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## 2. EFFECTIVENESS

### 2.1 Introduction

The ToR require the ad hoc evaluation to establish the extent to which projects financed under PA5, KAI 5.2 contribute to the relevant objectives i.e., a question of effectiveness.

### 2.2 Sub-Task III.b.1

#### 2.2.1 Coherence check

A ‘map’ of the relationship between objectives, operations and indicators is provided in Annex 1. It shows for KAI 5.2 that:

- For each of the Main Operational Objectives (MOO) there is at least one - in two cases even two - Indicative Operations (IO) that are directly linked to the MOO (cf. Annex 1 – Relationship between Main Operational Objectives and Indicative Operations and list of Indicators defined);
- On the other hand there is one IO “Developing integrated programmes (...) aimed at reducing subsistence agriculture” that serves two MOOs, both targeting non-agricultural economic activities and employment.

In that respect, KAI 5.2 looks broadly coherent except for the issue of the aforementioned ambiguity regarding one IO serving two MOOs in the field of non-agricultural economic activities. Considering the fact that the type of interventions and the groups of addressees most probably will not have broad overlapping between the two MOOs affected, defining a separate IO for each MOO could be an appropriate action to address that issue.<sup>10</sup>

A potentially more significant and strategy related issue arises when considering the IO “*Measures for promoting occupational and geographical mobility of the rural labour force in*

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<sup>10</sup> While MOOs are defined at KAI level the IOs have been defined at OP-level. As such, the introduction of a new IO might require COM approval whereas the use of an existing IO would be unlikely to require such approval.



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*order to take up all existing employment opportunities and increase the regional cohesion*". Mobilising the better educated and skilled people to leave the region could lead to a 'brain drain' for the regions lagging behind. That eventuality would, in turn, be counter-productive to the objective of '*long-term sustainability of rural areas ...*' as expressed in the title of that KAI 5.2.<sup>11</sup> Besides, a nearly identical IO labeled "*Developing and implementing measures and trans-national actions for promotion of occupational and geographical mobility*" is defined under KAI 5.1.

The respective programme indicators are very basic and general. The additional Output Indicators defined within the FDI are more specific regarding target groups and eligible activities. The additional Input Indicators refer to the type of operations funded and are directly linked to the IOs. Nonetheless, and in the logic of Structural Funds, these additional indicators could also be subsumed under the 'Output' heading.

Regarding the completeness of output indicators - and in particular of indicators of result - the lack of indicators specifically referring to business start-up is conspicuous, particularly as this is one of the targets of the IOs. Further analysis of the indicator system is part of the overarching tasks in Component I and this also took into consideration the relationship and coherence between IOs and Eligible Activities (EA). A distinct task in that respect was to check whether the additional indicators are underpinned by standard categories within the monitoring and reporting system noting that this was found not to be the case.

### **2.2.2 Implementation figures – financial and technical indicators of output**

A first and in-depth analysis of implementation data based on the administrative or system output, taking not only into consideration the account of applications and contracts in relationship to the SOP HRD funding available but also comparing the progress of implementation of KAI 5.2 with other key areas<sup>12</sup> under the SOP shows the following results:

All in all five calls were launched to the end of 2009. Of these:

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<sup>11</sup> To prevent any misunderstanding - it is clearly not the intention to motivate people to get out of the area but it has to be taken into consideration that freedom of movement is supported by skills raising activities. Therefore ways have to be found to motivate those whose skills are being enhanced, to stay - a more integrated approach and active coordination of different funds or an enhancement of SOP HRD activities could provide for this.

<sup>12</sup> In this way an unbiased assessment of the relative state of implementation shall be ensured.



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- 1 call was for regular grants (up to 2 years' duration);
- 3 were for strategic grants (up to 3 years' duration with higher ceilings for funding and a minimum of two regions covered); and
- 1 was a call for state aid projects.

Considering the response rates of applicants in terms of requested funding compared to funding available, KAI 5.2 is at the lower end of the scale. To be precise KAI 5.2 is fourth from the bottom in this regard with a rate of 168 % (apart from KAI 1.4 only KAI 4.1 and 4.2, which are limited to the Public Employment Service, show lower rates of request versus available funding). The average rate of request against available funding for the whole OP is 345 %.

- Taking into consideration the target region 'rural areas' one could have expected an infrastructure weakness in these areas related to the capacity of project development and thus also in generating applications;
- Yet, and this may help to explain, the next better ranking is for KAI 5.1 with 199 % and this suggests a general weakness in the Active Employment Measures as a whole – this is confirmed through our fieldwork and clearly expressed in the recent Annual Activity Report (Draft) of NAE;
- Another relevant aspect is the fact that the total volume of funding launched under KAI 5.2 is by far the biggest of all KAI – reflecting the strong political focus within the SOP HRD that has been given to the situation in rural areas. That puts the apparent relative 'lack of interest' into a slightly different perspective; and
- Regarding the indicators of relative success of applications measured in terms of those approved and contracted compared to those submitted, the success rate under KAI 5.2 is slightly above the OP average.

This overall picture regarding response- and success rates changes slightly, but not significantly, when differentiating between the different types of grants, mainly strategic and regular grant projects. The state aid aspect is very weak in terms of implementation figures



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(as it is, relatively speaking, across the programme) but in this instance only a very small financial volume has been launched to date.

As such, the overall impression regarding the comparative strength of KAI 5.2 is not too bad notwithstanding the fact that the need for intervention in rural areas is considered high and that there is apparently a general weakness in the field of Active Employment Measures as a whole (as referenced in both the Component I Evaluation and the Component IIIa, ad hoc evaluation of the PES).

Up to end-2009, 35 projects were contracted under KAI 5.2. Of these, 13 are Strategic projects and 22 are regular grant projects covering valued at about a fifth part of the financial volume of the strategic projects.

**Table 3 Projects contracted by end of 2009 – Type of project, total and eligible cost (LEI)**

Type	Projects	Cost Total	Cost Eligible
Grant	22	25 602 993.60	24 903 083.00
Strategic	13	128 910 647.78	125 507 396.78
<b>Total</b>	<b>35</b>	<b>154 513 641.38</b>	<b>150 410 479.78</b>

*Source: MA monitoring and evaluation database*

Due to the small implementation base (just 35 projects contracted) not too much reporting could have been expected and, as it happened, reporting on activity levels has been low: until mid-April 2010 technical reports of only 10 of these projects have been provided to the monitoring unit within the MA.<sup>13</sup>

**Table 4 Projects contracted by end of 2009 (LEI) with technical reports available by 04-2010: Type of project, total and eligible cost (LEI) – Participants total and female**

Type	Projects	Cost Total	Cost Eligible	Participants Total	Participants Female
Grant	3	2 753 238.60	2 668 566.00	66	42

<sup>13</sup> In a more recent set of monitoring data from end of June 2010 no data at all was provided pertaining to KAI 5.2



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Type	Projects	Cost Total	Cost Eligible	Participants Total	Participants Female
Strategic	7	84 188 322.00	82 451 491.00	1 971	821
<b>Total</b>	<b>10</b>	<b>86 941 559.60</b>	<b>85 120 057.00</b>	<b>2 037</b>	<b>863</b>

Source: MA monitoring and evaluation own database

All these reports had been delivered and approved in 2009 (in the period from 30.10.09 to 11.12.09). However, this does not reflect the real state of implementation nor of reporting.<sup>14</sup> Technical reports are only considered to be approved (and forwarded to the programme monitoring unit) when the financial reporting they are attached to has been checked and approved and, as such, regular monitoring data on technical progress are available for central monitoring purposes only under this condition (thereby referring to one of the efficiency issues further commented on in the Component 1 evaluation report).

Given the low level of absorption in general, the fact that we can demonstrate that KAI 5.2 doesn't perform any worse than the other KAIs when taking into consideration the quality and success of applications submitted is at least a partial success-story. The difficulties within the KAI are not, apparently, much different when compared to the other KAIs under SOP HRD.

Nonetheless, considering the gaps in the indicator list mentioned, and notwithstanding apparent absorption issues, we consider a simple comparison and calculation of rates of achievement to be misleading as no synchronicity of data in combination with a clear cut-off date and guaranteed coverage of projects regarding that date can be established.

### 2.2.3 Findings from fieldwork regarding the effectiveness of KAI 5.2

Whether or not a programme is achieving its goals should, in principle, be measured by the indicators of result. However, in certain instances other sources also have to be taken into consideration, particularly in a situation where some substitute is needed due to a lack of or the incompleteness of monitoring data. Relevant findings from our fieldwork are presented

<sup>14</sup> To be very precise: only 5 (3 strategic, 2 regular grant) out of these 10 projects actually provided data on participants – those projects cover a total cost of 17 659 632 LEI.



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here as a complement to the limited monitoring base available in respect of KAI 5.2 (noting that that limitation applies across the programme as a whole). First we make particular reference to Strategic Projects that appear, on the face of it, to have the potential to influence the effectiveness of the KAI in total and, as stand-alone large-scale projects, also have the potential if they are well focused to meet many of the critical labour market needs that exist in rural areas.

### Strategic projects

We note that the aforementioned differentiation between the two types of grant projects appears to be more technical than content related notwithstanding the fact that in the programme documents the Strategic projects are distinguished with reference to their content. In large parts the strategic projects appear to be distinguished from the regular grant type projects not on the basis of strategic intent or content but on the basis that they are ‘the same but bigger and of longer duration’. Based on our reading of the programme we expected that the strategic projects would serve to ‘prepare the field’ for regular grants by developing capacity, by elaboration of strategies related to specific regional needs and issues and by preparing / setting up a corresponding networking infrastructure. In this respect we expected the strategic projects to be of a specific, strategic relevance associated with the successful implementation of the KAI overall. That, in our view, would have given concrete meaning to the formal criteria of size, regional or sector coverage and run-time. However, to this point, the findings from the field show a much more blurred interpretation of the term ‘strategic’. In practice many of the strategic projects appear to be distinguished on the basis that they are bigger, of longer duration and - at a minimum - covering two counties in different regions.

That does not suggest that there are not certain strategic projects underway that may have a real strategic orientation, however:

- The majority of interviewees from the IBs as well as other relevant stakeholders were of the view that many of the strategic projects were not, in fact, ‘strategic’ in their content and intent;



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- There were different views on the relative advantages in implementing several but otherwise identical (in terms of type and content) regular grant<sup>15</sup> projects compared to one bigger Strategic Project. But, with reference to the types of activities in question, interviewees saw no significant difference between strategic and regular grant type projects;
- Finally, even where projects clearly have a strategic orientation the approaches adopted in certain cases was to leave the project to operate in isolation and subject to the specific intentions and capacities of the beneficiaries, including their capacity to conceptualise and implement. In that regard there are instances of overlapping activities where different stakeholders try to address the same or a similar problem in parallel and are effectively competing or, at a minimum, missing opportunities for cross-fertilisation and the creation of critical mass. In particular the issue of building capacity in the rural areas at the level of communes and local town halls seems to be subject to parallel efforts by otherwise unconnected projects.

This highlights other weaknesses in the system as follows:

1. According to local expert team-members of the evaluation who were also involved in the assessment (evaluation) of applications under SOP HRD, no specific criteria were defined or provided to evaluators during the project evaluation (assessment of applications) that would have allowed them to reject a project merely due to a lack of strategic orientation and relevance.
2. At the MA – although having the Strategic Projects under its auspices - there is no personnel with a specific focus on the strategic projects noting that we would expect this type of assignment of responsibility as a way to ensuring a close follow-up of strategic projects implementation as part of an overall strategic approach run by the MA.<sup>16</sup>

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<sup>15</sup> We use the term 'regular grant' to separate from strategic projects as technically spoken both types are projects granted and not procurement based contracts

<sup>16</sup> That does not imply that we expect personnel to work exclusively on strategic projects.



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3. The Ministry of Labour, with its Unit for Active Labour Market Policies has no direct involvement with Strategic Projects (referring to PA 5 at a minimum) apart from being member of the Monitoring Committee SOP HRD or being an applicant via the PES.

### Effectiveness

The beneficiary counterparts were asked in interviews if they experienced any difficulties in implementing their projects covering application process to contracting, communication with the MA/IBs, target group related issues etc. Major topics in this respect that came up again and again were:

1. The management of re-imbusement requests; and
2. Communication with the MA /IB in general.

In particular the issue of slow financial flow was reported to have caused a series of problems that involves difficulties between partners and people involved/staff, but also external problems regarding, for example, penalties for delays in paying the obligatory contributions to pension funds, unemployment fund and social insurance. This experience has led some beneficiaries to be wary about making additional applications for funding and/or delaying the submission of a further application until having built up a ‘buffer stock’ of own resources to compensate for expected delays.

When considering particular issues regarding the socio-economic situation in rural areas, in particular the low income overall and the low monetary income (cf. in Annex 7 Table 25) the fear as a project promoter to lose “credibility amongst the target group” on the basis of delayed implementation or failure to meet commitments is a very real issue.

These problems were aggravated by the fact that communication from the authorities was considered inadequate and that no specific, dedicated person was available or in charge as a competent project/beneficiary counterpart leading, in turn, to confusing and sometimes incoherent and contradictory advice on issues raised.

These and other problems are not specific to KAI 5.2. However, bearing in mind the characteristics of the target areas and the infrastructural and other problems therein (see more





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in this regard in the next chapter) it is clear that rural areas suffer disproportionately as a result of such problems compared to their urban counterparts leading to the observation that there are structural issues that need to be addressed to enhance the effectiveness of implementation in general but with particular reference to rural areas.

These observations gathered from beneficiaries are further confirmed through the interviews with different national stakeholders and the views expressed were quite homogeneous.<sup>17</sup>

Further problems mentioned include e.g. contradictory guidance documents and financial regulations and changes in the guidance provided during the application phase noting again that these issues are not exclusive to KAI 5.2.

Regarding problems with implementing active labour market measures in general and with engaging members of the target groups in particular, views were more heterogeneous. Some referenced problems with target group involvement e.g.:

- Can't afford to travel much without financial subsidies or transportation facilities (cf. the reimbursement issue) and this causes problems of acceptance when courses are organised in towns;<sup>18</sup>
- Are involved in seasonal work to earn at least some monetary income and this can impede participation in training<sup>19</sup>
- Are afraid of losing rights to claim for subsidies when participating in training courses; and
- Have certain distrust in the public institutions in general and do not recognise the benefit of training when there is no guarantee of a job afterwards.

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<sup>17</sup> Nonetheless, this should not be considered an undifferentiated 'MA blaming' – the interview partners often declared that they were aware of staffing problems at the SOP HRD management and implementing bodies

<sup>18</sup> As this kind of support sometimes has been mentioned as a need to be taken on board in future, it apparently has not become common knowledge that it actually is part of eligible cost.

<sup>19</sup> This is an interesting aspect in particular when taking into consideration that the typical planning of Active Employment Measures (AEM) as implemented by NAE leads to a start of measures not before April, i.e. when seasonal work starts or is close to start. That might contribute to the general difficulty to implement active measures



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But often the motivation of participants is considered good and this was also found in the interviews and group talks that were specifically undertaken for KAI 5.2. Other statements from stakeholders and experts regarding target group involvement include reference to:

- Some element of ‘creaming-off’ strategies on the part of beneficiaries that prefer working with the most qualified amongst the target group in order to reach targets and to show good results for the projects but, as a result, ‘leaving aside’ those most vulnerable;
- Preventing participants from prematurely skipping their attendance in the projects (this too is associated with securing reimbursement) is easier when there are binding arrangements – i.e. in training of employees.

Both of the above issues point to a tendency to potentially minimise engagement with the most vulnerable within the target groups as, by definition, they are working from a lower base, can be more difficult to retain and will present more challenges to providers in terms of reaching targets.

Considering AEM in general the experience with national AEM implemented by NAE clearly shows that the annual planning process takes too much time to get activities implemented on a relevant scale and with the required degree of flexibility. Moreover, the budget for these active measures which depends on employer and employee contributions is completely pro-cyclical i.e. going down when the need (unemployment) raises and vice-versa, instead of working against the cycle (cf. Chart 1 below on page 120).

Finally and regarding cooperation with other institutions the most frequent reference is to the Mayors who obviously play a significant and important role (at local level they often seem to be a player representing beneficiaries or providing political coordination), and the county offices of NAE and County Councils. These locally based structures are now further limited in their capacity to support implementation and achieve coherence of effort due to lack of personnel and associated budgetary cutbacks. National stakeholders expressed concerns that recently announced cutbacks will be executed in a biased way and may disproportionately impact on rural areas due to the relative imbalance in political strength and power between



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larger urban areas and smaller, more remote places.<sup>20</sup> But this too was an issue of a general and broad concern throughout fieldwork.

Again and again and across the field a lack of policy guidance and of adequate strategies for the regions and rural areas in particular was mentioned as an urgent issue. This was linked to the request for better coordination of activities funded under the SOP HRD but also across the OPs. Our informants stressed the need for more regionalised/localised competencies, structures and support to existing capacity at local level and better use of existing structures (like NAE and its branches, town- and commune-halls, consultative Committees and Regional Pacts, etc)-reference to ACTIVITY IIIb.4/NRDP.

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<sup>20</sup> That such concerns – assuming an unbalanced treatment even across public institutions of the same type and under the same jurisdiction – have some grounding in lived experience is illustrated e.g. by a WORLD BANK policy note from 2007 regarding school budgets allocations: “There are high funding disparities between schools within the same jurisdiction. Recent analysis indicates that disparities between schools are greater and more challenging than disparities across local or county jurisdictions. This means that any financing formula will have to have well-developed compensatory components.” cf. The World Bank, 2007, infoR – Romania – from integration to convergence, Education Policy Note



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## Overview 1 Conclusions and Recommendations – Effectiveness Criterion<sup>21</sup>

Evaluation Activity /Question	Conclusions	Recommendations	Targeted at	Time-frame (S, M, L)	
III.b.1	1	Low absorption of funds and low level of submitting/processing technical and financial reports combined with a lack of standard reporting periods did not allow us to make a serious statement of progress and achievement specifically for KAI 5.2 (or for the OP as such) based on monitoring data	Improve the specific strategic monitoring – not only for KAI 5.2 – by disentangling technical reports from financial flow and control. Set up distinct reporting on output and results on standard periods of a calendar year instead (half- year and/or annual) with a clear cut-off date and deadline for delivery and let absolute figures be reported (and not shares or percentages) to stay flexible in using data and to prevent from delivery of miscalculated data.	MA	S
	2	Low absorption in terms of applications submitted compared to funds launched is counterbalanced by the fact that KAI 5.2 in terms of successful applications overall performs no worse than the other KAI.	n/a		
	3	Currently problems of effectiveness are mainly related to issues	<i>Cf. the respective recommendations in the</i>		

<sup>21</sup> S – short; M – medium; L- long; A time-frame (short/medium/long) within which recommended changes should be made is indicated for all recommendations made in the report. Generally speaking recommendations to be implemented in the short-term should be implemented within three months of finalisation of the report. Recommendations for the medium-term should be implemented within six-nine months of the finalisation of the report. Recommendations for the long-terms should be implemented within a year, although in certain instances the ‘long-term’ may reach into a two-three year time-frame (e.g. where recommendations are made that build towards the next SOPHRD programming period).



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Evaluation Activity /Question	Conclusions	Recommendations	Targeted at	Time-frame (S, M, L)
	<p>that are of general concern within the programme and that are not specific to the KAI 5.2. A particular issue in that respect is the integration of ESF with AEM. Active employment measures currently are established in a pro-cyclical manner as the means available are bound to employer's and employees' contribution in such a way that when in times of crisis money for active measures is needed the contributions actually drop due to increasing unemployment and the fund is needed to compensate income losses. This is difficult to integrate with the ESF approach of establishing mid-term and counter-cyclical activities and co-financing national policies against labour market problems within a multi-annual perspective.</p>	<p><i>Component 1 report regarding e.g. cash-flow and communication with beneficiaries</i></p>		
4	<p>There is a general lack of a strategic approach in addressing issues arising in respect of rural areas and this is confirmed when considering strategic projects. They not only lack coordination and embeddedness in (missing) broader strategic concepts but the term 'strategic' in that context seems to be rather displaced: strategic projects have not acted as an instrument to provide a strategic framework within which</p>	<p>Raise the value of strategic projects regarding rural areas by giving them a more specific meaning in the direction of explicit strategy design and support for rural areas. This should include:</p> <ul style="list-style-type: none"> <li>regular compilation and provision of updated socio-economic data on rural and urban areas as a guidance to needs identification and matching.</li> </ul>	MA, ACIS	M



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Evaluation Activity /Question	Conclusions		Recommendations	Targeted at	Time-frame (S, M, L)
		regular grant type projects can be implemented in a coherent manner. Moreover, and by consequence they are not even perceived as serving a specific strategic purpose – neither by the beneficiaries nor by intermediate bodies who only refer to technical differences of ‘size, number of regions covered and run-time’.	<ul style="list-style-type: none"> <li>the set-up of support structures for beneficiaries on a regional- /county level integrating existing structures like NAE offices and local town halls (mayors).</li> <li>This latter one should be combined with work schemes and training for unemployed graduates to serve as a human capital base for that capacity set-up as a sustainable support.</li> </ul>		
	5	To enhance capacity for project development and implementation in rural areas is an urgent need. Of utmost importance for a successful (and by that effective) implementation is the issue of active coordination at regional/county levels and the need to provide support for enhanced capacity at the level of communes in particular. This includes coordination between funding sources in general and not only inside SOP HRD.	<ul style="list-style-type: none"> <li>Strategic projects should have a clear focus on strategic issues and respective selection criteria should be defined when launching related calls.</li> </ul> <p>A regional strategy should integrate the use of different funds/OPs. That has to be actively coordinated as a valid policy approach should not make beneficiaries responsible for strategy design.</p>		
	6	The current system of implementation leaves much room for creaming strategies and does not set clear incentives for beneficiaries to actively address problems associated with the	Set-up incentives for beneficiaries by, for example, defining standard-costs for activities / offering ‘a bonus’ for specific activities for the most vulnerable	MA	M



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Evaluation Activity /Question	Conclusions		Recommendations	Targeted at	Time-frame (S, M, L)
		most vulnerable groups - – such creaming- practices are also fostered by the pressure on beneficiaries regarding success rates, which is also tied into financial reimbursement	groups. When launching calls the respective criteria should be stressed and underpinned by selection criteria for evaluation of applications that direct the applicants to the desired activities and to the intended target groups.		
	7	Overall our research indicates that the SOP HRD is considered a good and welcomed opportunity providing beneficiaries with the basic means to address relevant issues in rural areas. The serious challenge concerns overall implementation and strategic guidance	n/a		

In the next chapter we address the evaluation task and questions relating to the issue of relevance before returning to the issue of Effectiveness in the context of our overall Conclusions and Recommendations in the final Chapter of this report.



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## 3. RELEVANCE

### 3.1 Introduction

The ToR require the evaluation to establish the relevance of eligible activities set up within the FDI SOP HRD for PA5, KAI 5.2 when set against the needs of the target group in the present socio-economic context (task III.b.2) and, as far as relevant, to identify new activities that may meet those needs (task III.b.3). It also requires an assessment of the extent to which projects financed under the KAI 5.2 are complementary to human resource related projects financed under the NRDP 2007-2013 (task III.b.4).

With special reference to the activities IIIb.2 and III.b.3 and taking on board comments from the ESG we undertook additional fieldwork specifically targeted at KAI 5.2. This complements the fieldwork undertaken in pursuit of Component 1 (which embraced the concerns of KAI 5.2 and other KAIs). Based on a sample of projects (balanced between Strategic and Regular Grant projects and taking into consideration coverage of topics and beneficiary types) we undertook interviews with beneficiaries and – where possible – with groups of participants. Stakeholder interviews are also included.

Ultimately these additional activities did not produce significant new findings but they provided interesting details and perspective from the practitioner viewpoint and gave more substance and nuance to the overall findings than would have been derived from a simple documentary or even survey-based and central stakeholder focussed approach.

### 3.2 Sub-task III.b.2

This task involves an analysis of activities detailed under PA5, KAI 5.2 in the FDI SOP HRD when set against the needs of the target groups in the current socio-economic context. It involves an analysis of relevant aspects of the current socio economic context (with particular reference to rural areas) on the one hand and an analysis of the labour market / human resource development needs of the specified target groups (to include young people, self employed people, long-term unemployed people).





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We undertook to identify and collect strategic documents and trend analysis and forecasts to inform the evaluation regarding the socio-economic context and the level of need in question and to begin to update relevant context data according to the OP-rationale and the Ex-ante Evaluation / SWOT analysis. The wide range of material collected and analysed is too broad and too detailed to be included in the body of the report and, as such, is provided for reference in ANNEX 7 instead<sup>22</sup>.

However, some of the major points are presented here in a summary form:<sup>23</sup>

- The period 2005-2008 was characterized by economic growth largely above the EU average; however, in 2009 the crisis hit Romania hard such that in 2009 the real GDP growth rate registered a sharp drop down to – 7.1% compared to +7.3% in 2008 (see Annex 7, ‘Overall macro-economic context – GDP’ and Table 14 for more detail and forecasts)
- The age structure of the population confirms a slow but continuing ageing process and this process is most pronounced in rural areas (Annex 7, Table 6);
- The rural areas are distinguished by the high level of agricultural activities carried out on a very small scale and therefore threatened by any concentration processes on the market;
- In 2007 19% of the population was at risk of poverty and that risk is higher in the N-E, S-E and S-V Oltenia regions. Risk of poverty is concentrated in rural areas (Annex 7, ‘Trends in agriculture’);
- Between 2005-2008 activity rates in urban areas increased from 60.3% to 61.7% whereas they decreased in rural areas from 65.3% to 64.5%. The activity rate amongst the 15–34 years age group is also decreasing and that decrease is most pronounced in rural areas (Annex 7, Table 8);

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<sup>22</sup> This is based on statistics mainly provided by EUROSTAT, NIS and NAE and complementary information drawn from a series of studies to the subject.

<sup>23</sup> Sources of information for the summary are presented in the Annex 7



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- Structure by gender shows a male activity rate with an increasing trend, achieving a value of 62.8% in 2008 that is also higher than the national average of 54.5%; Female activity rate (46.8% in 2008) started to decrease during 2006 and is lower than for males and the national average (Annex 7, Table 16);
- The evolution of employment rates between 2005 and 2008 was also unfavorable for rural areas. In 2008 the employment rate in rural areas (61.2%) was slightly lower than in 2005 (61.6%), while in urban areas the indicator registered an increase, reaching a value of 57.5% compared to 55.0% in 2005.. Nevertheless, in 2009 the effects of economic crisis hit both area types and employment started to decrease in urban areas as well. The decrease of employment in rural areas affected the young generation between 15 and 34 years in particular (Annex 7, Table 9).
- Agricultural restructuring has already started and will continue to have an impact on the rural economy in general as agriculture remains the most important activity in rural areas and an essential income source. Restructuring activities at the level of farms, intensifying the capital for commercial farms and increasing productivity will be followed by a related decrease in the number of people in employment similar to the experience of restructuring agriculture systems in other EU Member States and/or other countries (more details in Annex 7, 'Trends in agriculture')
- The unemployment rate (ILO-measurement concept) had a decreasing trend 2005-2008, from 7.2% to 5.8%, but started to grow again in 2009 to 6.9% (Annex 7, Table 7). The decrease over 2005-2008 was mainly registered in urban areas (8.9%-6.8%) while in rural areas the decrease was much lower (5.7%-5.1%). However, rising unemployment as noted above has disproportionately affected young people (Annex 7, Table 10);
- In 2009 due to financial constraints the available Unemployment Fund resources were allocated only for major obligations and, as such, expenditure on AEM implementation was only 7.49% of total expenditure (12.54 percentage points less than in 2008). Overall the share of AEM expenditures in GDP registered a permanent



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decrease during 2008, so it represented only 0.05% comparing with 0.11 % in 2005 (Annex 7, Chart 1)

- Generally speaking, the long term unemployed in Romania have low levels of education and few formal qualifications – the preponderance of people with no or low levels of education and qualifications is concentrated in rural areas (Annex 7, *Unemployment and unemployment rate (LFS and registered unemployment)* and subsequent);
- The participation rates in education and training programmes are very low for all age-groups and this pattern is more pronounced in rural areas (Annex 7, Table 12). It is also worth referring to the fact that the network of adult training providers is imbalanced and insufficient, especially in rural and small urban areas<sup>24</sup>;
- Labour market statistics seem to show a relatively better situation for the rural areas in direct comparison to urban areas. However, this should be read carefully. The ILO measurement concepts as used by the NIS and in the registry procedures of NAE, have a strong – unintended – negative bias in respect of rural areas. To correct for this it is necessary to take trends into account rather than absolute figures and, in addition, to check the income and expenditure statistics that are available by area type. In that regard it is notable that:
  - The increase in the rate of employment 2005-2008 was mainly due to an increase in the employment rate in urban areas, while rural areas registered more or less a flat rate, with a slight decrease in 2008 by 0.4 percent points (see Table 9 below).
  - The high level of poverty and the high share of about 1/3rd of in-kind income (i.e. subsistence agriculture) show a much clearer and less ambiguous picture than is possible with the labour market statistics alone (detailed information on

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<sup>24</sup> “The integrated strategy for human resource development from the perspective of lifelong learning 2009-2020” project PHARE RO 2006/018-147.04.05.01.07.02, pg.30



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the following points in Annex 7, 'Household incomes', and Table 25, Table 26, Table 27).

- In Quarter IV 2009, the total average income per urban household was 26.9% greater than that available to rural households;
- The urban household incomes were derived 60.9% from wages, 23.6% from social provisions and in 9.3% from in-kind income.
- In rural households, the main income source was the agricultural production that ensured 38.1% of the total income. The largest part of that income (31.9%) was represented by the equivalent value of the consumption of agro-food products from own resources - the money income from agriculture contributed only 6.2%. An important contribution to the rural household income came also from earnings (26.5%) and social provisions (26.5%).

Overall, the level of income as well as the structure of income differs between urban and rural areas. In particular money/cash income from wages and transfers are bigger in urban areas. The clear indication of an agricultural subsistence economy in rural areas is evident from the following list of facts:

- The total income per rural household is just about two-thirds of that available to households in urban areas;
- Monetary income is also about two-thirds of that in urban area households;
- About one third of the income in rural areas is so-called 'in-kind' income i.e. from own consumption of agricultural goods. In urban areas that counts for less than 10% of household income;
- The potential for financial /monetary savings is much smaller for rural households – one consequence of this is to restrict the capacity of individuals in terms of their mobility and flexibility to e.g. participate in training;



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- The absolute value of selling own property (sale of assets of the household patrimony) to get money is bigger in rural areas than in urban ones although the net result of this is to incrementally increase the likelihood of poverty.

### *Complementing observations from interviewees*

As already mentioned, the overall labour market and employment statistics do not paint a really correct image of the situation in rural areas – either they don't provide data according to area type at all or the measurement concept (ILO) can become misleading in this specific context.

Considering rural areas the income statistics for households provide a view much better regarding to coherence with the overall assessments we received. Some of the views expressed by interviewees about employment /unemployment also provide useful perspectives. The following quote by one interviewee provides insight into the general perception of the levels of deprivation in rural areas:

*'there is no change due to economic crisis as we are in a permanent and lasting crisis.'*

People – and usually these are the more capable ones – are leaving rural areas, a drain that affects strategic capacity for self-sustained development. From the fieldwork we got – in particular from young interviewees - statements like: 'We would like to remain in our area of living, but without having a chance to find regular and adequate employment we have to prepare for leaving to urban areas or even abroad - e.g. for participating in higher education - and to stay there instead of returning afterwards'.

Our research also suggests that trust in public institutions has also eroded due to the direction of certain policies such as the compulsory minimum tax for SMEs introduced in 2009 based on turnover instead of on profit. According to some respondents' opinions this had the effect of closing small business.<sup>25</sup>

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<sup>25</sup> Although there are opinions that this is more a 'clearing the statistics' process hitting SME's whose existence is merely on the paper but that are not economically active anyway.



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### *Meeting the needs of target groups*

One of the central questions under this subtask III.b.2 is to provide an answer as to whether or not the needs of target groups - under current economic context - are met by the activities funded under KAI 5.2. That issue was specifically addressed in the interviews by several questions as follows:

- What were the needs of target groups at the time of application (2007/08) - regarding type of activities but also accessibility of activities, accompanying measures etc?
- How have these been matched with the planned/delivered eligible activities?
- Do changes in socio-economic context have an impact on the type of needs, or rather on the 'size' of needs, or on both?
- How did you adapt the eligible activities to the new needs – if any?

All in all the responses were quite similar across the board and were often informed by systematic approaches that had been undertaken by the respondents (e.g. surveys of target groups, potential employers and stakeholders). In some cases even social scientists have been engaged to elaborate studies on the basis of which training and counselling activities have been developed.

Also relevant was past experience garnered under previous projects and of course the informal knowledge of key actors (mainly mayors) played a role.

On a positive note, KAI 5.2 was considered by interviewees to offer a lot of options and flexibility when considering the list of eligible activities. A national stakeholder praised this as one of the best aspects i.e. the “openness” of the programme and in that way the KAI 5.2 has the potential for needs matching – if substantially implemented and if the focus on its core target groups is strengthened. But this is more of an active programme management task (strategic controlling) than a problem of the logic of the KAI itself.

On the other hand the openness of eligible activities was criticised and described as a *‘shopping basket, a wish-list for providers’* that doesn't really allow for streamlining activities in a coherent, policy-driven manner or according to needs identified. That statement clearly was not targeted at the list of eligible activities as such but to the manner in which



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these are implemented: proper streamlining could happen through more closely defining the expected strategic content of projects in the criteria for success. This issue is not exclusive to KAI 5.2 but nonetheless hits the point of relevance quite well – creaming amongst activities and target groups is easier to achieve with such an open approach even when implemented in a technically competitive manner..

Interviewees also commented on the overall lack of coherence and lack of strategic coordination and the fact that it appears that each beneficiary is left to his/her own devices. A major problem was seen in the fact that there is no overall and sustainable strategy for the rural areas that could build a frame for more regionalised and localised strategies. Lack of coordination as referenced above includes the lack of systematic and centrally coordinated attempts to strengthen local authorities in their capacity to approach the funds. It also refers to the lack of coordination between the funds and this issue will be taken up again under III.b.4 noting however that the issue of coordination and complementarity between funds is not restricted to the relationship between SOP HRD and NRDP alone.

This included the issue of strict ceilings for funding (i.e. that a regular grant is restricted to the interval of 50 to 500 [thousand] EUR was considered to be unhelpful).<sup>26</sup> Of course one can apply for the same type of project several times (even under one call) but that doesn't fully compensate where different evaluators (or even the same) assess such 'cloned' projects differently.<sup>27</sup>

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<sup>26</sup> In that context it may be of interest to note that the COM, within the context of the crisis recovery package, introduced the option to alleviate small scale interventions up to a financial volume of 50 thousand EUR, i.e. exactly below the minimum threshold of a regular grant!

<sup>27</sup> 'Cloned projects' means applications more or less identical by size, activity, objectives, partners, and number of target group members either in the same or in different regions. 'Cloning' as such is not necessarily a problem but when it is just done to cope with 'arbitrarily' set administrative ceilings then these are not efficient as enforcing redundancies on side of beneficiaries and the public administration in so far as more projects are created than otherwise would have been necessary. Besides, as long as there is no procedure in place to ensure inter-rater-reliability i.e. that the same application is assessed by different evaluators in an at least nearly same way, the strategy of technically splitting up an actually 'bigger' project-concept into several smaller 'cloned' applications is put to a risk of not getting the package completely funded and thus the concept being compromised



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### 3.3 Sub-task III.b.3

This sub-task is closely related to sub-task III.b.2: the identification of needs within a changed context (to be carried out under III.b.2) will clearly inform the extent to which it is necessary and/or possible to identify new activities in order to meet those needs. In other words, under this sub-task it will be necessary to address any gaps that arise as a result of our analysis under III.b.2. As such, the work for both this and the previous sub-task are intrinsically linked and the initial pointers as to changed context that are listed above also pertain here.

Analysis undertaken by the evaluation team reveals that the following actions are considered necessary:

- Protection of and engagement with vulnerable groups (as mentioned in the previous section);
- Increase in the skills of people enabling them to access employment opportunities (categories as mentioned in the previous section), and especially to increase entrepreneurship skills amongst the rural population combined with provision of specific technical and commercial knowledge to assist in the move from subsistence agriculture to agricultural production for market;<sup>28</sup>
- More active promotion of employment opportunities;
- Increase in active support measures.

These general recommendations are underpinned by the beneficiaries' views. Although much of the proposed new actions do not explicitly reference the 'current changed socio-economic context' they are set against the continuation of a downward slope for rural areas that has preceded the current crises.

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<sup>28</sup> This actually does not fit well with the intentions of KAI 5.2 to re-direct people out of agriculture – in particular subsistence agriculture. But on the other side there seems to be no sustainable labour market perspective for the low skilled and mid-age population that could be addressed by short term training courses. Instead some strategies try to establish activities close to the agricultural sector including setting up small business to employ people in traditional handicraft after training.





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The need for direct structural (business incubators) and financial support (topic specific or limited in time to get the business running) was referenced by a number of interviewees. Exemption from taxes for small start-ups and self-employed (PFA) was also referenced.

Target group members said there was a need for more sophisticated, market-relevant training packages such as IT-training to be complemented by an English course in such a way that even when both such ‘components’ are not offered in an integrated package it should be possible to attend them sequentially.

Whereas this type of provision is not always directly eligible under KAI 5.2 the need for more integrated strategies as mentioned throughout the report comes up again. It may also be useful to interpret terms like ‘business incubator’ in a more open-minded manner and to use the ESF to co-finance ‘support structures’ e.g. by involving unemployed young graduates and training them in practice by developing and running such support structures. Combining the means provided under Technical Assistance with other resources (such as unemployment benefits and/or social assistance as well as funding for training) into a common package could well offer opportunities to setting up capacity that are currently not at hand.

### **3.4 Sub-task III.b.4**

In this section we present our findings on the issue of complementarity between SOP HRD and HRD related measures under the NRDP, following the approach outlined above.

We start with the results from the documentary analysis referring to the aspect of overlapping activities before moving on the presentation of findings from the fieldwork mainly related to the coordination aspect.

Regarding III.b.4 (complementarity with NRDP) we directly engaged with the MA NRDP. The issues were also integrated into the overall fieldwork with focus groups in the regions, stakeholder interviews at national level, and the surveys amongst contracted projects (all carried out in pursuit of the overall Interim Evaluation of SOP HRD but building in questions pertinent to this ad hoc evaluation). The issue of complementarity was also pursued through the previously mentioned fieldwork that was specific to this evaluation. Finally, throughout our fieldwork we asked interviewees and survey participants if they were aware of an active



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coordination in place to ensure synergy between the SOP HRD and NRDP but also if they were aware of any general coordination or synergy between the respective Structural Funds related activities at local and regional level.

In that we went beyond the originally envisaged technical comparison based on an in-depth analysis of the respective planning documents regarding overlapping activity-types and target groups.

The documentary analysis provided several indications regarding activities / measures that could potentially be regarded as overlapping and these are presented below in a match-table.

1. A direct potential for overlapping between KAI 5.2 and the NRDP can be identified regarding NRDP Axis 1: *Improving the competitiveness of agricultural and forestry sector*, **Measure 111** *Vocational training, information actions and diffusion of knowledge*. This can be deduced taking into consideration the descriptions within the respective documents (NRDP / FDI SOP HRD) comparing the corresponding levels of:
  - Operational objectives;
  - Scope and actions (NRDP) & Indicative Operations (FDI);
  - Operations (NRDP) & Eligible Activities (FDI).
2. Taking an overview, within the NRDP a range of measures is planned to start in 2010. The title of these also indicate a potential overlapping with activities funded under SOP HRD, namely under PA 5, KAI 5.2. However, at the stage of finalising research for the report no detailed description of the proposed measures has been available yet and, as such, these could not be analysed in more detail.
3. Last but not least, a more complete exploration revealed potential overlapping between NRDP and SOP HRD not only in relation to KAI 5.2 but also and in particular with respect to PA 3 – *Increasing adaptability of workers and enterprises* (all Key Areas of Intervention), with PA 5, KAI 5.1- *Developing and implementing Active Employment Measures*, and with PA 6 – *Promoting Social Inclusion*, KAI 6.1



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– *Developing social economy.* The respective Measures of the NRDP and correspondents under SOP HRD have been accentuated in the following match table.

**Table 5 Overall - Complementarity /potential overlapping aspects of NRDP and SOP HRD**

AXIS	Measures	PA	Key areas of intervention
<b>Axis 1 - Improving the competitiveness of the agricultural and forestry sector</b>		<b>PA 1 Ș Education and training in support for growth and development of knowledge based society</b>	
	111 - Vocational training, information actions and diffusion of knowledge		KAI 1.1 Ș Access to quality education and initial VET
	112 - Setting up of young farmers		KAI 1.2. Ș Quality in higher education
	113 - Early retirement of farmers and farm workers**** from 2010		KAI 1.3 Ș Human resources development in education and training
	114 - Use of advisory services from 2010		KAI 1.4 Ș Quality in CVT
	121 - Modernisation of agricultural holdings		KAI 1.5 Ș Doctoral and post-doctoral programmes in support of research
	122 - Improving of the economic value of forests	<b>PA 2 - Linking life long learning and labour market</b>	
	123 - Adding value to agricultural and forestry products		KAI 2.1 Ș Transition from school to active life
	125 - Improving and developing infrastructure related to the development and adaptation of agriculture and forestry		KAI 2.2 Ș Preventing and correcting early school leaving
	141 - Supporting semi-subsistence agricultural holdings		KAI 2.3 Ș Access and participation in CVT
	142 - Setting up of producer groups*	<b>PA 3 S Increasing adaptability of workers and enterprises</b>	
	143 - Providing farm advisory and extension services		KAI 3.1 Ș Promoting entrepreneurial culture
<b>Axis 2 - Improving the environment and the countryside</b>			KAI 3.2 Ș Training and support for enterprises and employees to promote adaptability
	211 - Support for mountain areas		KAI 3.3 - Development of partnerships and encouraging initiatives for social partners and civil society
	212 - Support for Less Favoured Areas Ș other than mountain areas	<b>PA 4 - Modernisation of Public Employment Service</b>	
	213 - Natura 2000 payments, on agricultural land**** from 2010		KAI 4.1 Ș Strengthening the PES capacity to provide employment services
	214 - Agri-environment payments **		KAI 4.2S Training of the PES staff 103
	221 - First afforestation of agricultural land***	<b>PA 5 - Promoting active employment measures</b>	
	223 - First afforestation of nonagricultural land**** from 2010		KAI 5.1- Developing and implementing Active Employment Measures
	224 - Natura 2000 payments, on forestry land**** from 2010		KAI 5.2 - Promoting long-term sustainability of rural areas in terms of human resources development and employment
<b>Axis 3 - The quality of life in rural areas and the diversification of the rural</b>		<b>PA 6 S Promoting Social Inclusion</b>	
	312 - Support for the creation and development of micro-enterprises		KAI 6.1 Ș Developing social economy
	313 - Encouragement of tourism activities		KAI 6.2 - Improving the access and participation of vulnerable groups on labour market
	322 - Village renewal and development, improvement of basic services for the economy and rural population, conservation and upgrading the rural heritage		KAI 6.3 - Promoting equal opportunities on labour market
	341 - Skills acquisition and animation with a view to preparing and implementing a local development strategy**** from 2010		KAI 6.4. - Trans-national initiatives on inclusive labour market
<b>Axis 4 - LEADER</b>			
	4.1 Implementation of Local development strategies:		
	411. Improving the competitiveness of the agricultural and forestry sector		
	412. Improvement of the environment and rural area		
	4.21 Implementing cooperation projects		
	4.31 Running the Local Action Groups, acquiring skills and animating the territory		
	431-1 Public-private partnership building		
	431-2 Running costs, skills acquisition and animation		

In the table above the sections shaded in pink contain Measures / KAI that could be understood to be providing support for potentially overlapping activities. With respect to the SOP HRD it can be stated that at this level of analysis (taking the measures on



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face value) such potential overlapping is not only given in the case of PA 5 KAI 5.2 but also for PA 3 as a whole and for PA 6, KAI 6.1<sup>29</sup>

Cells marked yellow indicate NRDP-measures that were planned to start in 2010 and for which no detailed descriptions were available for this report.

4. However, on further analysis it seems that the avoidance of overlapping and work to ensure complementarity was an issue of concern when planning the support to be provided by SOP-HRD and NRDP – this can be seen as follows:

- Description of KAI 5.2 and the definition of general aims of the operations and corresponding measure within the NRDP where potential overlapping was already identified; and
- As can be determined from the next box, the operations within KAI 5.2 are principally aimed at persons involved in or likely to be involved in subsistence agriculture. Vocational training programmes are focused on the development of qualifications in non-agricultural fields relevant to the regional or local labour market, such as in construction, tourism, complementary services, specific crafts, social services or health care services, information technology / telecommunication and so on. Other competences necessary for self-development, entrepreneurial competences and integration on the labour market will also be promoted. In NRDP, Measure 111 is focused on increasing the level of knowledge in agriculture, forestry and food sectors.

SOP (FDI) - KAI 5.2	NRDP -_Measure 111
“The operations proposed within this KAI are aimed at persons in rural areas, involved in subsistence agriculture, including people who	“Together with the measure 143 – “Providing farm advisory and extension services” - the support granted by this

<sup>29</sup> This potential has been identified based on textual analysis of the Measure and KAI descriptions. In practise things are a bit more complex and specific legislation such as that regarding social enterprises (SOP HRD) can constitute an additional barrier that contributes to separating the spheres.



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SOP (FDI) - KAI 5.2	NRDP - Measure 111
<p>are or are likely to be involved in subsistence agriculture as a result of a low level of education and training and of the limited employment opportunities in the rural sector. Special attention will be given to young people, owners of small businesses and future entrepreneurs who could create local development and employment opportunities, dependent family members, etc. Special attention will be also paid to women in rural areas with a view to increase their chances of being employed in other sectors rather than subsistence agriculture, especially in the services sector. The vocational training activities promoted under this KAI will ensure qualification of people from rural areas, in particular people involved in subsistence-agriculture, in non-agricultural fields requested on the regional or local market, such as:</p> <p>construction, tourism, complementary services, specific crafts, social services or health care services, information technology / telecommunication etc.</p> <p>Moreover, along with these vocational training programmes other competences necessary to self-development and integration on the labour market will be promoted: foreign languages modules, ICT etc. Vocational training</p>	<p>measure will increase the level of knowledge, information and education of people working in agricultural, forestry and food sectors. It will, also, facilitate the access of some investment measures for the young farmers.</p> <p><u>General Objective:</u> To improve competitiveness in agricultural, forestry and food sectors; the sustainable use of agricultural land and environment protection by training, information and diffusion of innovative knowledge activities for adults who are active in the specified areas.</p> <p>The specific measure and actions in NRDP is aimed to support “short term vocational training programmes to improve and perfect the knowledge on managerial and technical competencies in agricultural, forestry and food sectors”, while the indicative operations in SOP HRD are mainly aimed at reducing subsistence agriculture, to encourage business start-up in non-agricultural activities.”</p>



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SOP (FDI) - KAI 5.2	NRDP - Measure 111
programmes will also include modules on health and security at workplace.”	

It is also worth mentioning here that at the time of writing any potential overlaps could not come into effect due to the simple fact that no project, not even an application was registered under Measure 111 *Vocational training, information actions and diffusion of knowledge* within NRDP<sup>30</sup>.

Defining the target groups/ final beneficiaries:

- SOP HRD focuses its support mainly on unemployed and other job-seekers, inactive persons or persons involved in subsistence agriculture - all of them being resident in rural areas<sup>31</sup>, while the final beneficiaries under NRDP are adults involved in agriculture, forestry and food-industry.

SOP HRD (FDI) - KAI 5.2 Target groups	NRDP-Measure 111 Final beneficiaries
<p><b>Target groups:</b> Persons belonging to the target group within this KAI must have the residency in rural areas defined accordingly to the legislation in force.</p> <ul style="list-style-type: none"> <li>• Inactive persons;</li> <li>• Job seekers;</li> <li>• Unemployed;</li> <li>• Young unemployed;</li> <li>• Long-term unemployed;</li> <li>• Persons involved in subsistence agriculture;</li> <li>• Managers and employees in rural areas.</li> </ul>	<p><b>The final beneficiaries<sup>32</sup></b> are adult people involved in the agricultural, forestry (including forest owners) sectors and agri-food industry.</p> <p>Selection criteria - if the number of final beneficiaries identified exceeds the initial number stipulated in the Terms of reference:</p> <ul style="list-style-type: none"> <li>To have at most 40 years;</li> <li>To be semi-subsistence farmer;</li> <li>To be a member of a producers' group or other associative forms recognized according</li> </ul>

<sup>30</sup> Ministry of Agriculture and Rural Development website: <http://www.mapam.ro/>

<sup>31</sup> Both documents use the same definition for “rural areas”, based on Law 350 and 351/2001

<sup>32</sup> As specified in NRDP a notification of participation will be issued to these trainees



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SOP HRD (FDI) - KAI 5.2 Target groups	NRDP-Measure 111 Final beneficiaries
	<p>to national legislation into force;</p> <p>To have an investment project;</p> <p>To have the farm in a less favoured area;</p> <p>To be beneficiaries of the Axis I and II measures;</p> <p>To have a low level of education</p> <p>In forestry and food industry sectors, the participants to the training will be selected based on the “first-come first-served” principle.</p>

- In addition and in order to assess any complementarity and/or potential overlapping at the level of target groups we tried to find definitions for each category under SOP HRD KAI 5.2. These definitions are given only in the “Guide for Applicants, 2008 Annexes” (Annex 10 - “Form for registering the target groups”). Using the criteria for each category of target groups, as they are presented in Annex 10, it seems that potential overlapping can still be identified at the level of “managers and employees in rural areas” (SOP HRD) and corresponding final beneficiaries under NRDP.
- For other specific terminology related to target groups/final beneficiaries, such as “population involved in agriculture”, “subsistence agriculture”, “farmers” or “semi-subsistence farm/farmers” definitions are presented in both documents:

FDI SOP HRD	NRDP
“Within the SOP HRD context, the population involved in <b>agriculture</b> is the	“The <b>farmer definition</b> for the measures of Axis 1: The farmer is a natural or legal



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FDI SOP HRD	NRDP
<p>population which obtains capital from the agricultural activities, either as technicians or farmers in zoo technical agricultural enterprises, or as independent authorized agricultural producer, while population involved in <b>subsistence agriculture</b> means unremunerated homely workers, in household production for in-house final consumption. Within this KAI operations are being financed aiming at integrating on the labour market inactive people from rural areas, including people involved in subsistence agriculture.<sup>33</sup></p>	<p>person, who has the holding placed on the territory of the country and the size of the holding being equal or larger than 2 ESU and who practices, mainly, agricultural activities and is registered in Farms Register/Agricultural Register;</p> <p>” <b>Semi-subsistence farms</b> represent the holding which produces, in particular, for self-consumption and also market a part of its output. The economical size of semi-subsistence farms may fluctuate between 2-8 ESU. In order to become viable, the semi-subsistence farm could also practice non-agricultural activities generating incomes. Economic Size Unit (ESU) represents the Unit for the evaluation of the economic size of the agricultural holding, determined on the basis of the total standard gross margin of the holding (Commission Decision no. 85/377/EEC). The value of 1 ESU is 1,200 Euro.”</p>

- Moreover, as stated in the NRDP<sup>34</sup>:”The demarcation between SOP HRD and NRDP is based on **the type of interventions instead of the territorial demarcation**. The continuous professional training for the individuals in agriculture, in subsistence and semi-subsistence agriculture will be accomplished within SOP HRD through PA 2

<sup>33</sup> FDI-SOP HRD - II.5.2. Key area of Intervention 5.2 - Promoting long-term sustainability of rural areas in terms of human resources development and employment-p.119

<sup>34</sup> NRDP- Demarcation with other EU financial instruments (ESF)-p.185





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'Correlation between continuous learning and the labour market' or through PA 5 'Promoting of active measures of employment'. For the individuals employed in the agriculture and in the subsistence agriculture, SOP HRD will finance within PA 2 only the professional training aiming the qualification (including the re-qualification), as well as for other sectors. PA 5 of SOP HRD will promote the orientation, the advisory activities and the training in the entrepreneurship area, as well as in non-agricultural domains. Through NRDP, PA 1 "Increasing of competitiveness in agriculture and forestry", only short-time training programmes (basic courses and specialisations) in order to develop the agricultural and forestry workers' knowledge will be supported."

- Potential overlapping for PA 3 as a whole and for PA 6, KAI 6.1 and corresponding measures under NRDP are also minimised through the specific definition of target groups/final beneficiaries. The analysis undertaken on this aspect is given in Annex 3 (cf. p. 76) to this report.
3. In relation to complementarity and how it is ensured with reference to coordination mechanisms in place, our further analysis identified the following main structures with relevant specific responsibilities:
- The National Coordination Committee (NCC), presided over by the Ministry of Economy and Commerce, seeks to ensure coherence and complementarity between the funds from the Structural Instruments and those from the European Agriculture Fund for Rural Development and European Fund for Fishery. The NCC is comprised of representatives from all institutions designated as Managing Authorities for the Operational Programmes supported by Structural Instruments, as well as of the institutions designated as Managing Authorities for the NRDP and Fishery Operational Programme.
  - The National Management Committee for the Coordination of Structural Instruments is Directly subordinated to the NCC and is chaired by the Authority for the Coordination of Structural Instruments (ACSI) and composed of Managing, Certification and Payment Authorities for the Operational



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Programmes supported through the Structural Instruments, as well as representatives of the Managing Authority for the NRDP, from the Ministry of Agriculture and Rural Development and of the Managing Authority for OP – Fishery; it ensures the complementarity of approach in the management of all EU programmes including complementarity issues between the Structural Instruments, EAFRD and EFF. Only those issues that cannot be resolved within the Management Committee will be forwarded to the NCC<sup>35</sup>.

The issue of complementarity/avoiding overlapping was also discussed with representatives of MA NRDP within the Ministry of Agriculture and Rural Development. Based on these discussions we can conclude that overlapping is avoided as the measures under NRDP related to HRD are targeted (and restricted) to final beneficiaries of other measures (investments support) under the NRDP. For example:

- Measure 111 targets final beneficiaries who are farmers that have already received support under other measures of Axis 1. At the same time, as stipulated in current procedures, final beneficiaries of other support under Axis 1 are obliged to attend training courses under measure 111; training courses under measure 111 are only short term programmes, and no qualification certificate is issued at the end of programme. Possible topics for training courses are: diversification of agricultural activities; entrepreneurial development; other support opportunities under NRDP; restrictions of the NRDP etc. If the number of participants in this type of measure is lower than the optimal number for organizing such training, potential final beneficiaries of other measures under Axis 1 (farmers) are selected and invited to attend the programmes. In this way any overlapping is avoided. Training programmes have been launched in June 2010 under measure 111.
- Another example is measure 312 - final beneficiaries under this measure have to have or to obtain by the end of the measure/project a qualification certificate for the specific economic activity planned to be developed; this certificate cannot be obtained

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<sup>35</sup> NRDP –page 375



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under NRDP measures (= one possible option could be to pursue it under vocational qualification programmes delivered under SOP HRD).

- Measure 143 is another example and in fact this measure is planned to prepare the final beneficiaries for other measures under Axis 1 and 2; in this way synergy between different measures under NRDP is ensured and overlapping with any support under SOP HRD is avoided.
- As for LEADER axis/measures the situation is as follows. The preparation for this measure started in 2006 and there has been a significant amount of interest in it since the start - 140 territories announced their possible participation. Up to now, two preparatory phases for potential beneficiaries have been organized, and another is in preparation. Beneficiaries will be selected in Autumn 2010 and beneficiaries can be NGOs, private companies, municipalities etc.

Regarding the achievement of complementarity or active synergy, representatives of the MA NRDP say that no other provisions<sup>36</sup> or structures are in place to support synergy either at central or at local level other than the fact that MA SOP HRD representatives are members of the Monitoring Committee for NRDP and vice-versa.

This lack of coordination in the sense of taking provisions to create synergies has also been confirmed by stakeholders and beneficiaries throughout all of our fieldwork. None of those we engaged with provided even a single example to confirm the existence of any active coordination between the funds.

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<sup>36</sup> Except the eligibility criteria in the current regulation/procedures  
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## Overview 2 Conclusions and Recommendations – Relevance Criterion <sup>37</sup>

Evaluation Activity /Question	Conclusions	Recommendations	Targeted at	Time-frame (S, M, L)
<b>Matching the needs of target groups in current socio-economic context</b>				
III.b.2	1 The socio-economic situation in rural areas has worsened but not, it appears, simply as a result of the current global crises. The structural problems remain and are, as yet, unaddressed. Accordingly, the needs of the target groups remain and in many instances have become more acute but have not changed that much: Getting a job, undergoing training if that helps to find a job, improving skills to keep the job one has, or better support at starting small-businesses	To ensure needs matching on a sufficient scale, capacity for project development and implementation has to be strengthened – including issues of forecasts and more integrated regional development strategies and regular needs assessment based on coordinated planning involving relevant local stakeholders. <i>(cf. conclusions &amp; recommendations regarding effectiveness above)</i> <b>This applies likewise to III.b.3</b>	MA, ACIS	M
<b>Identifying new measures for matching needs</b>				
III.b.3	2 The wide range of eligible activities is considered sufficiently broad to match the needs of target groups - no requirement for additional activities was identified.	Supplementary small-scale activities should be taken into consideration following the amendments to the ESF regulation allowing for simplified procedures up to a	MA	S

<sup>37</sup> S – short; M – medium; L- long; A time-frame (short/medium/long) within which recommended changes should be made is indicated for all recommendations made in the report. Generally speaking recommendations to be implemented in the short-term should be implemented within three months of finalisation of the report. Recommendations for the medium-term should be implemented within six-nine months of the finalisation of the report. Recommendations for the long-terms should be implemented within a year, although in certain instances the ‘long-term’ may reach into a two-three year time-frame (e.g. where recommendations are made that build towards the next SOPHRD programming period).



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Evaluation Activity /Question	Conclusions		Recommendations	Targeted at	Time-frame (S, M, L)
			threshold of 50 thousand EUR (Reg. 396/2009, 6 May 2009, Art. 1)		
3		<p>The real problem is lack of implementation and this refers to lack of capacity in rural areas. (cf. above III.b.2)</p> <p>It is also the case that an adequate level of focus on the most vulnerable groups is endangered by the very open approach of eligible activities with no standard cost defined – thus it is considered easier for beneficiaries to leave the most vulnerable aside.</p>	<p>Set-up incentives for beneficiaries by e.g. defining standard-costs for activities offering ‘a bonus’ for specific activities for the most vulnerable groups. When launching calls the respective criteria and target /focus should be stressed and underpinned by selection criteria for evaluation of applications that direct the applicants to the activities considered adequate and to the target groups in most need of support</p>	MA	M
4		<p>The strict orientation to re-directing people completely out of agriculture seems not to be an optimal choice or strategy considering the overall labour market situation in rural areas and the qualification baseline of those living in (semi-)subsistence agriculture. For some people the way out of subsistence agriculture could lead to regular work (employed or self-employed) in agriculture and related activities as opposed to work in other sectors</p>	<p>Rethink the approach at least for the most vulnerable groups and integrate training &amp; employment subsidies with activities in sectors that are close to agriculture itself (e.g. in local tourism building &amp; restoring walking trails &amp; picnic areas for tourists, environment protection like e.g. cleaning illegal landfills, small scale maintenance activities in public works, ...). This is also a perfect field for integrating with other OPs and NRDP including the use of the 10% ERDF-type spending</p>	MA, Min. of labour, ACIS	M



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Evaluation Activity /Question	Conclusions		Recommendations	Targeted at	Time-frame (S, M, L)
			facility.		
III.b.3	5	There is a lack of a systematic ladder of progression through various measures to assist individuals back into regular employment on an incremental basis and a lack of more relevant and imaginative training packages (e.g. IT and English) or the right to participate under complementary training measures.	More clearly designed pathways to re-integration into labour market should be implemented top-down. As far as this or the individual use of combined measures is already an eligible option the creation of such measures has to be promoted more explicitly	MA	M
	6	Small scale start-ups have a need for better support incl. some investment support for the starting phase.	Set-up of support infrastructure – e.g. creating specific strategic projects under public control – providing respective services and facilities to small scale start-ups (accounting support, IT support, one stop-shops for administrative issues like registering etc.) – here too 10% ERDF-type spending would be a proper option as the coordination with other OPs	MA, IBs, ACIS	M
<b>Complementarity between projects of NRDP and SOP HRD</b>					
III.b.4	7	Complementarity (avoiding Overlapping) of SOP HRD and NRDP is ensured as the measures under NRDP related to HRD are targeted (and restricted) to final beneficiaries of other measures (investments support) under the NRDP	n/a		



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Evaluation Activity /Question	Conclusions		Recommendations	Targeted at	Time-frame (S, M, L)
8		<p>There is no evidence for complementarity i.e., actively implemented synergetic approaches integrating projects supported under the NRDP and SOP HRD KAI 5.2. The only direct contact between the programmes is found in the mutual representation within monitoring committees.</p> <p>This shows the urgent need for more integrated policies that would allow for the systematic creation of complementary or synergetic projects on both sides.</p>	<p>Again, developing country-wide strategies for rural areas and specifying them to specific areas could be a perfect task for central strategic projects. Developing strategies should go hand in hand with setting-up decentralised support structures as described above that would give guidance and support to the creation of such integrated projects wherever deemed sensible</p>	<p>MA, IBs ACIS</p>	<p>M</p>