



**Regional Operational Programme as instrument for increasing competitiveness of the business environment at regional level**

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## The evaluation

An independent evaluation carried out by three experts: Șerban Totoescu, Victor Platon and Daniela Antonescu

- Scope of the evaluation: The business environment financed by ROP
- KAI 4-1: Sustainable development of structures to support regional and local business environment
- 4-2: Rehabilitation of industrial polluted sites and preparing them for new destinations
- 4-3: Support for microenterprises
- 5-2: Development and modernising tourism infrastructure
- Evaluation period: 10/2010 - 03/2011; the analyses were carried out on the basis of the data available
- Evaluation requested by MA ROP; clear and specific terms of reference with 3 questions



## Methodology

The methodology used was next:

1. Analysing and Studying legal documents, reports and data available
2. Statistical analysis of the available data from SMIS
3. Discussions and interviews with specialists and responsible persons from AM and the 8 IO; organizing 4 Coordination Comt. for the project
4. Direct discussions and interviews on the project location with beneficiaries; telephonic interviews

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## Methodology (2)

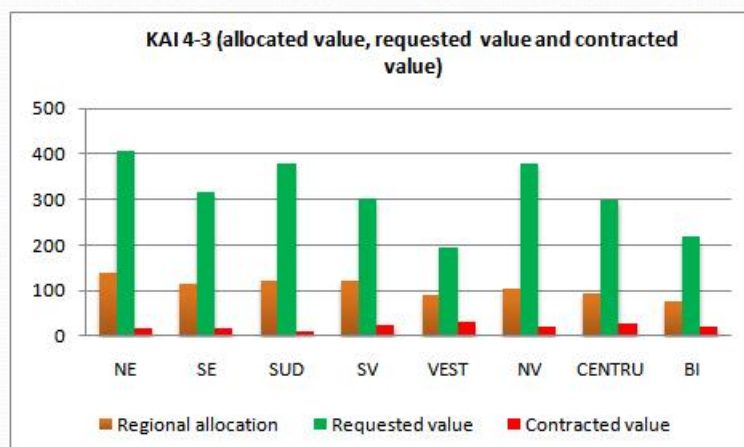
4. Launching on-line questionnaires for the beneficiaries (mainly DMI 4-3); data were systematized and processed
5. Organising 6 Workshops at regional level to discuss with beneficiaries and to identify implementing issues (DMI 4-3)
5. Discussions and interviews with representatives of various NGO-s and organizations representing consultancy community, banking sector etc.
6. Brainstorming and analysis within the evaluation team
7. Drafting 4 Case Studies for success projects; drafting a Report on Industrial Parks in Romania and a Report on State Aide

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## The Evaluation Report

1. Introduction
2. **ROP objectives** and context
3. **Overview** of the analysed KAI and of the implementation stage
4. **Answer to Question 1.** To what extent is the effectiveness of the project implementation within the analysed PA/ KAI, influenced by the procedures and the guidelines applicable to the evaluated field ?
5. **Answer to Question 2.** What are the factors that influenced the performance of the beneficiaries with regard to the preparation and implementation of the projects within the analysed priority axis / key area of intervention ?
6. **Question 3** – Presentation of Study Cases
7. **Conclusions** on the internal and external factors influencing the program implementation
8. **Recommendations** of the evaluation
9. **Annexes**

## State of the affaires (1)



## State of the affairs (2)

Average duration of the evaluation, selection and contracting process at regional level  
(for the contracted projects)

| Regiune      | DMI 4.1         | DMI 5.2      | DMI 4.3<br>Apelul 1 | DMI 4.3 Apelul 2 |  |
|--------------|-----------------|--------------|---------------------|------------------|--|
|              | (zile /proiect) |              |                     |                  |  |
|              | DMI 4.1         | DMI 5.2      | DMI 4.3<br>Apelul 1 | DMI 4.3 Apelul 2 |  |
| NE           | 561.8           | 465.2        | 331.9               | 318.6            |  |
| SF           | 396             | 450.7        | 389.7               | 358.9            |  |
| SM           | 361             | 446.8        | 301.2               | 300.3            |  |
| SV           | 644.3           | 511.8        | 335.3               | 326.7            |  |
| V            | 534             | 348.3        | 290                 | 293.7            |  |
| NV           | 496.5           | 503          | 347.6               | 336.8            |  |
| C            | 545             | 508.8        | 351.1               | 347.6            |  |
| BI           | 331             | 315          | 327                 | 327.9            |  |
| <b>Maxim</b> | <b>644.3</b>    | <b>511.8</b> | <b>389.7</b>        | <b>358.9</b>     |  |
| <b>Minim</b> | <b>331</b>      | <b>315</b>   | <b>290</b>          | <b>293.7</b>     |  |

## State of the affairs (3)

Achievement of the result indicators (estimations)

|            | ROP Targets   |                             | ROP Targets<br>(average values)                                     |                                     | Estimated ROP<br>objectives           |                     |
|------------|---|-----------------------------|---|-------------------------------------|---------------------------------------|---------------------|
|            | No. of<br>infrastructure<br>objectives/<br>microenterpri<br>ses | Nr. of<br>working<br>places | No. of<br>infrastructu<br>re<br>objectives/<br>microenterp<br>rises | Average<br>number of<br>work places | Nr.of<br>infrastructure<br>objectives | Nr.of<br>workplaces |
|            |   |                             | mil.<br>Lei/project   | workplace/obj<br>ective             | %                                     | %                   |
| KAI<br>4-1 | 15  | 3000                        | 77,0  | 200,0                               | 532,3%                                | 513%                |
| KAI<br>4-3 | 1500  | 3000                        | 0,6   | 2,00                                | 98,3%                                 | 229%                |
| KAI<br>5-2 | 300   | 800                         | 3,3   | 2,67                                | 32,3%                                 | 286%                |

## RECOMMENDATIONS

- 10 recommendations for the current programming period
- 20 recommendations for the future programming period

### The recommendations aimed at:

- Shortening the project processing period for IB and MA,
- Improve the project evaluation system, including the guides and the evaluation grids;
- Simplify the contracting, monitoring procedures;
- Reduce the banks to their natural role in the financing process and direct the available amounts, by the guides, to projects with a higher added value;
- Improve and simplify the documentation requested to the applicants
- Recommend a higher level of flexibility in providing state aid
- Increase the role of the Regional Development Plans as a base for drafting ROP

## Recommendations for the following programming period

### Recommendation 1:

- AMROP should perform, with the support of RDAs, **an analysis of the viability and investment needs for the existing business support structures/ companies**, considered as such – industrial parks, technological, scientific, business incubators. The objective of the analysis should be to identify some eligibility conditions for these structures, very strictly linked to the definition and concept on which they are established or for new structures with the same characteristics in order to be financed in the future ROP.



### Recommendations for the following programming period

#### Recommendation 3:

- The current state aid scheme within KAI 4.2 (Cleaning Polluted Sites) should be maintained in the future programming period. It is important to **confirm a potential list of financeable projects and to disseminate the experience gained within some pilot projects (the current projects and within the SOP Environment) for a better substantiation of some future projects.**
- For the projects identified, considered a priority for human health, technical assistance should be used even from the current programming period for the development of feasibility studies and project preparation in general, to supplement existing capacity and resources at the level of the beneficiaries.

### Recommendations for the following programming period

#### Recommendation 4:

- In the preparation of the future program or programs it should be considered for the de minimis schemes aid schemes, **the replacement of the the traditional grant schemes with combined loan schemes.**
- It will be considered mainly, the more active involvement of the banking system in the selection and funding of the projects addressing the business environment (SMEs).

## Recommendations for the following programming period

### Recommendation 7&20:

- Future allocations for the private sector in the **tourism field** should provide a much greater concentration of resources than at present and should be directed through the guidelines of applicants, to projects with high "value added" for the action areas
- For example accommodation structures could be scored according to the representativeness or **cultural component (historic monuments touristic assets)** or to the extent to which they succeed to contribute in a sustainable manner, to the enhancement of **nature monuments** and / or as localization in the priorities of the tourist area from the National Spatial Plan.
- **the Regional Development Plans should be used as a "filter" to help promote with priority the projects of regional interest**, that get the consensus of CDR by the approval of some lists of regional projects. The use of such lists of projects could better sustain the regional allocation and to contribute to the elimination of the projects with no importance for the region.
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## Recommendations for the following programming period

### Recommendation 9:

- **Substitution of CBA with another method** that provides relevant information for financing the project.
- for example the introducing of the cost-effectiveness analysis which has some important advantages: it is more simple, it requires only information about the investment and operating costs over the lifetime of the project.

### Recommendations for the following programming period

- **Recommendation 10:**
- Formal consultation should be organized with the evaluators in order to consider their views and suggestions for the improvement of the **Applicants Guidelines and Evaluation Grids** (similar to regular meetings with representatives of ACRAFE consultants).
- The technical assistance contracts should include **the provision that the evaluation team to elaborate proposals for improving the guidelines for applicants and the grids**. These proposals should provide solutions to the problems appeared in the evaluation process, at regional level and that have a repetitive nature.
- Based on regional reports, there should be prepared a summary report with recommendations to improve the Guidelines for Applicants and to be analyzed in a Working Group that should include representatives of the consultants, IB and MAROP .

### Recommendations for the following programming period

#### Recommendation 11:

- Taking into account the limited amounts that can only finance part of the existing economic agents, **the selection should be more rigorous and based on substantially improved Guide for Applicants (selection grids):**
  - Introduction of more selection criteria / sub-criteria scored on the basis of **economic indicators correctly quantified that would be part of the contract and monitored;**
  - Introduction of new criteria to measure **the solvency of the company** and the opportunity to access a loan (global borrowing rate and general liquidity ratio, the incidence of payments, assets owned, etc.)
  - If the cases where the measures regarding the compliance with the horizontal criteria, mentioned in the application should be included in the works, equipment procurement or other types of specific actions, and **the budget for the horizontal measures** should be mentioned distinctively in the financing claim, together with the consolidated budget of the project, so that the horizontal measures are not only implemented at declarative manner;
  - Increase the relative importance of the criteria related to **the experience the beneficiary and its capacity to implement projects.**



Recommendations for the following programming period

**Recommendation 12:**

- MA-ROP should analyze the opportunity of **introducing the provisions that the companies that apply on areas that support the business environment other than micro enterprises, to have an annual turnover at least equal to the project value** or to own assets that may guarantee the proposed investment.

Recommendations for the following programming period

**Recommendation 15:**

- MA-ROP should consider **the elaboration of *ex ante* analysis studies of the risk for state aid cases appearance**, including the concern for intra-Community trade and the impact that it would have the launching of a community procedure. Based on the study, there can be elaborated a risk analysis for each future case, in order to make a decision whether a certain measure shall be notified to the European Commission for approval or not.

## Recommendations for the following programming period

### Recommendation 19:

- For the next programming period there should be considered **the specificity and needs of each region and to further consider the mechanism for allocating the funds based on regional disparities.**
- In the event that it be will decided the design of a single program at the national level, this goal can be achieved by the inclusion of **8 regional priority axis, with specific key areas of intervention derived from the Regional Development Plans.**



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## General Overview

- **Substantial achievements** at national and regional level
- **The very wide experience of MA ROP and IB**, probably unique in the implementation of the structural instruments in the current programming period in Romania, consequence of the implementation of the pre-accession programs in the field of CES policy of the European Union;
- **The efficient schedule of processing the payments;**
- **The delayed launching, in December 2008, of Priority Axis 1**, entailing a slower progress of the projects, including of the projects supporting the business environment on KAI 1.1;



**General Overview (2)**

- In case of KAI 4.1, **the too wide definition of the business support structures** has created the possibility to re-orientate some of the real estate investors to the financing opportunities provided by ROP and, as a consequence, has entailed **the prevalence of the office buildings in the projects portfolio** for this KAI;
- Insufficient communication during the programming phase, in case of KAI 4.1 and 4.2; in case of **KAI 4.1 the existent industrial parks (almost 50) could not benefit directly of the amounts needed for the modernisation;**
- **A long duration of the evaluation, selection and contracting process.**
- The processing of the **requests for addenda to the financing contracts**, which are numerous, takes long because of the procedures in force and the high level of workload.

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