

# EMPHASIZING THE PERFORMANCE MANAGEMENT OF THE PROJECT CYCLE

Cristina, Voicu-Olteanu<sup>1</sup>

## **Abstract:**

*Investment projects financed from European funds is performed in a sequence of steps, starting with a strategic development document which shows the need for a project in a particular area (infrastructure, environment, tourism, etc.), then it is formulated, implemented and finally its results are evaluated in order to create conditions necessary for the development of future actions.*

*A specific feature is the emphasis on performance management, resulted in two key points of the project cycle, relative accepting the grant application by the Intermediate Bodies / Managing Authorities and final reporting of the results.*

*This requires coordination of activities, cooperation of all relevant actors in order to achieve coagulation efforts managing budgets and investment programs should be better integrated in order to have better results in the implementation.*

**Keywords:** *performance, cycle, implementation, investment project*

**JEL Classification:** *M40, M41*

## **Introduction**

In the first acception formulated [Davis 1951: 268], the project was defined as "any action characterized objectives and results representing specific values that are used to satisfy the necessities and desires."

In another opinion drawn [Tuman 1983: 495], project is an "organization of people assembled for a particular purpose and objective. The projects generally involve large investments, expensive, unique or high risk should be completed by a certain date, with a certain value at a performance level expected. As a minimum, all projects must have clearly defined goals and all resources necessary to carry out all the tasks assigned. "

Economic theory [Graham, 1985: 24] ruled the idea that "a project comprises a set of people and other resources grouped together temporarily to achieve a particular objective, usually with a limited budget, a time time. Projects are generally associated with products and procedures performed in the first or procedures known but which have been modified."

## **1. The life cycle of the project**

Project life cycle is the sequence of steps (or phases) that the project progresses, each containing a set of activities to be undertaken under the project.

In 1992 the European Commission adopted the Project Cycle Management (PCM), which is a set of tools for developing and managing the project. The main objective aimed at improving the management of projects / programs of all kinds taking into account all of the essential framework conditions, both in development and in the implementation of projects or programs.

The evolution of the project includes six stages (phases) distinct programming, identification, formulation, financing, implementation, evaluation.

In literature, the Project Management Body of Knowledge (table no. 1) sustain a development project comprising five stages (phases) distinct: initiation, planning, execution, monitoring and control and conclusion.

---

<sup>1</sup> Phd. student at Valahia University of Targoviste, Romania, voltcrisrina@yahoo.com

**Table 1. The stages of the project cycle according to the Project Management Body of Knowledge**

Initiation	Planning	Execution / Monitoring and Control	Closing
Necessities identification	Setting objectives	Mobilize the necessary resources	Quantification of results
Assessment of problems	Defining the activities needed to implement	Browsing activities	Realization of the final evaluation
Proposing solutions	Description of development stages	Monitoring / Control	Lessons for the future
Strategy development	Forecasting of the project	Reporting	Identifying new projects / opportunities
Analysis of organizational capacity	The proposal of material, human and financial resources		
Results capability	Assigning responsibilities		

## 2. Highlighting the performance management of the project cycle

Archibald and Voropaeva quoted by Prabhakar (2008) believes that there are four general phases of the life cycle of a project:

- 1) Concept (initiation, identification, selection)
- 2) Definition (feasibility, development, demonstration, quantification)
- 3) Execution (implementation, development, production, construction, installation and testing)
- 4) Closing (completion, including ex-post)

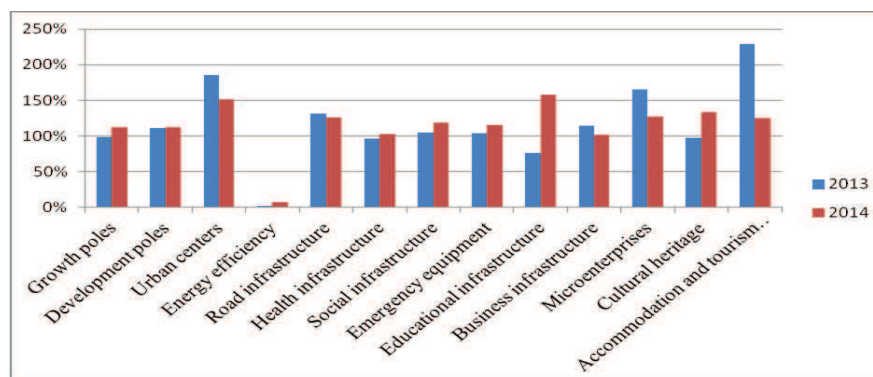
Performance management is emphasized in the two key points of the project cycle, or acceptance of applications by Intermediate Bodies / Managing Authorities and final reporting of results.

The indicator used to highlight performance in implementation of investment projects financed from European funds during the selection / the acceptance of the level of contracting, is calculated based on the number of financing contracts reported to the amount of funds available.

### 2.1 The level of contracting of projects financed from European funds

In 31 December 2014 situation for the Regional Operational Programme 2007-2013 the authorities reported a total of 4.574 signed grant contracts, with an amount of 7.33 billion euros and the part financed by the European Regional Development Fund represents 4.55 billion euros (degree of contraction of 114.7%), thus registering an increase of approximately 10% compared with 2013 level.

The South Region, for which data were analyzed (fig. no. 1), has reached a maximum of 124% level of contracting.



**Figure 1. The level of contracting of EU funds on major areas of intervention South Region (%) in 2013 and 2014**

It is noted that there are certain areas of intervention where the level of contracting increased in 2014 compared to 2013. An example of this is educational infrastructure, for which additional funds were granted and reallocated from savings and energy efficiency as a result of subsequent introduction of this area of financing the program.

## 2.2 The expected result for projects financed from European funds

The indicator used to emphasize performance in implementation of investment projects financed from European funds in the final selection stage is reporting of results, respectively program indicators (creation of new jobs).

In the report on implementation of the Regional Operational Programme 2007-2013, on 31 December 2014, physical progress (table no. 2) regarding indicator creating new jobs was as follows:

**Table 2. Physical progress indicator reported for the creation of new jobs**

Creating new jobs (number)	Indicator proposed	2007	2008	2009	2010	2011	2012	2013	2014
Target	15.000 <sup>1</sup>								
Achieved	4.828	0	0	218	900	1.647	4.828	9.739	13.526

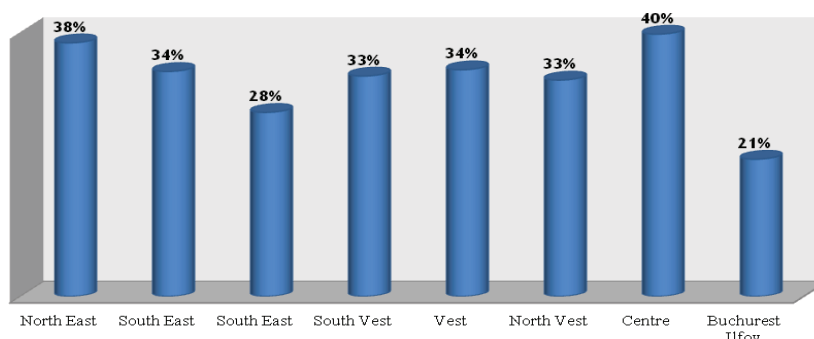
Data source: Ministry of Regional Development and Public Administration, Regional Operational Programme 2007-2013, Annual Implementation Report 2014, July 2015, p. 7

Analyzing the data above, it appears that by finalizing of 2,624 projects financed by the Regional Operational Programme 2007-2013 were created 13 526 jobs, representing 90% of total proposed target for this indicator program.

Values were reported annually accumulating, the null is normal for the first two years of implementation of the program, namely 2007 and 2008 as project contracting for major areas of intervention was realised mainly towards the end of 2008 and during 2009.

It can be seen that after 2008, the indicator for newly created jobs has doubled compared to the amount previously reported.

Regarding the number of projects completed in the Report on implementation of the Regional Operational Programme for year 2014, it appears that there are two regions (North East and Central), where there is a high rate of contracts finalized and two (South and Bucharest Ilfov) with a low rate of contracts terminated (fig. no. 2). The rate of completed projects is calculated by dividing the number of completed projects to financing total contracts signed.

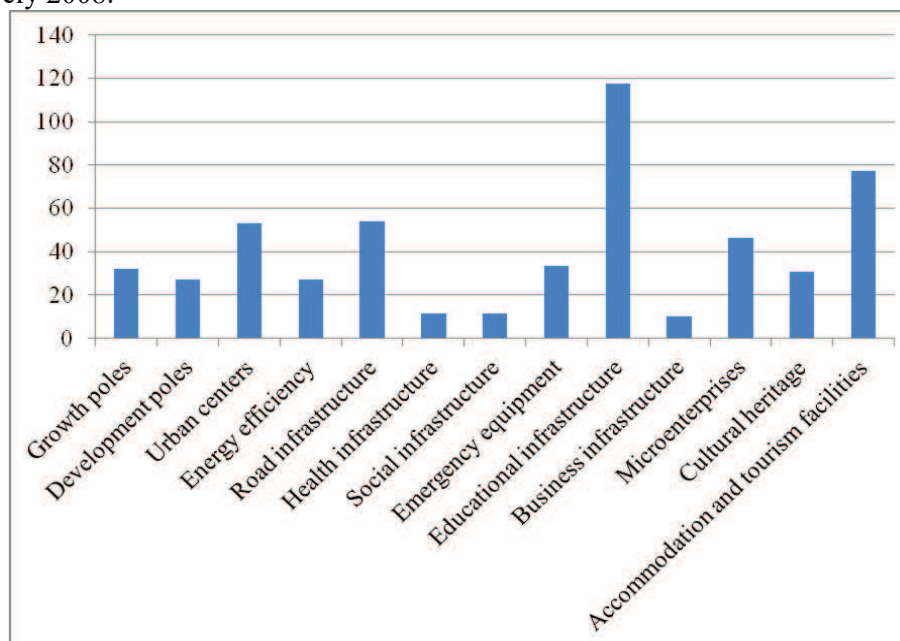


**Figure 2. The situation of finalized projects on intermediary bodies**

<sup>1</sup> Indicator proposed for Regional Operational Programme 2007-2013, benefiting from the n + 2 rule in expenditure, the implementation is completed at 31.12.2015

Other regions (South East, South West, West and North West) record similar values on 31 December 2014, approximately 30%.

In the South Region, for which data were analyzed (fig. no. 3) is observed a high degree of finalization for road infrastructure projects, which is explained by the fact that the launch of this call for proposals was made at the beginning of the programming period, respectively 2008.



**Figure 3. Situation of finalized projects for major intervention areas in the South Region**

Regarding other indicators of output, related on priority axes / areas of intervention, concrete results from the implementation of 2,624 projects completed until 31 December 2014, they were synthesized in Appendix 1.

### Conclusion

Analyzing the data on major areas of intervention, comparing to 2013, in 2014 were found were found significant increases in the level of contracting for energy efficiency - due to the subsequent introduction of this area of funding in the program, as well for the educational infrastructure - as following reallocation of a large part of the Regional Operational Programme amounts reallocated from Sectorial Operational Programme Transport and Sectorial Operational Programme Environment for this major area of intervention.

Regionally, compared to 2013 stands at 100% threshold level of contracting for all eight development regions and achieving a maximum degree of contraction of 124% in the South Region.

### Bibliography

1. Archibald, R.D., Voropaev, V.I., (2003), Commonalities and Differences in Project Management Around the World: A Survey of Project Categories and Life Cycles, ESC Lille International PM Workshops / IW 3 - OL & KM , quoted in Projects and Their Management: A Literature Review, International Journal of Business and Management, International Journal of Business and Management, (2008)
2. Davis, R. C., (1951), The fundamentals of top management, New York, Harper and Brother Publishers

3. Graham, R., (1985), Project Management: Combining Technical and Behavioral Approaches for Effective Implementation, Van Nostrand Reinhold, New York
4. Tuman, G. J., (1983), Development and Implementation of Effective Project Management Information and Control Systems, Project Management Handbook, Van Nostrand Reinhold, New York
5. Annual Implementation Report 2014 - Regional Operational Programme 2007-2013, Ministry of Regional Development and Public Administration, available online at [www.fonduri-ue.ro/por+2007#rezultate](http://www.fonduri-ue.ro/por+2007#rezultate)

**Annex 1. Physical progress reported for the output indicators of the Regional Operational Programme 2007-2013**

<b>Priority Axis / Major Area of Intervention</b>	<b>Output Indicator</b>	<b>Expected contracts signed</b>	<b>Conducted by projects finalized</b>	<b>Target Regional Operational Programme 2007-2013</b>	<b>Degree of achievement through projects finalized</b>
Urban development	Urban Development - PIDU accepted (No)	95	16	30	53%
	Urban development - urban infrastructure (No)	342	143	60	238%
	Urban Development - Infrastructure Business (No)	26	5	15	33%
	Urban development - social infrastructure (No)	158	82	25	328%
Energy efficiency	Apartments upgraded for increasing energy efficiency (No.)	26.397	0	46.920	0%
Road infrastructure	County Road rehabilitated (km)	2.497	1.358	1.080	126%
	Urban streets rehabilitated (km)	326	163	420	39%
	Beltway built (km)	87	37	219	17%
Health infrastructure	Medical rehabilitated units (No.)	105	42	62	68%
Social services infrastructure	Social centers rehabilitated (No)	232	138	270	51%
Emergency situations	Emergency mobile units equipped (No)	1.108	1.027	510	201%
Education infrastructure	Education units rehabilitated (No)	507	169	330	51%
Business infrastructure	Assisted business support structures (No)	84	42	17	247%
Industrial Sites	Industrial sites rehabilitated (ha)	92	0	75	0%
Micro-enterprises	Microenterprises assisted financially (No)	2.173	1.625	1.500	108%
Cultural heritage	Projects in tourism - cultural heritage (No)	98	27	100	27%

<b>Priority Axis / Major Area of Intervention</b>	<b>Output Indicator</b>	<b>Expected contracts signed</b>	<b>Conducted by projects finalized</b>	<b>Target Regional Operational Programme 2007-2013</b>	<b>Degree of achievement through projects finalized</b>
Tourism infrastructure	Projects in Tourism - Entertainment Travel (no)	138	68	300	23%
Tourism promoting	Campaigns to promote tourism brand (No)	74	0	10	0%
	National Centre for Information and Tourist Promotion (No)	47	3	100	3%