, while the concluded contracts amounted to 8.891 billion euro).

During 1998-2000, measures have been taken for a better knowledge of the procedures, to ensure the continuity of the public service and to increase competition in applying the Phare tender procedures. Thus, starting from the fact that the project management units turned into entities separated from the government, the National Funds have been established, and structures specialised in running the programs were established within the ministries of finances (Central Finance and Contracting Unit). Consolidated targets were established for large investments (to avoid the proliferation of small projects) and the five levels of the programming documentation have been replaced by the Partnership for accession and by a single annual proposition for financing which allowed phasing the contracting and payment activities. In consequence, the contracting rates improved in 1998 compared to 1997, in terms of shortening the time between filling in the documentation for financing and contracting (*Commission, 2000a*). The reforms of 1997 resulted in a higher proportion of projects evaluated as satisfactory, from 39% in 1999 to 56% in 2000 (*Commission, 2000c*).

Table 3: *Contracting rates and expenditures before 1998*

	% of the engagements contracted in 1997 at the end of 1998	% of the engagements contracted in 1998 at the end of 1999	Total engagements 1990 – 1998 (mil. E)	Total contracts 1990 – 1998 (mil. E)	Total payments (mil. E)
Albania	-	-	493	348	316
Bosnia	-	-	282	207	152
Bulgaria	91	41	747	518	479
Czechia	22	39	390	246	196
Estonia	60	59	163	117	95
Macedonia	-	-	167	128	94
Hungary	10	23	864	587	567
Latvia	53	50	207	150	115
Lithuania	44	19	272	197	146
Poland	28	49	1732	1386	1251
Romania	55	38	972	676	598
Slovakia	36	46	253	149	133
Slovenia	34	38	131	96	78
Former Czechoslovakia	-	-	233	229	229
Multi-state	-	-	881	701	545
Horizontal programs	-	-	1105	964	594
<i>Total</i>	-	-	8891	6697	5589

Source: *Commission (2000a)*

The assimilation of the Phare program within the framework of the governmental structures means that the process started, in terms of reform, to accomplish the objective of implementing the structural funds during the post-accession period. There still was a problem, nevertheless, regarding the annual type of programming specific to Phare program, which showed the incapacity of the administrations from the candidate countries to gain experience in multiannual programming required to access the structural funds.

From 2000 to the present moment, the pre-accession instruments diversified by the establishment of ISPA and SAPARD. From this perspective, the Commission engaged financially, for the period 2000-2006, funds amounting to 3 billion euro, of which 1.5 billion euro for Phare, 1 billion for ISPA and 500 million for SAPARD (*Commission, 2000b*). By “freeing” the Phare program of the areas managed by ISPA and SAPARD, the vision of this program structured in three distinct directions of financing: one third to co-finance the institutional capacity; one third to adopt the community acquis by the candidate countries; one third to achieve the economic and social cohesion by developing the mechanisms and institutions required to implement the structural funds after accession to the European Union. This last direction, objectified by the decentralisation of Phare

management and by the introduction of the multiannual budgeting, had a built in contradiction by the existence of the specific segment of annual programming of the Phare program. By the absence of a concrete derogation from the rule of annual planning, vulnerability is noticed in providing the continuity of funds absorption during the post-accession period, which shows that the possible “saturation point” in the absorption of funds might also occur in the European policies of convergence (*Cace C., Cace S., Iova C., Nicolăescu V., 2009*). Regarding the preparation of the candidate countries to manage efficiently the structural funds, *Bailey, D. and De Propis, L. (2004, pp. 85)*, recommend several measures:

- Continue decentralization in agreement with the reforms of the structural funds;
- Emphasise on monitoring and evaluation;
- Ensure a better coordination with other pre-accession funds;
- Achieve a better organization within the European Commission;
- Prepare the candidate countries to access the structural funds by adopting multiannual planning;
- Align Phare dispositions on transboundary cooperation in agreement with Interreg program.

Despite the reforms undertaken within the Phare program since its establishment and until the present time, its transient character can still be perceived, due both to the political circumstances which existed all along the European enlargement process, and to the political changes within the European Union itself.

Structural funds – continuity of absorption in the absence of conditionality

The integration of the Central and Eastern European countries within the European Union certainly produced great expectations in terms of the positive impact which the absorption of the structural funds had on the new member states, but the distinct mechanisms adopted by each individual country, in observance of the European regulations, seem to produce different results. The essential difference observed at the moment of the 2004 and 2007 enlargements refers to the replacement of the pre-accession system of conditionality by the adaptation to the governing system proper to the European Union.

From this new perspective, the nature of the European policy of convergence still asks questions such as “who decides what” (*Marks, 1996, pp. 389*) or “to what effect” (*Bache, 1998, pp. 14*).

The structural funds represent for some authors the “directionary limit of a multilevel governing system” within which the power is shared between supra-national, national and subnational actors (*Marks, 1993*), while other analysts

consider that the central governments remain firm of their positions of leaders, playing the role of “guardians” between the pressures of the European Union and the changes of the domestic and institutional policies (Allen, 2005).

If we consider the last two decades which brought about massive changes within the Central and Eastern European countries, we can notice that in parallel with the adjustments of Phare financing (by the creation of ISPA and SAPARD), reforms have been implemented within four stages of structural financing (1989-1993, 1994-1999, 2000-2006, 2007-2013). The examination of the four stages revealed that the role of the national governments from the member states in making key decisions was exaggerated by the literature (in relation with the role of the European Commission). This statement is backed by some authors (Bachtler J., Mendez C., 2007, pp. 556) by acknowledging that the architect of the reform proposals in terms of budget structure and format of the rules of the cohesion policy is the European Commission, even if the ultimate judge of the financial and legal basis for the cohesion policy is the Council of Europe. To this direction, the principles of concentration and programming have been put into practice during the recent decades by methodologies elaborated by the Commission (Bachtler J., Mendez C., 2007, pp. 556):

a. concentration during the period 1988-2013, the Commission was able to maintain concentrated two thirds of the structural and cohesion funds for the least developed countries and regions. Thus, using a strict criterion applied at the GDP per capita, concentration was limited spatially by covering Goal 1, financing 22% to 28% of EU population, despite to two enlargements and despite the pressures of the member states to provide a higher coverage.

b. programming – the European Commission influenced significantly each stage of the reform cycle which started in 1988, adopting a *hard influence* by enforcing the rules strictly, and by modelling a *soft influence* expressed by rule interpretation using various mechanisms (guiding principles, working documents, aide-memoires, etc.). The analysis of the programming experience reveals that irrespective of the changes of regulations, the Commission was able to negotiate the changes function of the program strategies, some times involving even major adjustments in the choice of policies, in setting the strategic priorities and in supplying working mechanisms towards the member states.

The evaluations of the impact which the enlargement had on the EU are, generally, limited, given the much too large economic dimension of it. Such an estimation says that the 15 old EU members will probably gain 10 billion euro, in the long run, which means a 0.2% increase of the GDP in these countries, which might create about 300,000 jobs (in the hypothesis of a constant ratio volume of work – volume of production) (Grabbe, H. 2001).

Certainly, the effect of the positive conditionality is shown by comparing the two periods, but it is difficult to measure the actual contribution of the funds

absorbed by the new member states to the global growth. However, a comparative aspect shown in the table above indicates that the maximal and minimal limits of economic growth of the two periods have been percentually higher for the period 2004-2006, which supports the idea of “group” growth of the Central and Eastern European countries.

The efficiency of EU funds absorption may be studied in various ways: proportion of applications related to engagements; proportion of signed contracts related to engagements and rate of the certified expenditure related to engagements.

By identifying the potential “gain” of the older EU 15 member states and of the new member states, studies were conducted which try to reveal the efficient mechanisms for funds absorption which the different member states used. Thus, during 2004-2006, Ireland is considered to have scored the highest success within the EU 15 nucleus, while Estonia and Slovenia stood out within the new member states (*Markoviè Hribernik T., Kirbiš M., Vek U, 2008, pp. 1234*). Ireland has a decentralised system with some management and payment authorities at the regional level, while Estonia and Slovenia have experimented more centralized systems at the national level.

As predictive measure in evaluating the performance of structural funds absorption, at the beginning of 2003, the European Commission published reports in which the previously identified indicators were tested on the ten candidate states to the 2004 accession. Eight of the ten studied countries became EU members in 2004, while the balance of two countries (Bulgaria and Romania), in 2007.

These country studies have been elaborated in order to identify the needs for additional institutional construction and to improve the capacity of these countries to absorb EU funds at the moment of accession. The results have shown a surprisingly poor level of the administrative capacity in eight new member states from 2004. According to these studies, it was too early both for the candidate countries which were included in the EU in 2004, and for Bulgaria and Romania.

Most EU member states experienced difficulties in the absorption of European funds during the early years after accession, particularly due to the lack of a long-term vision of the authorities, to the insufficient resources for project cofinancing, to the low administrative capacity at the central and local level, to the lack of interinstitutional coordination, to the failure of the public-private partnership, to the limited abilities of the human resources, etc. (*Zaman, Gh., Georgescu, G., 200, pp. 144*). Obviously, the mentioned dysfunctions were noticed in Romania too, but here the administrative system for structural funds absorption can still be activated.

Pre-accession positive conditionality versus rules observation during the post-accession period

The choice of the model of conditionality among other options existing in the pre-accession period is motivated by the long-term goal of having prosperity, stability and security beyond its frontiers.

A more relaxed approach of the relations developed during the pre-accession period is usually preferred because it is perceived as the best option for democratic and friendly relations. By imposing a step-by-step socialization of the targeted country, the socio-economic values and customs change in much more favourable combinations (*Schimmelfennig, Engert, Knobel 2006, Sedelmeier 2006*). When the model of conditionality is selected and evaluated, "efficiency" becomes the most important variable. However, in any individual case efficiency depends only on the expectations of the acting part: if the goal is reached using the planned resources, conditionality proves to be a successful process.

Sustainability and continuity are important aspects in certain conditional relations when the obvious economic and social progress can not be documented or acquired (for instance in developing cooperation) (*Checkel 2000*). Success is a problem related to the socio-economic and on the cultural context, which is influenced by the "dependency print" of the process of modernization. For the acting part the success of the conditional relations depends on the following variables: degree of dependence of the targeted countries on the state that imposes the conditions; supportive or neutralizing influence of other countries; measure in which the targeted countries are willing to observe the conditions. Additionally, the positive conditionality may include subcomponents such as legitimacy based on mutual benefit; interest and voluntarism; sovereignty; asymmetrical contractual relations; economic and functional motivations; establishment of dependent institutions in order to protect the process (*Sedelmeier 2006, pp. 18, Stokke, pp. 2*).

New models of conditionality development during the period of 1990-2004 (2007) were built on conditionality when the aid was linked to the human rights, democracy and the principle of law enforcement. The positive conditionality became the corner stone of the relations with the less developed countries – former colonies and with the candidate countries which want to cooperate with or integrate within the EU. The former EU commissioner *Christopher Patten (1999)* declared: "In all our programs, there is a clear conditionality to our assistance. The statistics tell us that the assistance to the states that don't observe the agreed conditions decreases, while it generally consolidates for the states that show a positive trend in meeting the conditions".

Although the success resulting from the enforcement of the measures specific to the positive conditionality for accession to the European Union is constantly highlighted, and while some authors pointed that the previous experience with implementing the PHARE programs is once more ignored (*Arpinte, D., Baboi, A., 2009, pp.46*), there are very little consistent debates on continuing the trend to absorb pre-accession funds that might support the new EU member states currently experiencing recession.

The opportunity of the new member states that joined the EU in 2004 and 2007 to absorb the structural funds made available to them in order to cover the economic and social disparities is also reflected by the rather simple mechanism of accessing these funds. Table 4 shows the main differences between the pre-accession and the post-accession funds.

Within the context of the ‘pre-accession versus post-accession’ analysis one may observe noticeable differences between the two financing instruments of the European Union function of the different coordinates: Management structures; Process monitoring; Programming; Organising the project proposal and project approval. The general observation denotes the gradual flexibilization of the process of European funds absorption as well as the transfer of the responsibilities for funds administration towards the member states.

The identification of trends to slowing EU funds absorption, by relating the rates from the pre-accession period to the rates from the post-accession period, raises the problem of “annulling” the beneficial conditionality from the pre-accession period of the new member states. Thus, the integration targets stimulated the development of the administrative capacity under the “supervision” of the European organisms, aspect which should be maintained and consolidated by coherent policies during the current period of crisis.

The human resources generating the absorption of structural fund are in the autonomous and responsible area of the member states administrations, which is why the fundamental priority in achieving high absorption rates should focus at the level of integration and coordination of their efforts. Averting the “saturation point” described by the literature (*World Bank 2004*) refers to the macroeconomic, institutional and socio-cultural constraints, but within the current post-accession context it would be necessary to focus on the development of the available human capital.

It is thus clear that the idea of “delaying to reach the saturation point” refers to the determination of a country to use efficiently the aid irrespective of its level by combining its political will, policies and institutions.

Table 4: *Differences between the pre-accession funds and the structural funds*

Pre-accession funds	Structural funds
<ul style="list-style-type: none"> • the purpose of fund allocation is to support the state to meet the membership criteria • the tenders are done based on the Practical guidebook of the European Commission – PRAG; the documentation is done in English • The European Commission exerts its (ex-ante, interim, ex-post) control during the implementation process 	<ul style="list-style-type: none"> • the purpose of structural instruments is to eliminate the economic and social disparities between EU regions • the tenders are done based on the national legislation; the documentation is done in the language of the member state • the control functions are mandated to the member state: the principle of subsidiarity applies
Management structures	
<p>Functions of the Implementation Agencies:</p> <ul style="list-style-type: none"> • organising tenders • contracting • monitoring implementation • financial making payments 	<p>Functions of the Management authorities:</p> <ul style="list-style-type: none"> • programming • monitoring implementation • financial management and control <p>Functions of the intermediary organism:</p> <ul style="list-style-type: none"> • initial selection of the project proposals • control during implementation • keep in contact with the beneficiaries and making payments
Process monitoring	
<p>The sectoral subcommittees ISPA and PHARE:</p> <ul style="list-style-type: none"> • EC delegation, National coordinator of the assistance, National official of authorization, Implementation agencies, economic and social partners • Project monitoring • Making decisions to reallocate funds, adopt changes in project files 	<p>Monitoring committees working under the Sectoral operational programs:</p> <ul style="list-style-type: none"> • Management authority of the operational programs, Intermediary organisms, Central unit of coordination, Certification authority, economic and social partners • Program monitoring • Adopt the selection criteria for the projects • Adopt the annual plan for program implementation • Making decisions to reallocate funds from one priority to another
Programming	
<p>Preparing the files, financing agreements with the EC for the individual projects or for groups of projects (in the case of PHARE), the implementation period n+2 (in the case of PHARE with a contracting period n+2 and an implementation period n+3)</p>	<p>Preparing and agreeing with the EC the Operational programs referring to the investments in a specific sector for a period of 7 years; allocation of the funds by each year complies to the principle of n+2 which besides contracting includes the implementation and the payment (during the period 2007-2013 the principle n+3 will apply)</p>
Organise the project proposals and project approval	
<ul style="list-style-type: none"> • Preparing a project file which includes several components – twinning, technical assistance, investments, grants. Approval by the authorization coordinator/official; by the National coordinator; by the European Commission • After the contract is signed, the implementation agency runs the tendering process; the call for proposals for grants; contractor selection; contract finalization 	<ul style="list-style-type: none"> • After the program is approved, the call for proposals is published; the project proposal is prepared by the beneficiary which sends it to the intermediary organism; the Management authority asks the Selection committee to evaluate the applications and to forward them to it for approval. The Management authority has the final decision for project approval. • The tendering procedure runs in agreement with the national legislation of the member state

Conclusions

The shift from the status of candidate country to the status of full rights member state of the European Union was a process coordinated and conditioned positively by setting certain limits that are tangible, measurable and agreed jointly by the “older” member states to the new member states from Central and Eastern Europe. The transfer of responsibility towards the new member state, including the absorption of the European funds is a multiple task for an infrastructure harmonized with the European criteria, but lacking the experience to match with the new parameters of competitiveness which don't have the specific traits of conditionality.

From this perspective, the assumption of the competitive role of the new member state within the process of re-modernization of the new EU member states implies internal human resources – capable, apt, available, renewable, solidary and attached to a joint project dedicated to the implementation of a pragmatic program – the first sure steps towards the primordial goals generating progress.

From this stand point, the momentum and effervescence displayed during the pre-accession period, boosted by the conditions of the integrating process should become endogenous aspects specific to the assumption by every new member state of responsibility for the absorption of the structural funds.

In absence of this endogenous element of internal growth, fundamented by political will, there is a possibility to call on exogenous instruments to redirect the process of positive integration of the member states and regions displaying significant lags.

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