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Executive Summary

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Ex-ante evaluation of the Partnership Agreement 2014-2020

Executive summary

Beneficiary: Ministry of European Funds, Romania

Bucharest, April 2015



Executive Summary

Strategic context

On 06.08.2014, the European Commission adopted the Romanian Partnership Agreement (PA) for 2014-2020 period. This agreement was the culmination of over 18 months work deployed by the officials and stakeholders in the country. On its adoption the Commission stated that:

“The European Commission has adopted a "Partnership Agreement" with Romania setting down the strategy for the optimal use of European Structural and Investment Funds throughout the country. This agreement paves the way for investing €23 billion in total Cohesion Policy funding over 2014-2020. Romania also receives €8 billion for rural development and €168 million for fisheries and the maritime sector.”

Commenting on the adoption, Commissioner for Regional Policy, Johannes Hahn said: "... we have adopted a vital, strategic investment plan that sets Romania on the path to create jobs and growth for the next 10 years. This Partnership Agreement reflects the European Commission and Romania's joint determination to make the most efficient use of EU funding – Our investments must be strategic, according to the new Cohesion Policy – focusing on the real economy, on sustainable growth and investing in people. But quality not speed is the paramount aim and in the coming months we are fully dedicated to negotiating the best possible outcome for investments from the European Structural and Investment Funds in 2014-2020. Commitment is needed on all sides to ensure good quality programmes are put in place.”

“The EU investments will help tackle unemployment and boost competitiveness and economic growth through support to innovation, training and education in cities, towns and rural areas. They will also promote entrepreneurship, fight social exclusion and help to develop an environmentally friendly and a resource-efficient economy.”

For the development of the Partnership Agreement, Romania took the decision to contract an ex-ante evaluation as an independent method to improve the coherence and quality of the document. The ex-ante evaluators were asked to respond to three sets of questions revolving around:

1. The internal and external coherence of the Partnership Agreement 2014 – 2020;
2. The administrative capacity of authorities and beneficiaries;
3. The electronic systems for the exchange of information between authorities and beneficiaries

This report covers all aspects of the Partnership Agreement development from the first consultation document dated 31.05.2013 to the final version of the Partnership Agreement for Romania 2014-2020 approved on 06.08.2014.

The first consultation document for the Partnership Agreement was structured around the Thematic Objectives (TOs) and clearly identified from the outset the objectives of the Europe 2020 strategy and based its strategic response on working towards attaining the national 2020 targets. The National Reform Programme was subsequently addressed in the more elaborated drafts of the Partnership Agreement that were developed based upon the Partnership Agreement templates and guidelines provided by the Commission, especially in the areas of competitiveness, poverty and social exclusion. Sectoral strategies were also integrated into later versions of the Partnership Agreement with extensive reference to specific sectoral strategies and how the approach and responses outlined in the Agreement were based upon these underlying strategies.

Selection of Thematic Objectives

The need for allocating funding under all 11 Thematic Objectives (TOs) and the importance of their use was supported by the views expressed by the European Commission (EC):



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- According to the recommendation, set out in the European Commission position paper for the development of the Romanian Partnership Agreement, actions under all Thematic Objectives will need to be programmed.
- The soft investments – under the social Thematic Objectives (TO 8-10), competitiveness Thematic Objectives (TO 1-3) and institutional capacity Thematic Objective (TO 11) – are highlighted in the strategic documents from the European Union (EU) (Position Paper, Country Specific Regulation (CSR)) and between Romania and the European Union (National Reform Programme –NRP).
- The role of the hard investments – are also recognized to meet European requirements, international commitments, and to ensure sustainable jobs and growth through adequate transport and environment infrastructure.

Bearing in mind that the Position Paper¹ indicated that all 11 Thematic Objectives were expected to be addressed in the Romanian Partnership Agreement, its introduction to Section 1.3 justified this selection through the evident need to utilize all eleven Thematic Objectives and their alignment with the identified challenges described in Section 1.1 as well as describing the considerations and constraints that have led to the distribution of funds under the Thematic Objectives.

It is considered that for the challenges facing Romania it is appropriate to address all the Thematic Objectives and the Romanian Government, through the Partnership Agreement, clearly demonstrate both the need and the strategic response.

Internal Coherence

The evolution of the Partnership Agreement showed continuous improvement from the initial consultative document to the revised second official version that was approved by the Commission. Through the process the document became much more focused, in terms of both the internal coherence and intervention logic.

- Major challenges were broadly identified and addressed by the selected Thematic Objectives. The analysis was built on the five challenges that were introduced by the Romanian Government in the First official version (11.09.2013): (i) Competitiveness and Local Development, (ii) People and Society, (iii) Infrastructure, (iv) Resources (v) Administration and Government;
- The programme structure was coherent, relevant and based upon the lessons of the previous programming period (both within Romania and in other Member States);
- More relevant statistical data was included in the analysis during the development of the Partnership Agreement which significantly increased the depth and quality of the analysis;
- Clarity was an issue throughout the Partnership Agreement development process and although the final approved document could still benefit from simplification and shortening, this area has improved significantly throughout the process, e.g. regarding the coherence of Europe 2020 objectives, targets, current situation, and Country Specific Recommendations;
- The links of the development needs and proposed investments priorities also improved throughout the process however the strength and the level of detail of the development needs vary across the development challenges.

Allocation of Financial Resources

The bulk of resources was allocated for promotion of sustainable transport and will be financed mainly from the Cohesion Fund and European Regional Development Fund. The identification of important bottlenecks to growth

¹ Position of the Commission Services on the development of PA and programmes in ROMANIA for the period 2014-2020 (Ares(2012)1240252 - 19/10/2012) - Annex 2



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and employment, related to inadequacies in the transport network, and the large scale of the transport projects is provided as the justification for the large share of this priority (nearly 1/4) in all European Structural and Investment Funds financing.

Resources allocated for environment protection were the second largest item in the indicative budget for financing with European Structural & Investment Funds in Romania. On top of the environmental policies that need to be strengthened in Romania, its high share in overall European Structural and Investment Funds funding was also determined by the high costs for the full compliance of the country with the EU Drinking Water Directive and Urban Waste Water Treatment Directives.

Competitiveness, agriculture and fisheries and aquaculture were next in terms of European Structural and Investment Funds financing. Its importance is related to the large potential for enhancing the business sector competitiveness and business environment and the still large importance of the agricultural sector for the Romanian economy and the persisting need for its reform.

The relative importance of Thematic Objectives 3, 4 and 9 stems from the huge challenges the country faces in the respective areas of intervention and also complies with the requirements for thematic concentration of EU funds, formalized in the Regulation of European Structural and Investment Funds.

The HEROM model was used to forecast the expected impact of the Funds by allocation to (1) infrastructure, (2) direct support and (3) human resources in terms of which split would give the optimal return.

All regions in Romania, except for Bucharest, are less developed² and Bucharest region is more developed³. The financial allocation is in compliance with the thematic concentration requirements under the European Regional Development Fund and European Social Fund funds

External Coherence

The Partnership Agreement provides an overall macroeconomic overview and references international commitments. The link between the Partnership Agreement, the five identified development challenges, with the National Europe 2020 targets, and the Country Specific Recommendations is clearly established.

The priority reforms within the National Reform Programme are tabulated under their respective development challenges (Section 1.1).

The Country Specific Regulations (CSRs) are presented against each challenge and, where appropriate in the narrative of the analysis. The priorities are directly linked with the key challenges.

Administrative Capacity

Low administrative capacity was considered as one of the main factors contributing to the low rate of absorption under the 2007-2013 programming period; Romania was constantly the lowest in the European Union rankings for Structural and Cohesion Funds.

In this context, the Ministry of European Funds commissioned an assessment of the administrative capacity of the institutions with responsibilities in the management of EU funds as part of this Ex-ante evaluation of the Partnership Agreement 2014-2020, designed in two stages: (1) a first assessment looking at the 2007-2013 period in order to identify the lessons learned that could be used for improving the administrative capacity in the process of preparation for the new programming period and (2) an update of the first assessment at the end of the programming process for 2014-2020 in order to capture the progress.

² <75% of EU average GDP per capita

³ > 90% of EU average GDP per capita



The assessment had to respond to the question: “Is the authorities’ and beneficiaries’ administrative capacity sufficient for an appropriate implementation of Common Strategic Framework funds?”

The first answers were provided in September 2013 with the first Report on the administrative capacity of the authorities and beneficiaries of CSF funds, identifying the key issues and weaknesses that were to be addressed. Eleven recommendations were formulated in the first assessment report.

The update of the assessment conducted in December 2014 proved that all eleven recommendations had been tackled for the 2007-2013 Operational Programmes through direct actions or plans and mechanisms for future actions in the case of 2014-2020. All recommendations however remain valid, in some cases more concrete or follow up recommendations were formulated according to the steps already undertaken.

We strongly recommend the conclusions and recommendations of the report to be further discussed with the relevant authorities, decision makers and experts’ groups in order to find the ways to ensure coherence and sustainability of the measures planned or undertaken for each recommendation.

The updated assessment report offered two “tailor made” tools for the continuous development of the administrative capacity development, (1) the administrative capacity checklists and (2) the administrative capacity indicators database. These tools allow the Ministry of European Funds to project an overall picture, monitor the key dimensions and most relevant variables of the administrative capacity, to identify and highlight the strengths, the weaknesses and the developments. In order to make the best use of these tools it is essential to be established the ownership of these tools and the capacity to use the tools regularly.

Electronic Systems

The evaluation of electronic systems for data exchange covered the last evaluation question of the ex-ante evaluation assignment – Question III.1 – and followed the same logic of evaluation as Question II.1, with an initial assessment and follow-up at the end of the Partnership Agreement development process.

The methodology adopted combined documentary analysis with qualitative and quantitative methods, consultations and plausibility checks with all stakeholders and sector experts.

The evaluation started with documentary analysis based on the new regulations issued by the European Commission, the procedures and regulations that were in force and the documentation on the electronic systems for data exchange. The evaluators added to the results of the documentary analysis the information collected from interviews with administrators or coordinators of the analysed electronic systems.

At completion of the first evaluation all key pieces were found to be in place vis-a-vis the national legal framework that should support the fulfilment of the e-Cohesion requirements – they are regulated by the existing Romanian laws relating to: electronic signature, archiving of electronic documents, electronic time stamping of documents and protection of personal data.

In terms of fulfilling minimum requirements stemming from the new Regulations of the European Commission for the 2014-2020 programming period, the only area of concern remains the specific e-Cohesion requirement – for “*full implementation of the electronic data exchange between beneficiaries and authorities*”. At the completion of the first evaluation as well as during the update [end December’14] the existing electronic systems have not fully covered this requirement. Therefore the issue still needs focus of the relevant Romanian authorities.



As a general image, the electronic systems are in place, and they fulfil the minimum requirements. However, all the systems could benefit from improvement of quality and functionality. From the technical point of view, all the systems prove to be satisfactory, with only two particular exceptions where improvements are required:

- All the systems need to improve their portfolio of predefined reports, in order to produce those reports as their specific users need. Especially, the requirement to improve the predefined specific reports required by its users, depending on their individual and specific needs.
- All systems would greatly benefit from a major revision in terms of features/functionality and data content as such to become more user oriented.

These two latter conclusions continued to be valid following the recent evaluation update in late 2014.

The Evaluation Plan of the PA 2014-2020

As the final output of the ex-ante evaluation there was the requirement to assist with the development of an evaluation plan to cover the Partnership Agreement implementation period. The evaluation plan was designed by the Ministry of European Funds with inputs from the ex-ante evaluators⁴. Its development followed an interactive process that included:

- An online survey of all ICPA⁵ members carried out in the end of August and beginning of September 2014. The participants were asked about their opinion on the topics included in the draft evaluation plan, willingness to participate in Evaluation Steering Committees, and training needs.
- A focus group on the Partnership Agreement Evaluation Plan was held in Bucharest on 02.09.2014. The participants included both Managing Authorities representatives and evaluation practitioners. The focus group participants discussed the evaluation requirements, topics, questions, training needs, data sources, and methods to be included in the evaluation plan.

As a result of this interactive process, all evaluation themes included in the Evaluation Plan were discussed and confirmed by a broad range of stakeholders.

The plan itself covers the requirements on the Member State to carry out evaluations during the implementation phase. It contains the rationale, themes, approach, budget, time schedule and evaluation questions.

⁴ ECORYS-LIDEEA. Ex-Ante evaluation of the Partnership Agreement 2014-2020. Lot 1 – Evaluation, Subsequent contract no. 5/23/07.03.2013

⁵ Inter-institutional Committee for the elaboration of Partnership Agreement. It includes also social partners



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Summary of responses to evaluation questions

<p>QI.1 (a) Does an adequate analysis of the disparities and development needs exist, referring to the TOs and the key actions defined in the CSF?</p>	<p>The analysis is structured under five development challenges which are then clearly linked to the TOs in the strategic response so the reference to them is explicit. Although the level of analysis is of varying quality there is adequate analysis of the disparities and development needs to satisfy this criteria.</p>
<p>QI.1 (b) How has the Partnership Principle been taken into account in the elaboration of PA?</p>	<p>The partnership principle was respected in the formal development of the PA with all necessary parties represented in the Inter-institutional Committee for the PA (ICPA) and working groups, active consultation and discussion between line ministries, programmers and other relevant stakeholders.</p>
<p>QI.2 Does the PA include the most adequate operational programmes and the TOs</p>	<p>The selection of Operational Programmes, their rationale and link to the TOs are clearly tabulated in Section 1.3 of the Partnership Agreement. The Operational Programmes chosen are logical and encompass all TOs. Romania was expected to address all 11 TOs and this was made clear from the Position Paper. Annex 2 of the paper clearly identified the 11 TOs and possible priorities for funding under them.</p>
<p>QI.3 Are the results selected for each thematic objective the most appropriate for each fund of the CSF?</p>	<p>There was generally a link between the investment priorities and the results sought. In a number of cases the results could have been reformulated in order to better link them to the priorities for funding however the majority of these issues, if not addressed within the Partnership Agreement itself, are provided for in more detail on the OPs</p>
<p>QI.4 Are the allocations for each Operational Programme (OP) and each thematic objective adequate?</p>	<p>The thematic concentration requirements set in the European Regional Development Fund and European Social Fund (ESF) regulations are met although the requirements for ESF allocations and sustainable urban development needed to be further detailed as did the allocation of resources to Climate Change. In comparison to identified need and distance from the EU2020 targets, it was the opinion of the ex-ante evaluators that insufficient funds were allocated to TO1, TO2 and, to a lesser extent, TO10.</p>
<p>QI.5 Is the territorial development adequately approached?</p>	<p>The final version of the PA was much clearer on the use of Community Led Local Development, Integrated Territorial Investments and the integration of the Danube Strategy than its predecessors. The Partnership Agreement could have benefitted from Section 3 of the document being more clearly integrated and linked with Sections 1.1 and 1.3. The Regional Operational Programme has served to clarify most of the unclear/outstanding issues</p>
<p>QI.6 How are the specific needs of the geographical areas most affected by poverty or of</p>	<p>The Partnership Agreement identified and analysed the</p>



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the target groups at risk of discrimination or exclusion approached, considering the marginalised communities?

vulnerable groups in the different sections of the document. Although a section dedicated to the specific geographical needs is presented, the ex-ante evaluators expected much clearer and tangible approaches to the identified problems. The priorities and measures remained quite general

QI.7 How will the new means of support (the financial instruments) be used?

The Partnership Agreement shows the intentions to use financial instruments in the 2014-2020 programming period for four Thematic Objectives (1, 3, 4 and 8). This has developed from an initial position of the use of Financial Instruments (FIs) under TO1 and TO3.

The justification for the use of the FIs is built around the key problem of the difficulty of access to finance for Small and Medium Enterprises, entrepreneurs and difficulties of local public administrations (LPAs) to fund buildings energy efficiency interventions.

The analysis covers the main problems related to this difficult access to finance, and provides sufficient justification to support the use and potential of this form of support.

QI.8 Are the policies needed for the fulfilment of ex-ante conditionalities adequate? How do these policies contribute to the efficient implementation of the interventions? Is there any coherence and synergy among these policies?

In terms of policies, the process within the Ministry of European Funds for monitoring progress, assisting and advising line ministries on ex-ante conditionalities was in place, functioning and well supported by Government/senior decision-makers.

Although there was a difficulty for most line ministries to clearly identify and execute their responsibilities for the fulfilment of the conditionalities, the action plans and follow-up monitoring by Ministry of European Funds helped to address most of the issues. There continue to be outstanding and unfulfilled conditionalities which must be met that have deadlines that extend over the upcoming years.

QII.1. Is the administrative capacity of the authorities and the beneficiaries sufficient for the adequate implementation for the CSF funds?

The administrative capacity of the authorities and beneficiaries is a serious challenge for the effective implementation of the European Structural and Investment Funds. Although progress has been made, significant improvements are still needed.

The challenge for the Romanian authorities is to find the appropriate solutions to improve the administrative capacity and performance in the system responsible for European Structural and Investment Funds management, in an environment where the progress in improving the entire public system is slow and uncertain. During the period 2007-2013, the measures to improve the administrative capacity of the European Structural and Investment Funds management system were hindered by the systemic weaknesses of the Romanian public administration.

Romania is doing well in terms of formal compliance, such



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as setting up structures, formalising cooperation, creating tools and systems, but the functioning of the system remains poor.

QIII.1 Are there in place enough regulations and procedures to ensure the exchange of data, as required by the new regulations? To what extent the electronic systems are sufficiently comprehensive? To what extent the electronic systems fulfil the key requirements (including ease of use, reduced administrative burden, aggregation of data, quality of data, search options, timely availability of data, data security, etc.?).

All key pieces of regulations and procedures are in place vis-a-vis the national legal framework that should support the fulfilment of the e-Cohesion requirements – they are regulated by the existing Romanian laws relating to: electronic signature, archiving of electronic documents, electronic time stamping of documents and protection of personal data.

In terms of fulfilling minimum requirements stemming from the new Regulations of the European Commission for the programming period 2014-2020, the only area of concern remains the specific e-Cohesion requirement – for “full implementation of the electronic data exchange between beneficiaries and authorities”. The existing electronic systems have not fully covered this requirement. Therefore the issue still needs focus of the relevant Romanian authorities.

The electronic systems are in place, and they fulfil the minimum requirements. However, all the systems require some improvement of quality and functionality.