



# EVALUATION OF EUROPEAN STRUCTURAL AND INVESTMENT FUNDS INTERVENTIONS IN INFORMATION TECHNOLOGY AND COMMUNICATIONS IN ROMANIA

MEASURING EFFICIENCY, EFFECTIVENESS, AND IMPACT & RECOMMENDATIONS FOR THE 2021-2027 PROGRAMMING PERIOD

JUNE 10, 2021

## OBJECTIVE OF THE EVALUATION

Support the Ministry of European Funds in **assessing the efficiency, effectiveness and impact** of the use of European Structural and Investment Funds (ESIF) in the Information Technology and Communications sector by **identifying factors that contribute to the success** of the implementation and the **sustainability** of the ESIF funded actions for the 2014-2020 programming period and **identifying key lessons** learned to be considered for the 2021-2027 programming period.

# EVALUATION SCOPE: INTERVENTIONS UNDER COP PRIORITY AXIS 2



European Structural  
and Investment  
Funds



Competitiveness  
Operational  
Programme



Priority Axis 1:  
Research,  
Development and  
Innovation



Priority Axis 2:  
Information  
Technology and  
Communications



Deployment of  
broadband  
infrastructure for  
the whole country



E-commerce,  
clusters and  
developing  
innovation through  
ICT



E-government,  
interoperability,  
cyber-security, cloud  
computing and  
social networks



Use of ICT in  
education, health,  
social inclusion and  
culture

# EVALUATION QUESTIONS

## Efficiency

- To what extent were the processes used during selection and implementation of interventions efficient?

## Effectiveness

- To what extent were the interventions carried out according to expectations, produce the desired change (specific objectives) and must be further funded?
- Which are and in what way are factors influencing the effects of the interventions?

## Impact

- What is the observed progress in meeting the stated objectives in targeted sectors, territories and groups, since the adoption of the interventions (gross effects)?
- To what extent the observed progress may be attributable to the funded interventions (net effect)?
- To what extent there are non-intended effects, positive or negative?
- To what extent do the effects occur beyond the targeted territory, sectors or groups (spill-over effects)?

## Sustainability

- To what extent the effects of the interventions are sustainable for a longer period of time (sustainability)?

# EVALUATION APPROACHES AND METHODS

Theory-based  
Evaluations

- Desk Research
- Surveys of Beneficiaries and Applicants
- In-depth Interviews
- Focus Groups

Case Studies

- Project Documentation Review
- In-depth Interviews

Counterfactual  
Evaluations

- Difference-in-Difference Design
- [Planned] Spatial Regression Discontinuity

## FINDINGS ON EFFICIENCY

- Nearly **70 percent** of financing, including for several large projects, was committed only in 2019 and 2020
- As of March 15, 2021, the Programme has **83 percent** of the total project value in projects under implementation.
- Disbursement rates are very low, and the low rate of disbursement is not fully attributable to the lateness in approval of most large value contracts.
  - Of the 2128 million Lei committed under Priority 2.3, only 348 million have been disbursed from EU Funds, and only 26 million from the national budget as of March 15, 2021.
  - Payments from the EU on the Ro-Net project approved in 2016 still stand at 135 million of the total project value, which is at 295 million
- The evaluations process to award projects took greater than **12 months** to complete on average
- Time from approval to effectiveness took **9 months** or longer in some cases
- Applicants cited the complexity of documentation (often required to be submitted on paper, or through cumbersome online platforms), budget preparation, and procurement processes burdensome, and some cited changes to deadlines and other key criteria in the applicants' guide as challenges

# CONCLUSIONS AND RECOMMENDATIONS TO IMPROVE EFFICIENCY

- Prepare projects for the next programming period in parallel with the implementation of projects from the current programming period to ensure timely start of implementation
  - Commence evaluation of programme interventions to inform planning for the next cycle earlier than at the end of the programme period.
- Streamline selection processes for non-competitive public beneficiaries, separate from the processes for private beneficiaries
  - Support strategic public beneficiaries with the project proposal preparation process and include them in discussions for non-competitive calls under the programme
- Shorten the time from submission to contract award
  - Simplify documentation submission requirements for applicants
  - Enhance the user interface of the MySMIS portal
  - Accelerate post-selection processing and signature requirements

## FINDINGS ON EFFECTIVENESS

- Effectiveness of interventions is **limited** at this stage due to slow implementation progress and delays
  - For Investment Priority 2.1, Projects under POC Axis 2 target 744 localities which account for 2.15% of all households (160,508 households out of the total amount of 7,481,171 households) in “white spaces”. **Only 273 localities out of 744 had been covered** by June 2020, with high-quality broadband by private investment, accounting for 0.81% of all households (60,746 households out of the total amount of 7,481,171 households).
  - For Investment Priority 2.2, **79 innovative products and services** have been accomplished.
  - For Investment Priority 2.3, **57 public services** related to life events identified in the NSDAR have been digitized and **3 applications utilizing big data** are near completion. Most high value contracts are in very early stages of implementation.
- Factors influencing the effectiveness of projects include:
  - Political leadership and ownership of funded interventions’ roll-out, especially in the case of public beneficiaries
  - Clarity the scope and eligible expenses funded for large value projects early on with beneficiaries
  - Coordination between government agencies, both at the central level as well as between central and state levels



# CONCLUSIONS & RECOMMENDATIONS TO IMPROVE EFFECTIVENESS

- Reduce delays in identification of and award to beneficiaries, to accelerate programme implementation
- Coordinate closely with strategic public beneficiaries during implementation at the national and regional government levels through OIPSI and COP-MA
- Engage other stakeholders – regulators and industry associations for example – more actively in the programme implementation process
- Streamline document submission processes for reimbursements, and accelerate disbursements to beneficiaries to proceed with implementation
- Enhance the coordination function of the Ministry of Investments and European Projects by convening all relevant management authorities of different operational programmes, to promote knowledge sharing and peer learning from implementation experiences

# FINDINGS ON IMPACT

- Impact of interventions under Investment Priorities 2.1 and 2.3 cannot be determined at this stage.
- Using a difference-in-difference design, the causal effects of investments made under Investment Priority 2.2 on **number of patents applied, turnover, net profit, firm size, operating revenues, and fixed assets** were evaluated
- The counterfactual evaluation assessed the main specification as the comparison between treatment firms granted during Call 1 of IP 2.2 (launched in 2017) and a counterfactual of similar firms (firms that were awarded in Calls 2 and 3 in the main specification, with other robustness checks)
- The evaluation found significant effects on the following dimensions:
  - **Firm size of treated firms increased by 3%** after award. The result was statistically significant at the 0.05 level (95% confidence level)
  - **Operating revenue increased by 2.4%** after award. The result was statistically significant at the 0.05 level (95% confidence level)
  - **Investment in fixed assets increased by 107.7%** after award. The result was statistically significant at the 0.01 level (99% confidence level)
- **NO significant effects** were found on
  - Patents applied
  - Turnover
  - Net Profit
- Further, the evaluation could not conclude on the number of patents granted as only one beneficiary firm was granted a patent in the relevant time period, and had applied for the patent prior to the grant under IP 2.2
- Due to lack of sufficient data on research and development expenditures (missing values), the analysis was inconclusive

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## CONCLUSIONS & RECOMMENDATIONS TO IMPROVE IMPACT

- The results suggest that input costs increase with grants made under IP 2.2. However, this does not translate to outcomes in innovation or firm's economic performance.
- The literature suggests that it may take time for innovations to be generated from research interventions. Observing the trajectory of this effect over time may therefore be meaningful for the evaluation and is proposed to be conducted as part of Outputs 3 and 4.



**THANK YOU!**

PLEASE ASK ANY QUESTIONS THAT YOU MAY HAVE

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