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EU-funded Project Management in the Context of Suppliers and Contractors Selection

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Abstract

In all projects decisions concerning suppliers and contractors selection are made. Public projects have their own specific character. The aim of this publication is to present major issues related to EU co-financed project management in the context of suppliers and contractors selection and perform their synthetic analysis. To achieve this aim the following research methods are used: European projects observation, comparative study, literature and documentary analysis. The results of the analysis allow drawing conclusions to verify the thesis that the problems associated with implementation of projects co-financed from public funds far outweigh the difficulties faced by entrepreneurs implementing different types of projects.

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1. Introduction

Project management has a theoretical and practical inventiveness to concentrate on good communication, effective collaboration, and performance based selection of project participants, suppliers and contractors [1]. In this regard, public projects have their own specific character. EU-funded projects in contrast to commercial ones create social, economic and environmental benefits for the society. Project outcomes and goals are often contradictory. It is difficult to reconcile with each other at the same time different kinds of benefits and ensure a positive evaluation in order to obtain public funds [2]. Difficulties in the stage of project implementation are also significant. Within the European

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Union, public projects are put up for tender in markets and in this context, it is critical for private firms, consultants and contractors, to well understand their public clients [3].

The use of public funds in investment projects often means considerable difficulties in the management of this type of project for entrepreneurs. During projects implementation, there are additional obligations that result from public aid occurrence. The experience gained in advising on European projects proves that entrepreneurs usually do not realize the difficulties that are associated with a public aid co-financed project management in the context of suppliers and contractors selection. Lack of knowledge on such topics also applies to people who have coped well with intricate procedures for applying for assistance subsidy i.e. the preparation of a grant application, business plan, financial forecasts and other attachments. They often do not realize that a positive decision on projects award is only the beginning of a difficult road to overcoming considerable difficulties in implementing the co-financed project.

The aim of this publication is to present major issues related to EU co-financed project management in the context of suppliers and contractors selection and perform their synthetic analysis. Considerations are limited to public projects implemented under Polish regulations. The results of the analysis allow formulating conclusions to verify the thesis that the problems associated with implementation of projects co-financed from public funds far outweigh the difficulties faced by entrepreneurs implementing different types of projects. To achieve the aim the following research methods are used: European projects observation, comparative study, literature and documentary analysis.

2. Costs Competitiveness – Documentary Analysis

In order to obtain funds in the form of bank transfer, businessmen should make sure that project expenses were incurred in the right way. In particular, they must ensure compliance with the Public Procurement Act (if such an obligation arises from the law itself) or in accordance with the so-called “competitiveness principle” (in other cases). This obligation stems directly from the so-called Grant Agreement, which is the document that each supported beneficiary is required to sign.

For the purpose of documentary analysis is used Grant Agreement Pattern (GAP) which is applicable in 2016 for European projects [4]. GAP used in research formally valid for only one financial support instrument, but principles described in it, are used in many other instruments of Polish Operational Programmes. Thanks to this, the obtained results therefore have universal character and they can be generalized.

Article 12 of the aforementioned GAP is dedicated to projects expenditure and their so-called competitiveness. In the ten paragraphs of this article are set out general principles, which entrepreneurs should follow to properly bear the expenses and be able to receive their refund. The first paragraph emphasizes obligations of beneficiaries and the necessity to ensure project preparation and implementation while maintaining fair competition and equal treatment of tenderers [4].

Many entrepreneurs assume that rules which they apply every day in processes of suppliers and contractors selection (primarily associated with the minimization of prices), fulfill the conditions of mentioned fair competition and they are sufficient also for projects co-financed from public funds. However, results of more thorough analysis of documents content indicate, that the issue of such projects expenditure is much more complex. This issue determines in detail the relevant documents and guidelines [5].

In the next part, results of studying documents content and identified the greatest difficulties of public projects beneficiaries are presented. The considerations are illustrated by practical examples of making mistakes and their consequences for entrepreneurs.

3. Studying Documents Content

The first analyzed problem is to determine the contract value, which is scheduled for implementation. This is a very important issue, because from the initial estimate of this value be contingent further steps and procedure rules that should be respected. In many cases entrepreneurs come down a procedure for order value estimating to delve into their past experiences and overall insight into the market.

Meanwhile, in the aforementioned Guidelines, in section 6.5.1, it is stated that the estimation of public procurement value should be carried out diligently and with taking into account possible supplementary contracts. Besides, it should also fulfill the following conditions: services, supplies, construction works are the same in terms of type or

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