ASSESSMENT AND MEASUREMENT OF THE IMPACT OF PROJECTS FINANCED BY GRANTS

ESTIMAREA ŞI MĂSURAREA IMPACTULUI PROIECTELOR FINAȚATE DIN FONDURI NERAMBURSABILE

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Abstract: *In this paper we shall address the issue of impact of projects funded by grants on economic and social development, namely the reduction of regional disparities.*
This paper is structured in three parts; the first part presents a series of indicators for assessing the results of structural funds, while in the second part we present the impact of structural funds on economic and social development of member countries of the European Union. The last part presents the indicators used to measure the impact of funding through the National Rural Development Program.

Key words: *impact, project, structural funds, rural development, RDP*

1. INDICATORS FOR ASSESSING THE RESULTS OF STRUCTURAL FUNDS

The indicators for evaluating the results using structural funds are found in literature as indicators for evaluating socio-economic programs. For the European Commission, the notion of indicator only applies to information that program managers consider relevant and necessary to assist in decision making, negotiation or communication process.

In the process of monitoring and evaluation of programs, the most important indicators relate to the criteria of success and constitutes a significant part in the information system on a program, together with other forms of qualitative information, for which the Commission proposes the term "description" and "scoring" (Ene N., C. Dobre, 2010). By using the term "description", the European Commission intends to detail the main

features of the program, and by "grading" assignment on a certain scale of values previously defined (Marghiş G., 2009).

Given the complexity and variety of programs financed by structural funds, there have been set a number of indicators for analysis and quantification of the results of funding; these indicators that have been classified according to a number of criteria, but they have as common characteristic simplicity and learning SMART (specific, measurable, achievable, relevant, time), as the objectives set for the European financed projects.

Starting from the objective of this paper, we consider it appropriate to take a comparative analysis in table form of the main indicators used in economic activity and social program evaluation.

Table 1. Description of the main categories of indicators used to evaluate programs financed from structural funds

According to the degree of information			
Context indicators inform on the program's effectiveness as a whole, without distinguishing between those who have benefited from the program and those who have not benefited.	*Program indicators* focus only on the program or category of public (beneficiaries), that is the territory which actually benefited from the effects of the program.		
According to the stage of the program			
Resource indicators inform on financial, human, material, organizational resources and on the information used by the project originators for its achievement.	*Indicators of achievement* are the operators' business product. To accurately assess this category one will take into account all developments, regardless of their nature, the timing of obtaining or the final destination.	*Result indicators* relate to the immediate benefits of the program on the direct recipients.	*Impact indicators* quantify the direct consequences of the program and its direct, immediate interaction with the recipients.
According to the evaluation criteria			
Indicators of relevance report the program's objectives to the needs to be satisfied.	*Effectiveness indicators* report the results obtained to what was hoped to achieve.	*Indicators of efficiency* bring into balance the results obtained with the resources that were used for the activity.	*Performance indicators* include the efficiency and effectiveness of outputs, outcomes and impact.

According to the moment in which the quantification and the information are used	
Evaluation indicators are specific to each phase of the program's evaluation activities (ex ante, intermediate and ex post). Ex-ante evaluation, critically examines the proposed programs, objectives, implementation plans and expected results; Mid seeks to what extent the programs are implemented efficiently and effectively; Ex-post evaluation analyzes the program's impact by reporting them to the needs they aimed to and determines their positive effects and their sustainability.	*Indicators for monitoring* (supervision) should, in principle, provide useful information to improve the quality and effectiveness of interventions. In conducting this type of evaluation, one should take into account the context and resources available to carry out the activities.

According to some authors, the use of these indicators is not comfortable, as there may be a number of difficulties, among which:

- the possibility of establishing clear cause-effect relationships between the actions envisaged, the results obtained and the impact on the final objectives.
- data are unavailable on time, so that decisions such as program adjustments to be scientifically sound.
- difficulties that may occur when combining certain indicators. The authors give the example of financial ratios which can regroup at all levels (measure, priority, program), while physical indicators are more difficult to operate, sometimes due to their combination which can be awkward, so it is important to choose appropriate physical indicators for each level of assistance in order to properly measure the results and the measurable impact.
- authors believe that monitoring indicators can be established and more easily quantified when they are referring to the measure or project; on the other hand, they are more difficult to define and use at the levels which group them (program, priority), this is why they recommend that the monitoring action should not be limited to defining the indicators, but to rely on quantitative (and qualitative) information on different elements of the intervention (Ene N., Dobre C., 2010).

The monitoring activity is not synonymous with that of evaluating, but between the two there must be a correlation, because the data obtained from the monitoring process is a source of information used in the evaluation process.

To achieve the evaluation activity so that the ends sought to address this complex process, the EU outlined five criteria to be used in any evaluation exercise - "DAC" criteria (Development Aid Committee), namely: relevance, efficiency, effectiveness, impact and not least sustainability.

In order to create an image on the multitude of indicators that have been used over time to evaluate the programs financed from structural funds, we can mention the case of France where, in the Burgundy region, to carry out a program financed by European funds, there have been initially proposed 200 indicators, and finally, to be quantified only about 50 of them. In several European regions, evaluations have shown that only a few indicators are enough to meet the need of information for the authorities which are developing the program; in this respect we can mention the case of Northern Ireland, where in the years 1998-1999, in order to evaluate a program, they established 330 indicators, grouped into a single database, which proved to be difficult to use and which created problems regarding the use and availability of information. In this respect the evaluation team recommended choosing a small number of indicators that are in direct line with program objectives, and their quantification and use to be delegated to operators; these recommendations have been implemented with a positive impact on the evaluation process (Manual for evaluating socio-economic development, 2010).

2. THE IMPACT OF STRUCTURAL FUNDS ON THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE EUROPEAN UNION MEMBER COUNTRIES

In this subchapter we will perform a review of studies conducted in the European Union countries regarding the impact of structural funds on the economical at national level, the macroeconomic model which is the most often used being Hermin.

Spain is an ancient member of the European Union and benefited from structural assistance received (both in the programming period 1994-1999, 2000-2006 and currently). Recent studies refer to the programming

period 2000-2006, when the structural funds allocated to Spain amounted to 56 billion euros (45 billion representing structural funds and 11 billion the Cohesion Fund). These studies made an analysis of structural funds for Objective 1, for regional development.

In his study on the influence of structural funds on the development of poor areas of Spain, Simón Sosvilla-Rivero (2010), used the macroeconomic model Hermin, making an empirical assessment of the funds received under Objective 1. The empirical results suggest that these funds contributed significantly to the economical growth and prosperity and it also created jobs.

The findings of this study highlighted the importance of access to structural funds so that regional disparities do not hinder political and economic integration in the European Union. For the period under review, we could seize the positive impact that funds had both on economical growth and also to create jobs. Successive investment programs for the period 1989-2006 led to an average gain of 0.56 points in the growth rates of recipient areas compared to the situation in which they would not have benefited from this grant (e.g. the GDP per capita increased to 425 euros, expressed in 1999 prices).

Italy was and it still is the recipient of structural funds, their effects on the instruments of the cohesion policy have produced a series of research, recalling in this context the study by Francesco Aiello and Pupo Valeria (2009) on the effectiveness of cohesion policy in the period 1996-2007. The empirical analysis is based on an estimate of an expanded neoclassical growth model, where the structural funds represent one of the variables explaining the convergence across Italian regions. The statistical data used showed a division of Italy, meaning that the impact of structural funds was bigger in the south compared with the centre and north of the country; this was partly due to the way the funds were allocated. The results of the study revealed that the impact of funding is strongly influenced by the region's absorption capacity, which, for Italy, differs from one programming period to another. Regarding the impact of these funds on economical growth, the results of the study revealed a positive, but not significant, result. In the south area of the country can speak about an increase in the GDP per capita determined by the absorption of structural funds, while for

the northern area, the productivity, cost reduction and reducing the North shares used to cover South expenses, had a significant positive impact.

The interpretation of the results led the authors to conclude that the structural funds did not alter the structural conditions that determine long-term growth of the Italian regions and, therefore, they had a little contribution to solve the North-South disparities.

Given the short period in which it benefited from the community's assistance, nor for *Slovakia* (Marek R., F. Karol, 2010) cannot talk about a broad experience in this respect, that is why the situation is not much different in comparison with the new member states, as Romania. The study was based on the macroeconomic model Hermin and aimed to produce estimates on the impact of structural funds, taking as a starting point data recorded in the first two years of membership and taking into account the fact that the effects of these funds can be observed after the programming period in which they were assigned. The general conclusion drawn by authors after the comparative analysis of the three scenarios is that a comparison of the impact of the cohesion policy in the member states between 2007 and 2013 is difficult to be made. The main problem faced by authors is related to data collection, namely that the study was based on information released by the European Commission which included the amounts allocated to finance various projects, and a full analysis should have been based on information related to the actual expenditure incurred by the member states; these data are difficult to collect and analyze.

3. THE IMPACT ASSESSMENT OF A PROJECT FUNDED BY THE NATIONAL RURAL DEVELOPMENT PROGRAM

In projects funded by the National Rural Development Programme, the impact of these projects is measured by the following key indicators:

- economical growth, net additional value expressed in millions of euros;
- creating jobs, number of jobs created, full-time equivalent;
- labour productivity, changes in gross added value / full-time equivalent;
- stop the biodiversity decline;
- maintaining the agricultural and forest areas with high natural value;
- improving water quality, irrespectively changes in nutrient balance;

- contribution to combating climate change;
- increase in renewable energy production.

As a result of the study conducted on the absorption of structural funds through the National Programme for Rural Development, in February this year there was issued a progress report on the program evaluation and conclusions about the impact were as follows:

- the impact on farm restructuring had small impact, but the actions taken by the projects implemented during this period contributed to the adaptation of smaller farms to market, to create jobs and prevent migration of rural population, but unfortunately in a small proportion;
- the impact on the growth of value added and on the development of agro-food industry was slightly higher, but there can be no significant impact in terms of diversification of production;
- the impact on farm sustainability and the beneficiaries was a positive one, although the number of beneficiaries was small;
- the impact on the quality growth was low, below the level planned, in spite of a very high volume of investment;
- the impact on the introduction of new technologies and innovations in the food industry was positive, with a direct influence on the companies supported.

Given the results of this report, we would be tempted to draw the conclusion that the impact of projects financed by the NRDP was reduced, but given the experience of EU countries, we consider that a meaningful analysis can be done only after a period of time after the project's completion, because several projects are still being implemented.

CONCLUSIONS

As can seen from the above studies, the experts' opinions are somewhat the same, namely that the impact of structural funds on economical growth is positive but insignificant in most cases for the states which recently joined the EU, and they have a negative impact for the old EU member states; this situation is due to the proportion between the contribution to the EU budget and the value of the structural funds allocated. In general, everyone agrees that these funds have a positive impact on the economical cohesion of the EU.

In the national reports submitted by each member state to the European Commission a significant place among the factors that had a negative influence is occupied by the financial and economical crisis we have been going through since 2008. As regards the Commission's recommendations for member states (Strategic Report on Economic Cohesion: implementation period 2007-2013, 2010), they include:

- to quickly implement the projects already selected;
- to accelerate the selection of quality projects to help achieve agreed objectives for the programs, specifically to facilitate the exit strategy from the current economic crisis;
- to ensure that, under a climate of growing pressure on national budgets, national co-financing is made available to finance the investments approved, so that budgetary resources are fully mobilized.

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