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## 2. RELEVANCE

### 2.1 Introduction

Relevance was analysed in respect of four evaluation activities:

- Analysis of the relevance of eligible activities established within FDI SOP HRD to the needs of the target group in the present socio-economic context (III a2)
- Analysis of the relevance and quality of the services provided by the PES in the present socio-economic context (111a3)
- Analysis of the match between services provided by the PES match and the existing employment demands in the present socio-economic context (111a5).
- Analysis of the relevance of the professional training of NAE and its subordinated territorial units personnel to the services provided by PES (111a6).

The research findings and evaluators' assessment for each of these evaluation activities in outlined in this Section, followed by an overall table of conclusions and recommendations.

### 2.2 Relevance of the eligible activities established within FDI SOP HRD to the needs of the target group in the present socio-economic context (Sub-task III.a.2)

#### 2.2.1 PA4 FDI focus

The FDI indicates that modernising PES implies moving towards active engagement with the groups that it aims to serve (jobseekers, unemployed, workers and employers) leading to fighting and reducing inefficiencies and imbalances in the labour market. The key aim of the PA4 is to increase the quality and efficiency of PES services; to ensure a more personalised approach to job-seekers; to increase vocational competencies of PES staff, and to improve PES cooperation with other labour market organisations, and to provide high-quality career guidance. It is envisaged that the operations under this PA will support the consolidation of the administrative capacity of the employment agencies at national, county and local levels, taking into consideration the modernization need of the PES, from the point of view of the need to develop current employment services, and also trying to diversify these services.



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Our assessment of the relevance of the FDI eligible activities took into account the changed labour market and socio-economic context, and feedback from senior PES staff at central and regional level on current challenges for the PES. To assist the analysis a question on the continued FDI relevance for KAI 4.1 was included in the survey of the 19 PA4 projects contracted by 31<sup>st</sup> December 2009. In addition, ten senior PES representatives at a group-discussion meeting as part of the evaluation fieldwork were similarly asked to rate the continued relevance of the FDI 4.1 eligible activities. Details of these ratings are provided in Annex 6 together with the evaluators own assessment.

The FDI for PA4 contains a broad list of indicative operations (IOs) and an extensive list of eligible activities (EAs) for both KAI 4.1 and 4.2; with thirty-four eligible activities being listed for 4.1 as shown below.

**Table 2.1: FDI distribution of PA4 Indicative Operations (IOs) and Eligible Activities (EAs) by KAI**

PA4 KAI	IOs	EAs
4.1 Strengthening PES capacity to provide employment services	10	34
4.2 Training of PES staff	6	15

The list of eligible activities was designed in an attempt to assist applicants to identify types of activities that can be supported. While the EA lists are not specified in terms of discernable categories, they include a range of potential activities to improve PES services, systems and procedures, and communications at national, regional and local levels. The list of EAs for KAI 4.1 ‘strengthening PES capacity to provide employment services can be categorized as including the following range and types of potential activities:

**Table 2.2: Focus and types of PA4 listed Eligible Activities in FDI 4.1 & 4.2**

PES focus	Examples of focus of Eligible Activities
Service/activities/programmes	Active employment measures; personalized action-plans



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PES focus	Examples of focus of Eligible Activities
	and counseling, job mediation; and vocational training.
Systems	IT, software, data bases, and self-service in employment offices.
Research/analysis	Forecasting, monitoring and evaluation.
Communications:	Promotion of PES; exchange of know-how and good practice; partnership-building.
Quality improvement	service standards and procedures.
Staff development	PES staff training strategy, continuous training plan; employment counselling training.

The listed eligible activities within KAI 4.2 include a focus on development of a staff training strategy, training needs assessment, the continuous training needs of staff in the Employment Services offices, including for counselling and mediation activities.

### 2.2.2 Assessment of the continued relevance of eligible activities

- PES representatives and the managers of PA4 projects (contracted to 31 December 2009) are very positive regarding the continued relevance of the FDI eligible activities, and the majority of eligible activities are perceived to have become ‘ more relevant’ or even ‘much more relevant’ in the changed socio-economic context (See Annex 5). Few eligible activities are considered to be now less relevant.
- Based on the feedback from the PES representatives, and review of the changed socio-economic context, listed FDI eligible activities that are of considerably increased relevance to the needs of the target group, i.e. the PES, its clients (unemployed, jobseekers, workers and employers, and its staff) include:
- Development of methods/services/programmes of implementation of active employment measures, including guidance and counselling services for vulnerable groups;



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- Implementing activities aiming at strengthening the PES capacity to provide employment services;
- Knowledge transfer and implementation of techniques, methods, methodologies and instruments for providing PES services;
- development and implementation of client 'self-service' portals in reception areas of PES offices;
- Identification, implementation, and exchange of good practice and expertise with PES from EU;
- Development and implementation of systems and instruments for strengthening the forecasting/planning capacity in employment.
- Other EA's activities that are of increased importance are:
- Innovative, inter-regional and transnational activities aimed at diversification and improvement of PES employment services;
- Development of innovative techniques/tools to improve PES capacity for assessment of the professional potential of the unemployed;
- Identification and implementation of international standards and procedures in the provision of PES services;
- Information and publicity campaigns to promote employment services at local, regional, national, and trans-national levels.

### **2.2.3 Evaluators' assessment**

Our assessment is that the majority of the FDI eligible activities for the PA4 – Modernisation of the PES remain relevant and many have become even more relevant as a result of the changed socio-economic context. Eligible activities which should be prioritized during the remainder of the OP include the following: design, development and implementation of active employment measures; strengthening capacity to provide and diversify employment services, including self-service; development and implementation of labour market forecasting capacity; and transfer of EU and international good practice and experience in provision of PES.

However, we also conclude that the current lists of EA's are overly long and detailed, with some overlapping between activities and that such lists are not appropriate. The existence of a



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very extensive list of eligible activities may encourage project promoters to undertake a project as specified in the list, rather than on the basis of an analysis of identified need. Additionally, as the EA's are not indicative they can become fixed to the financial control system and eligible costs, and potentially restrict the activities that can be undertaken by project promoters. In the future a shorter more coherent list of categories of EA's would be more beneficial (for example, research and analysis, training, guidance, programme design and development, transnational activities and publicity and communication). Such a conclusion has also been drawn for all PA's and KAIs within the SOPHRD, in the Component 1 Interim Evaluation of SOPHRD report.

## **2.3 Analysis of the relevance and quality of PES services in the current socio-economic climate (111a3)**

### **2.3.1 PES Framework**

The National Agency for Employment and Training in Romania was established in 1998 (Law no. 145). In 2000 the organization's name was changed to National Agency for Employment (NAE)<sup>4</sup>, and the agency took over the structure of the Labour Offices within the General Directorates of Labour and Social Protection of the Ministry of Labour of that time. The PES in Romania is currently comprised of the National Agency for Employment (NAE) and its subordinated territorial units at regional, county and local levels. Currently, at territorial level the PES has 41 county agencies plus Bucharest agency, 83 local agencies, 160 working offices and 8 Regional Training Centres. The number of PES staff is 2810<sup>5</sup>.

The range of PES activities and services in Romania changed significantly over the last ten years. The organization diversified from its main activity of administration of the Unemployment Insurance Fund to providing a wider range of services. The enactment of the Law 76/ 2002 provided the legal framework and system change to support a more diverse range of services to be delivered within the context of a modernized public employment service. The legislative framework has been frequently adapted and adjusted, either to adapt

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<sup>4</sup> See Annex 6 - PES Services and the National Agency for Employment (NAE)– A6.2 for outline of NAE structure, role and functions

<sup>5</sup> May 2010



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2007-2013

better to the labour market needs (as by Law 107/2004 and Law 580/2004), or to better meet clients' needs at county and local level (by Law 202/2006 regarding organization and functioning of the PES, the Government Ordinance 1610/2006 regarding the PES Statute). Since April 2007, the Agency has also incorporated also the activities of the Office for Labour Force Migration, and it now deals also with the placement of the Romanian citizens abroad, as well as with protecting their rights while employed abroad.

### 2.3.2 PES activities and services

The Registration of unemployed people is a key PES activity. In addition the PES provides a range of active employment support measures, for employers and jobseekers; these services are delivered through the network of County and local employment agencies and other private sector and NGO providers. The main types of services for 'job-seekers' are active measures for promoting employment and measures for preventing unemployment (e.g. information and counselling, labour mediation /job matching, training). The main services for 'employers' are employment incentives (e.g. job subsidies, loans for new jobs). In addition the PES supports social programs for young people at social risk and specific active measures for people with disabilities: these include specialised counselling and mediation (in 2009 there were twenty specialist centres for people with disabilities). The NAE Annual Reports of Activity 2007-2009 shows that the main PES services in terms of numbers of persons served were information and guidance, training and labour mediation. Summary details of the main PES services and client numbers over the period 2007-2009 are shown in Table 2.2, and further details are provided in Annex 6 - PES Services and the National Agency for Employment (NAE)<sup>6</sup>.

- While comparison between 2007 and 2009 shows considerable increase in provision of some PES services, there has however been a decrease in provision in the majority of its services. The services in which there was increased provision were: information and guidance (+25%), and counselling and assistance for business or self-employment start-up activity between 2007-2009 (+9%). There was also a large increase in measures for preventing unemployment (about 70% on average). The four-fold increase in provision of employment information and counselling services between 2007-2009 follows from

<sup>6</sup> Annex 6. Table A6.1



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the increased numbers of unemployed registered with the PES over the period. As outlined in Annex 1 - Outline profile of the labour market, employment sectors and related socio-economic factors the number of registered unemployed increased by 75% between 2008 and 2009, and the number of recipients of unemployment's benefits by much more (about 3 times).

The main PES services in which there was reduced levels of provision between 2007-2009 were labour mediation (job matching); employment support for persons over 45 and single parents; local community development scheme; incentives for hiring graduates of educational institutions; and in vocational training.

**Table 2.3 Main PES Services and Clients/participants, 2007-2009**

No	Type of service provided	2007	2008	2009	% Change 2009/07
<b>I.</b>	<b>Measures for stimulating employment</b>				
	Information and guidance	610527	610597	762164	24.8
	Training (no.'s benefiting from free training)	46999	43915	33,184	-29.4
	Incentives for hiring graduates of educational institutions				
	No. of graduates hired by employers receiving subsidies	26645	23115	10662	-60.0
	Employing of unemployed during the unemployment insurance period				
	No. of unemployed benefiting of subsidies	24665	18782	21036	-14.7
	Employing of people over 45 years old or of unemployed single parent supporters, of which	101053	90639	62925	-37.7
	Counselling and assistance to start an activity as self-employed or to start-up a business	13144	11684	14340	9.1
	Local Community Development Scheme (No. occupied for a limited period of time)	53007	35321	21982	-58.5
<b>II</b>	<b>Labour mediation</b>	391882	320544	239958	-38.8
<b>III</b>	<b>Measures for preventing unemployment</b>				
	No of people benefiting from pre-redundancy services, like:				
	information session regarding the unemployment legal framework and the PES services	24618	22957	43646	77.3





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No	Type of service provided	2007	2008	2009	% Change 2009/07
	assistance services for job placement	23852	20171	41681	74.7
	training on how to find a job	19796	16079	31856	60.9

The reduction in numbers in receipt of certain services 2007-2009 was due to a variety of factors, as follows:

- There was almost a forty per cent reduction in labour mediation (job-matching) services in the years 2007-2009 (-39%, i.e. about 152 thousand persons), the highest reduction being registered for number of people hired with a permanent work contract. This is recognised by both the PES and clients as being a result of the decline in employment and job vacancies, but is also related to some degree to the shortage of skilled PES job-mediators.
- The number of persons over 45 and single parents supported by the PES also decreased by over one-third in that period (-38%) due to a decreasing interest amongst employers in the present socio-economic climate in incentives to employ individuals in these target groups, when the large pool of available workers allows them to find suitable employees, without any of the commitments, that apply to the PES subsidies.
- The number of participants in Local Community Development Schemes has been reduced by over a half; from 53,007 in 2007, to 21,982 in 2009 (-58%). This service decrease is explained by budgetary constraints of local authorities; these are no longer able to pay their matching contribution to wages of employees hired for community development work. The decrease in these community activities has resulted in an increased the number of jobseekers in rural areas (either benefiting for unemployment insurance, or of minimum guarantee revenue)
- Incentives for hiring school-leavers have also decreased, again because employers are less interested in taking people from the PES database and adhering to the corresponding commitments.

The numbers of persons included in vocational training courses fell by over one-quarter from 2007 -2009 (-26%); this is attributed to a cut in budgets, and also a change in the legislation





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2007-2013

in 2009<sup>7</sup>. The number of vocational training programmes provided by the PES has declined by eleven per cent 2007-2009 (-10.9%).

### 2.3.3 Relevance and quality of the PES in the current socio-economic context

The changed socio-economic context has had a major effect on the labour market. Since 2009 labour force shortages have been replaced by increasing unemployment and shortage of job vacancies. The PES is currently operating within a very difficult and challenging environment in the context of fiscal constraints in this crisis period and increasing tensions on the labour market. While the PES continues to offer a range of services, the changed socio-economic conditions and a decreased budget have necessitated increased resources for passive measures such as registration of unemployed, and a consequent decrease in resources for active labour market measures. In an effort to ensure the quality of the services provided, the ISO 9001 standard for service management has been introduced by the PES, but to date the number of agencies that have implemented the ISO management standard is low: NAE, and only 19 county agencies and 15 local agencies.

Our evaluation of the relevance and quality of PES services in the present socio-economic climate took into account the views and experiences of stakeholders (employers, job seekers and PES personnel). An outline of these perspectives is shown in Figure 2.1 following:

**Figure 2.1 Summary of stakeholders' perceptions on relevance and quality of PES services in current socio-economic context**

<p><b>Employers' Organizations views</b></p>	<p>A more negative image of the PES in the past two years (due primarily to experiences of poor quality of job-matching services, and perceived delays in providing services). Some active measures such as employment subsidies (e.g. people over 45, young graduates) or favourable bank loans are of decreased relevance and attractiveness to employers in the current economic and business climate.</p>
<p><b>Job seekers'</b></p>	<p>Based on our survey of Trainees<sup>8</sup> in Regional Adult Training Centres:</p>

<sup>7</sup> according to Government Ordinance 449/2009 the subsidies for employers that are sending employees for training courses within PES are not any longer included in Unemployment Fund, but will be subject to state aid for training scheme, which is under elaboration.

<sup>8</sup> See Annex 11 – Results of Survey



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Instrumente Structurale  
2007-2013

<b>views</b>	<p>Trainees have a positive image overall of the PES. The majority (79%) of trainees surveyed agreed that PES staff were very helpful, that information about training was easy to find in CAE offices (89%) and that notices about job vacancies were widely available in the Employment Offices (83%)<sup>9</sup>.</p> <p>While a large majority (79%) were satisfied with the overall assistance they had received from the CAE, two-thirds (67 %) rated themselves as ‘fairly’ satisfied. However 61% agreed that CAE staff had not time to give them enough attention; and over half (55%) felt that staff were not able to give them a personalised service; and over two-thirds (68%) agreed that they did not feel comfortable in visiting a CAE office<sup>10</sup>.</p> <p>When asked if they saw the County Agency of Employment as the main source they would use in looking for a job, 42% saw it as a main source; while 58% did not<sup>11</sup>.</p>
<b>Views of senior PES personnel</b>	<p>The extent to which CAE staff can provide quality information and personalized guidance service has diminished due to the increased number and focus on registration of unemployed clients, and reductions in staff numbers and budget resources. Likewise many staff has not received training in employment guidance and the outsourcing of guidance services to professional counsellors has also been curtailed. Skills training for unemployed people are perceived as of increasing relevance to enable unemployed people access jobs, but the supply and quality of vocational training courses in Regional Adult Training Centres has also been considerably reduced.</p>

### 2.3.4. Evaluators’ assessment

Our research and analysis has identified that changes in the past two years (2008-2009) in the socio-economic context and in the structure of the labour market have impacted heavily and negatively on the PES; these include the decline in employment, increase in unemployment and fewer notified job vacancies. These changes have resulted in an increased number of job-seeking and unemployed clients for the PES and increased demand for PES services. The allocation of increased PES budget and staff resources to administration of the Unemployment Fund, has consequently resulted in decreased provision of active labour market measures, and the scale of personalised and specialist guidance services being provided to individual clients is small. At the same time as a result of the economic crisis, there have also been reductions in PES staff numbers, and further staff reductions are likely.

<sup>9</sup> Annex 11. Chart 11.7

<sup>10</sup> Annex 11. Chart 11.6

<sup>11</sup> Annex 11. Chart 11.7



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Instrumente Structurale  
2007-2013

This changed socio-economic context has increased the relevance for the unemployed and job-seekers of certain PES active labour market services: particularly information and guidance, mediation and vocational training. However, the changed socio-economic context has also caused a decrease in the quality and scale of some of its services, particularly the active employment measures, primarily due to the combined demands of an increased number of clients (particularly registered unemployed), an increased range of client needs, and PES budget reductions and staffing constraints. In this context the potential of projects funded under PA4 SOPHRD to assist the PES improve service quality, diversify the range of employment services; and to reprioritise development and implementation of active labour market measures is of increased relevance and significance.

In light of the increased relevance of PES services and budget constraints there is a need to review the nature of the active labour market measures currently being provided by the PES and to target scarce resources, based on international best practice (e.g. employment-led skills training with certification for school leavers and new entrants to the labour market; activation programmes, up-skilling and re-skilling for low skilled unemployed and those formerly employed in declining sectors).

## 2.4 Analysis of the match between PES services and employment demands (Activity 111a5)

There is some overlap in this and the previous 111a3 evaluation activity in the review of PES services and activities. The focus here is confined to the match between specific services and employment demands.

### 2.4.1 Stakeholders' perceptions

Feedback from stakeholders (employers, job-seekers and senior PES personnel) was considered in our assessment; this feedback is summarised in Figure 2.2.

#### Figure 2.2 Summary of stakeholders' perceptions on the match between PES services and employment demands

<b>Employers' organizations views</b>	PES services are not sufficiently linked to the employment needs identified by industry and employer bodies (e.g. industry sectoral committees) Training provision for unemployed is not well matched with labour market demands; PES
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	<p>is not aware of the employment needs; labour market forecasting is needed;</p> <p>The PES is not able to provide sufficient support for company-based training, and continuing training of employees;</p> <p>PES staff is not sufficiently knowledgeable or in-touch with the technology and training needs of specific industry, business and service sectors. The PES is not sufficiently proactive in the design and development of apprenticeship training;</p> <p>PES staff at central level and in county and local offices is not sufficiently proactive in communicating with employers.</p>
<p><b>Job seekers views</b></p>	<p>Based on our survey of trainees in Regional Adult Training Centres<sup>12</sup>:</p> <p>‘Information on vocational training opportunities’ is the PES service that was of most benefit to them; with over half (51%) rating this as the most beneficial service. Registration (14%), employment guidance (13%) and advice about working abroad (9%) were the other PES services rated as being of benefit<sup>13</sup>.</p> <p>The majority are satisfied with their training courses, but over half (54%) feel that the training will have only a ‘little’ effect on their chances of finding a job, while 40% think it will improve their chances of finding a job ‘a lot’<sup>14</sup>.</p> <p>Using personal contacts, and making direct application to employers are judged to be the ‘most effective’ methods in finding a job. However, the PES is seen to have a role with over half (55%) saying that using the CAE is an effective method in helping to find a job, and 24% see it as a very effective method<sup>15</sup>.</p> <p>There is not a high degree of awareness of the range of services offered by the PES amongst the trainees (as job seekers and unemployed); Almost one quarter were not aware of the range of services the PES offer and over two-thirds (67%) were only ‘partially’ aware of the range of PES services prior to registration<sup>16</sup>.</p>

<sup>12</sup> See Annex 11 for full results of the survey

<sup>13</sup> Annex 11. Chart 11.4

<sup>14</sup> Annex 11. Charts 11.10 & 11.11

<sup>15</sup> Annex 11. Chart 11.12

<sup>16</sup> Annex 11. Chart 11.5



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<p><b>Views of senior PES personnel.</b></p>	<p>Demand for training opportunities by employers and by the unemployed exceeds supply possibilities at regional and county levels, while the number of courses provided by Regional Training Centres has been curtailed in 2009 and 2010 due to lack of budget. Most vocational training provision is provided in the larger towns or cities, with most training centres being located in these places. Only a limited amount of training is provided for those living in rural areas.</p> <p>Courses provided in Regional and County Adult Training Centres are not specific to the employment needs in these areas, but are part of a national portfolio of training programmes.</p> <p>There is a lack of training in new technologies or in newly emerging employment sectors. There is insufficient provision and focus on broad transferable personal and social skills, such as communication skills, job-seeking skills, project management, etc.</p>
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#### 2.4.2 Evaluators' assessment

From our analysis, we conclude that PES services are not currently very well matched with demands of employers, unemployed or job-seekers. Employer demands are not satisfied; in part due to lack of labour-market forecasting and PES capability issues. Vocational training provision, while valued by job-seekers, is not sufficiently relevant to employers needs or to the demands of the labour market. Such training for unemployed people is heavily concentrated on specific occupations and with limited focus on generic transferable skills. Similarly there is a lack of training provision to meet the needs of unemployed in rural areas. There is a need for a greater focus overall on demand-led provision; and to expand the range of vocational training provision and employment supports, to better fit with market demands and the current socio-economic context.

The lack of labour market forecasting and analysis by the PES is a particular weakness; such forecasting is needed at national, regional and county levels to improve the match between PES services and employment demands<sup>17</sup>. The lack of adequate systems for forecasting sectoral employment needs at national, regional and county levels means that the types of vocational training and employment incentives being provided may not match with the employment requirements. For example, the largest numbers of training courses provided by

<sup>17</sup> Two strategic projects contracted within PA4 SOPHRD are planned to focus on labour market forecasting (SAPERE) and anticipating change in the labour market (ASC).



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2007-2013

the PES are in hairdressing (a total of 167 courses, across all counties), while currently there is only a very small number of notified vacancies for hairdressers. On the other hand, some Adult Regional and County Training Centres have very limited capacity for provision of IT training, which is an essential and generic skill for many occupations. Increased partnership and cooperation with employer groups, industry Sectoral Committees and regional and local bodies is also needed to ensure that the PES more effectively meets with and responds to employment demands.

A strategic and multi-faceted approach is needed to better match PES services with employment demands. This approach will require, for example: systematic identification of employment needs, improved correlation of employment and training programmes with regional and local needs; increased partnership with employers and the private sector to identify required skills and competences; analysis of the structure of notified vacancies, and the profile of unemployed registered with the PES. As previously identified in relation to improving the quality of PES services, the PA4 SOPHRD KAI and FDI eligible activities provide a potential opportunity to better improve the match between PES services and employment demands. These include elaboration/implementation of specific innovative methods for: strengthening labour market forecasting capacity; labour force recruitment according to the needs of employers; increasing the quality of work mediation services; and updating job demand/offer data bases to match job profiles. Such activities should be highlighted in future calls for project proposals.

## **2.5 Analysis of the relevance of the professional training of PES staff to the services provided by the PES (Sub-task 111a6)**

### **2.5.1 Professional training for PES staff**

The Centre for Staff Training in Rasnov (NCOST) has traditionally been the main channel for PES staff training. It was established under the coordination of the NAE, with responsibility for training of all PES staff. Training programmes for staff were developed and provided in six core areas (with approximately 40 modules), as follows: employment services management (procedures, applications); labour market (instruments for studying demand and





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Instrumente Structurale  
2007-2013

supply); IT ; employment and training legislation; projects in employment and training; and financial management in employment and training

Up to 2009, training programmes were planned annually by NAE-NCOST, based on an inventory of identified staff competencies and training needs of staff at county levels. The Centre reported that design of staff training programmes in recent years was increasingly based on job analysis, and the training methods moved from the traditional pedagogical approach to specific learning methods adapted for adults. Training materials, designed and developed by the NCOST, were distributed to all PES units. In recent years NCOST training courses were increasingly delivered in the facilities of the PES Regional Training Centres for Adults.

Review of the training courses provided in 2007 and 2008 shows increased levels of provision in 2008, with 27 different types of modules provided in 2008, compared with 20 in 2007. However the amount of staff training was curtailed in 2009 (less than 100 staff received training in Rasnov Centre in 2009, compared with 1,173 in 2008), due to overall budget constraints in the PES; the numbers of trainers and tutors has also been reduced. There is no overall budget for staff training in 2010, but some training has been provided in 2010 within the context of PA4 (KAI 4.2) SOPHRD projects. This included IT training, project planning, training in employment counselling, and study visits.

### **2.5.2 Priority staff competencies and training needs**

In 2010 there was 2810 staff employed within the PES system<sup>18</sup>; the great majority (88%) of whom were employed in the County Employment Agencies. Many of these have considerable year's experience of working in the system. However, due to staff turnover, and budget cutbacks there are many staff, particularly young new entrants who have not received adequate formal staff training, necessary to cope with the increasing diversity of clients and needs in their daily work situations.

The views of senior PES personnel at central, regional and county levels on the priority competencies and training needs of staff were sought as part of the fieldwork research for this

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<sup>18</sup> Data supplied by NAE, May 2010





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Instrumente Structurale  
2007-2013

evaluation..There is an overall perception that significant staff training and development is required, particularly for staff in CAE's. Such staff requires a range of transferable and integrated skills to enable them to work effectively on both active and passive PES measures, and to interact effectively with clients (employers, jobseekers and unemployed). Staff in Regional Adult Training Centres requires upskilling in training methodologies, and competency in project management. Key perceived staff training needs and competencies are shown in the following chart.

**Figure 2.3 Perceived key training needs and competencies of PES staff**

Target staff	Training need/competency
PES staff in County Employment Agencies	Vocational/employment guidance;
	Mediation (job matching) skills
	Communications skills for liaising with employers and external organizations (such as local authorities, community organizations and NGOs).
	Customer service skills
	Information Technology
	Competency development in dealing with the more complex needs of disadvantaged and vulnerable clients.
	Project management skills; also skills in developing projects and writing project proposals.
Regional Adult Training Centres	Use of new technology in training; and trainee-centred learning approaches
	Managing and monitoring of externally contracted service delivery and providers.
	Project management skills; also skills in developing projects and writing project proposals.

Senior PES staff also identified a need to ensure meaningful accreditation and certification of the courses undertaken by staff (within SOPHRD Projects and in NCOST courses), and for accreditation of prior experience and learning of staff. Accreditation and certification of such training would ensure that the skills and experience of PES staff that may be forced to leave



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POSDRU 2007-2013



Instrumente Structurale  
2007-2013

the PES system due to budget cuts, can be retained through their ability to work within the private employment/training market sector. Likewise senior PES staff suggested that increased consideration should be given to opportunities for joint-agency cooperation in staff development.

### 2.5.3 Staff training needs identified within the KAI 4.2 SOPHRD

The six projects contracted (up to 31 December 2009) under Priority Axis 4.2 are currently the main potential channel for PES staff-training. These three strategic projects and three grant projects seek to address perceived priority training and development needs of PES employees. The range of contracted KAI 4.2 projects includes a strategic project to develop an overall strategy for innovative staff training within the PES (RATIO L3). The staff training and development needs to be addressed in the projects are:

- competencies in vocational guidance;
- training in development of personal employment plans for unemployed people;
- training in Quality Assurance to improve organisational performance and standards;
- customer service training;
- project planning.

The three strategic projects for staff training are being developed and implemented at NAE central level, while the grant projects are being undertaken by County Employment Agencies. An outline of these projects is presented in Figure 2.4.

**Figure 2.4 .Contracted projects under KAI 4.2 – Training of PES staff**

Type of project	Beneficiary	Nature of project
Strategic	NAE	SCOP - Specialization of the Vocational Guidance Advisers
Strategic	NAE	COMPROF – Increasing the professional competencies of PES staff to provide personalised services to job-seekers, including unemployed and vulnerable groups.
Strategic	NAE	RATIO L3: analysis, development, conjecture, testing, evaluation and shaping of an innovative Strategy on Continuous training for staff of the Public Service Employment Office



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2007-2013

Type of project	Beneficiary	Nature of project
Grant	Mehedinti CPEA	Strengthening the capacity of the Public Employment Service (SPO) of the region to plan projects and deliver customer-centred services.
Grant	Sibiu CPEA	Modernization of Public Service Employment-SPO Staff training – “Excellence in Employment”
Grant	Vrancea CPEA	Quality, Efficiency and transparency in public employment services

#### 2.5.4 Evaluators’ assessment

Our assessment is that ongoing development of its human resources capacity is essential for the modernization of the PES. However due to budget constraints there has been little staff training provision in the past eighteen months, with the exception of some training provided within the SOPHRD projects. Increased opportunities for training and development of PES staff are needed, particularly for front-line staff in Employment Agencies. The projects contracted under the SOPHRD KAI 4.2 are currently the main potential source for development and further training of PES staff.

The approved strategic projects for staff training in KAI 4.2 should considerably enhance the development of competencies and facilitate the development of training courses focused directly on meeting the needs of clients more effectively. The focus, through these projects, on developing a strategic approach to staff training, on provision of professional personalized vocational guidance to unemployed and job seeker PES clients is particularly welcome. However these projects are all at a very early stage of development and some were delayed or postponed in order to resolve project management issues. Every effort should be made to ensure the implementation of these projects<sup>19</sup>.

In the longer term consideration should be given to use of e-learning in staff training, and development of links with relevant international e-learning networks. The opportunity for development of an accredited diploma and degree programme specifically for staff working in employment services should be considered as part of an overall strategy for staff

<sup>19</sup> Since this evaluation was completed conditions relating to payments for project management and human resources in currently contracted and future PA4 SOPHRD projects have been addressed by the NAE IB and MA.



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Instrumente Structurale  
2007-2013

development; such a programme would credit prior experience, and should include a combination of distance learning and workshops.



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## 2.6 Relevance conclusions and recommendations

Overall conclusions and recommendations for each of the four evaluation activities related to assessment of Relevance are presented in Table 2.4.

**Table 2.4. Conclusions & Recommendations on PA4 Relevance by Evaluation activity, Target, and Time-frame**

Eval. Activity	Conclusions	Recommendations	Targeted at	Time-frame (S, M, L) <sup>20</sup>
111a2	1 Almost all Eligible Activities (EAs) in the FDI PA4 remain relevant and many have become even more relevant to the modernization needs of the PES. PA4 SOPHRD Projects focused on active labour market measures (e.g. information, guidance and counselling) are now more relevant and necessary	Projects related to design and development of active labour market measures (ALMP's) should be prioritized, in future PA4 calls for proposals and evaluation and selection of projects.	NAE IB & MA	S
	2 The EA lists are too detailed and not organized in coherent categories.	The list of FDI eligible activities for PA4 should be redesigned; a reduced list of possible activities within broad categories should be developed.	MA, & NAE IB	L

<sup>20</sup> S – short; M – medium; L- long



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2007-2013

Eval. Activity	Conclusions		Recommendations	Targeted at	Time-frame (S, M, L) <sup>20</sup>
111a3	3	Socio economic changes have impacted heavily and negatively on the PES due to increased number of clients and cuts in budget and staffing levels. The changed socio-economic situation has caused a decrease in overall scale and quality of services. There is less focus on active labour market measures and the scale of personalized and a specialist guidance service being provided is small.	Review and prioritise PES active labour market measures.	Ministry of Labour & NAE	M
	4	The full range of PES activities and services (registration, information, guidance, training, employment supports) are more relevant and necessary (particularly for unemployed persons) due to the worsened socio-economic situation and increased number of job-seekers and unemployed.	PA4 SOPHRD to be used to enhance PES capacity to provide additional vocational training and employment supports for unemployed and job seekers.	NAE & NAE IB	S



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2007-2013

Eval. Activity	Conclusions		Recommendations	Targeted at	Time-frame (S, M, L) <sup>20</sup>
	5	Additionally, there is a need for the PES to develop a targeted employment support programme for the those most distant from the labour market (e.g. inactive persons in rural areas, people with a disability)	Use the PA4 SOPHRD to design, develop and pilot a targeted PES employment support programme for unemployed, disadvantaged and vulnerable groups, and inactive persons.	NAE & NAE IB	M
111a4	6	Existing PES services are not currently well matched with the employment needs of unemployed persons and job-seekers	The PES should engage in labour market forecasting to support its strategic role.	NAE & Ministry of Labour	M
	7	PES services not currently well-matched with employer needs; this is due to lack of labour-market forecasting and capability issues.	PES to also engage in short-term and more regional/localized labour market forecasting.	NAE & CAE's	M
			PES to actively engage in increased partnership with employer and other relevant groups to more effectively meet employment demands	NAE, CAE's, Employer Groups	M





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2007-2013

Eval. Activity	Conclusions		Recommendations	Targeted at	Time-frame (S, M, L) <sup>20</sup>
111a6	8	<p>Continuous training and upskilling of PES staff is critical to respond to increased demands resulting from changed socio-economic situation.</p> <p>The contracted projects in KAI 4.2 of the SOPHRD are the main potential source for training of PES staff due to cut in PES own staff training budget.</p>			
	9	<p>Continuous training for staff in CAE's is a priority, to more effectively meet clients' needs (e.g. unemployed, job seekers and employers).</p>	<p>Prioritise training for front-line staff in County Employment Offices, within the context of a strategic plan for PES staff training.</p>	NAE & CAE's	S
	10	<p>The projects within KAI 4.2 SOPHRD could make a significant contribution to addressing priority staff training needs.</p>	<p>Ensure all contracted SOPHRD KAI 4.2 projects 'to enhance PES staff capacity' are implemented, and that the available funds are absorbed.</p>	<p>NAE NAE IB &amp; Project Promoters</p>	S



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2007-2013

### **3. EFFICIENCY**

#### **3.1 Introduction**

Two evaluation activities address PES efficiency as follows:

- An analysis of the efficiency of the services provided by the PES in the present socio-economic context (IIIa3/IIIa5).
- A comparative analysis of the efficiency of services provided by the PES in comparison with similar services provided by private organizations (IIIa4).

The evaluators' findings and assessment for each of these evaluation activities are first documented in this section. Conclusions and recommendation for both evaluation activities are then presented.

#### **3.2. Analysis of the efficiency of PES services in the current socio-economic context**

##### **3.2.1 Introduction and context**

The range of PES services has already been outlined in Section 2 of this report. For this evaluation activity the focus is on reviewing the efficiency of PES active labour market services. The current PES management information system does not provide specific information on the relative cost-efficiency of individual active measures; the following analysis is therefore based on available data from the NAE Activity Report, Annex and Budget execution; 2009 is used as a reference year. To supplement this review of efficiency the PES (internal) performance indicators and achievement of targets are also reviewed.

##### **3.2.2 Overview of PES budget and expenditure**

The economic crisis has had a complex impact on PES activity. Firstly, it has affected the unemployment budget; the PES had a deficit of 1.3 billion lei (aprox. 308 million euro) at the end of 2009. According to the 2009 Activity Report, the unemployment budget was not sufficient to finance all the activities planned in the employment and training plans, together



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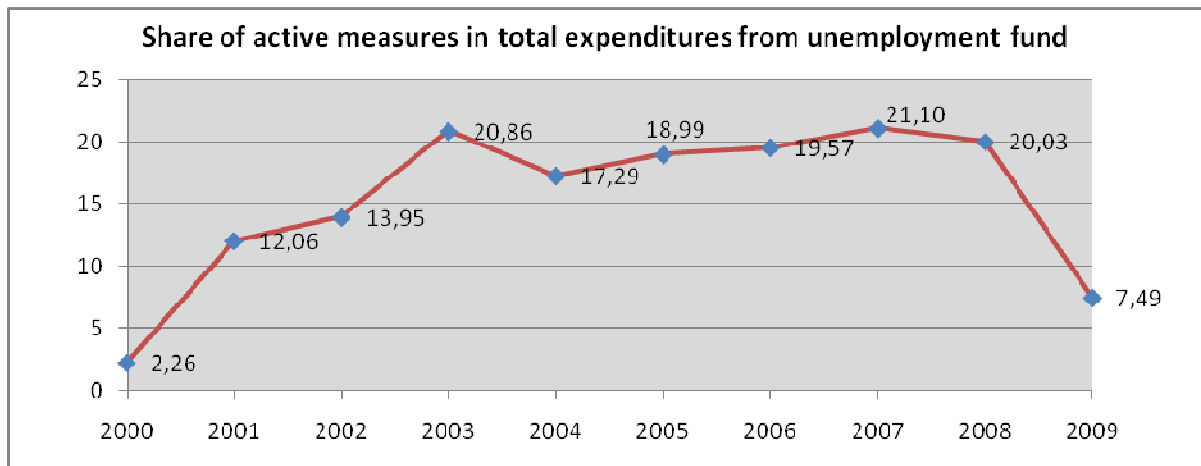


Instrumente Structurale  
2007-2013

with those related to the management of the fund. Only major obligations were financed, with maximum savings achieved for expenditures under the heading *Goods and Services*<sup>21</sup>.

The PES had the same budget in 2009 as in previous years to implement a range of active measures (0.04% of GDP in 2009). A further indicator of the PES financial situation is the active measures expenditures' share of the total expenditures from the unemployment fund. As presented in the chart below, in 2009 the share was significantly lower than in previous years, reaching the lowest value in eight years (approx. 7.5%).

**Figure 3.1. Share of active measures in total expenditures from unemployment fund (2009)**



Secondly, the economic crisis has significantly increased the number of PES clients. In 2009 social protection measures had to be increased significantly because of the sharp increase in the number of job seekers receiving unemployment benefit, while the budget for active labour market measures had to be significantly reduced. The economic difficulties also caused changes both in the profile and needs of PES clients compared to those of 2007 and 2008, as has been already referred to in Section 2.

### 3.2.3 Overview of PES expenditures: structure and value

A measure of PES efficiency can initially be obtained by looking at the main headings of the expenditures from the unemployment budget. The main PES cost categories, based on the NAE 2009 report and the Budget 2009 description, are presented in Table 3.1. Almost two

<sup>21</sup> NAE Activity Report 2009, p. 33.



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POSDRU 2007-2013



Instrumente Structurale  
2007-2013

thirds of the expenditures relate to social assistance costs (social assurance and social support), a share that indicates a focus on passive measures. This suggests an alternative perspective from which to evaluate the efficiency of the PES services: that for these measures it is not the PES that should be evaluated, as the decisions for underlying social assistance policy (e.g. groups, amounts, and types of allocation) are made at a higher level. The relatively low share of *personnel costs, salary claims, capital and loans and goods and services* can also be observed in Table 3.1. The high share of the *transfers between public bodies* (20.7%) is also evident; this refers to employment services that are provided by other public bodies.

**Table 3.1 Main categories of expenditures from unemployment budget (2009)**

Expenditures categories	Expenditures (thou. LEI)	% of total
Social assistance	961,000	59.6
Goods and services	63,000	3.9
Subsidies (Training, job creation)	4,450	0.3
Personnel	119,010	7.4
Capital and loans	31,000	1.9
Salary Claims	97,466	6.2
Transfers between public bodies	333,604	20.7
Total		100.0

### 3.2.4 Outputs of expenditure

PES expenditures may have enabled a substantial number of people during 2009 to become employed. As shown in Table 3.2, almost 300,000 people, obtained a work contract (two thirds on unlimited time), facilitated by the PES through various methods.

**Table 3.2 Persons exiting unemployed status by main categories of reasons (2009)**

Main reasons for losing unemployed status (within PES)	No. of persons
Obtained unlimited time contract	203,491
Obtained limited time contract	82,756
Other situations: emigration, retirement, maternity leave, unjustified refusal of a job/training, failing to show for visa etc.	60,297



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2007-2013

Main reasons for losing unemployed status (within PES)	No. of persons
No new requests from unemployed after finishing benefit period	72,433
No new requests from unemployed not receiving benefits	343,363
Total	762,340

The total number of registered unemployed who did not renew their requests for a job in 2009 was 415,796. This large number of individuals, who had finished the benefit period or were not receiving benefits, and who did not make new requests is a matter of concern. In general these individuals were probably in one of the top three categories listed in table 3.2 but it also suggests a potential category of discouraged, long-term unemployed, no longer registered in public files. The absence of information on this large category of clients represents one of the main barriers in assessing the efficiency of the service and draws attention on the need to foster the PES capacity for collecting and promoting relevant labour market data<sup>22</sup>.

Besides assisting job seekers, the PES is also an interface between employers and candidates with relevant qualifications; therefore a second measure of the efficiency of its services is related to *the degree to which notified job vacancies are filled due to PES intervention and with what costs*. Unfortunately, the job-mediation/matching services are currently reported only according to the number of unemployed inserted on the labour market and not by the share of filled vacancies following specific active measures; such data is required to measure the efficiency of PES active labour market measures.

Measures aimed at *decreasing the risk of the employees becoming redundant* and their costs are other indicators of efficiency. Employer-subsidy expenditures were very low. Also pre-redundancy services, such as information sessions regarding the legal framework of unemployment and the services available, and assistance with job placement or training have been offered to only a limited group compared with the identified needs. This is particularly

<sup>22</sup> Labour market information (LMI) includes statistics on registered unemployed (broken down by age, education levels, health condition, gender, and special client groups), the number of registered vacancies, sector-specific data, labour market trend reviews, and forecasts of skills requirements (often based on surveys of employers). It can also include wage and salary data, and information about training providers, potential employer lists, conditions of employment, and so on (cf. *Career Guidance in Europe 'Public Employment Services*, p. 34)



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POSDRU 2007-2013



Instrumente Structurale  
2007-2013

evident in regard to PES ‘professional reconversion services’; only 1500 persons benefited from these services, as indicated in the table *Key-services provided by PES and their results (2007-2009)*. This figure is far from the current needs of employees and employers and an example of how underfunding affects the efficiency of PES.

### *Profile of the unemployed*

Before having a closer look at the efficiency of other active measures, it is worthwhile also to explore the situation of *persons becoming registered as unemployed in the reference year (2009)* since this offers an insight into the scale of the employment services required (Table 3.3).

**Table 3.3 Persons obtaining unemployed status, by main categories of reasons (2009)**

Main reasons for becoming registered as unemployed (within PES)	No. of persons
Redundancy (collectively or individually)	447,778
Reactivation of financial support rights	52,752
Re-applications for a job	212,846
Graduates	61,505
Unemployed not receiving benefits soliciting an official document for obtaining the minimum income	124,676
Other situations	168,725
Total	1,068,282

In December 2009 more than 700,000 unemployed persons were registered with the PES. This included those registered unemployed and job seekers, no longer in receipt of benefits but still registered by the Agency. For the whole year PES services registered over one million persons as unemployed, more than half of them unemployed for the first time. The largest categories of newly unemployed are those made redundant collectively or individually and young graduates (school leavers) wishing to enter the labour market. The services offered to these categories are the most important in evaluating the efficiency of PES, in general, and of active measures in particular.



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Instrumente Structurale  
2007-2013

### 3.2.5 Cost efficiency of active measures

The NAE in fieldwork for this evaluation acknowledged that cost-efficiency measures are not used in assessing the NAE budget and programme. An attempt was made by the NAE to obtain such indicators in 2008 but it was not finalized as results were inconclusive. Nonetheless there are some active measures for which the number of persons benefiting and the associated costs are known<sup>23</sup> and these are presented in summary form in Table 3.5. The measures included in Table 3.5 are: *beneficiaries of information and guidance services; professional training; incentives for employers to hire young graduates; people hired with limited duration work-contract* and *pre-firing services*. In regard to ‘beneficiaries of information and guidance’ the financial expenditure is estimated due to the fact that this heading in the expenditures budget is loosely defined as *counselling* and *career assistance* and could include other activities.

**Table 3.5 Expenditure on specific PES active employment measures from Unemployment Fund (2009)**

PES active measure	Number of persons/services	Expenditure (LEI)	Expenditure per person /service *
Information and guidance (through territorial agencies and private providers)	762,164	1,4127,95 (est.)	1.9 (est.)
Professional training	33,184	20,460,545	616.6
Incentives for hiring graduates of educational institutions	10,662	51,179,163	4,800.1
People hired with limited duration of the work contract	70,246	32,233,079	458.9
Measures for unemployment prevention (collective pre-redundancy services)	150,550	767,919	5.1

\*To first decimal place.

In terms of cost-comparisons, a good efficiency from the perspective of input/output indicators is evident in respect of collective pre-redundancy services and training activities, while the incentives for hiring graduates (school-leavers) raise some questions, especially in

<sup>23</sup> See Annex 6, Table A6.2;





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POSDRU 2007-2013



Instrumente Structurale  
2007-2013

relation with their net benefit/impact. Due to reasons already mentioned, the information and guidance services are difficult to evaluate from the perspective of the efficiency.

The analysis identifies an average cost of training in 2009 as 150 Euro per trainee (617 LEI); this is close to that identified in other evaluations. The ex-post evaluation of PHARE 2000 HRD Program<sup>24</sup>, taking into account expenditures related to trainer remuneration (for their actual training activity) and the expenditures paid for preparation of training modules, indicated that the average cost of the training courses per participant amounted to EURO 210.

### *Benchmarking with average European expenditures on ALMPs*

From a European perspective, it is noted that Romanian PES services are included in the category of *new member states* from Central and Eastern Europe that are characterised by the following features<sup>25</sup>: difficult working conditions; low socio-economic security; low rates of participation in training; high long-term unemployment; and low levels of productivity;

Within this context, Romanian expenses on PES differ significantly from European averages. Traditionally spending on ALMP's is monitored through six categories: training, job rotation/sharing, employment incentives, supported employment and rehabilitation, direct job creation and start up incentives. At EU aggregate level, training absorbs around one third of the resources. It includes: workplace training, institutional training (that is provided by a school, college, training centre, etc) and special support for apprenticeship. Employment incentives constitute the second most popular measure with an allocation of one fourth of total resources<sup>26</sup>.

In the absence of specific costs standards both at national and European levels, the accountability of PES services could be significantly increased by recording all categories of expenditures, disaggregated by sub-types of measures. Also, this could provide PES management with an additional basis for setting target values linked with the current economic difficulties.

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<sup>24</sup> *Ex-Post Evaluation of the Pre-ESF 2000 HRD Grant Scheme*, Romanian National Observatory, Institute of Education Sciences, Bucharest, 2006.

<sup>25</sup> See for details Begg et al. *Medium term employment challenges*, Center for European Policy Studies, 2010.

<sup>26</sup> See for details Begg et al. *Medium term employment challenges*, Center for European Policy Studies, 2010, p. 42.



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2007-2013

### 3.2.5 PES performance measurement

Another way to evaluate the PES efficiency is to study the mechanisms in place for performance measurement. Following a European trend the PES in Romania developed a range of performance indicators; these are outlined in the Contract-Commitment concluded between MoLFSP and the NAE, based on the objectives set in the Annual Employment Program. Similar contracts, containing specific performance indicators, are signed by the NAE with each of the 42 county agencies. The indicators address different target groups, including unemployed persons, jobseekers, persons with special needs, employed at risk of unemployment and other vulnerable groups. The indicators, targets and their achievement rates for 2009 are shown in Table 3.6.

**Table 3.6 PES Indicator targets and achievement 2009**

Indicators <sup>27</sup>	Target	Achieved
	%	%*
1. Percentage of jobseekers registered with the PES that benefit from personalized services packages.	60	50
2. Employment rate of the vacancies announced by employers and registered with ANOFM.	75	81
3. Employment rate for all ANOFM registered jobseekers.	40	25
4. Participation rate of unemployed to training sessions	15	7
5. Participation rate for long-term unemployed in active measures:		
5a. Youth	25	25
5b. Adults	20	20
6. Participation rate of unemployed in active measures.	70	86
7. Participation rate of unemployed aged 50 years old in employment incentives active measures.	70	84
8. Participation rate of unemployed with primary, secondary and vocational educational level, in employment incentives measures.	70	77
9. Percentage of unemployed, registered with PES, benefiting from information, counselling and professional guidance.	50	63

<sup>27</sup> The values for indicators are worked out based on the number of persons registered with PES.



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2007-2013

Indicators <sup>27</sup>	Target	Achieved
	%	%*
10. Percentage of persons with special needs, registered with PES, benefiting from information, counselling and professional guidance.	50	57
11. Employment rate for participants in active measures :		
11a. Within 3 months from participation in active measures.	20	24
11b. Within 6 months from participation in active measures.	26	28
12. Participation rate of unemployed youth in active measures within 4 months from registration.	100	80
13. Work placement rate for the graduates of vocational training programs, within 6 and 12 months from graduation.		
13a. Within 6 months from the graduation.	20	22
13b. Within 12 months from the graduation.	50	48

\* To nearest percentage.

Analysis of the performance indicators for 2009<sup>28</sup> shows that while the majority of targets were met, four types of indicators were not reached: *percentage of ANOFM registered jobseekers benefiting from by personalized services packages, employment rate for all ANOFM registered jobseekers, participation rate of unemployed in training sessions, participation rate of unemployed youth in active measures within 4 months from registration.*

As indicated in the NAE Activity Report 2009 and also by PES personnel in the evaluation fieldwork, there has been a decline in the rate of achievement of indicator targets between 2007-2009. This decline is due to the negative influence of socio-economic factors, changes in the labour market and scarcity of funding for active measures in 2009. The overall list of indicators and the target values therefore needs to be revised, and should take into account the different uses of these indicators, previous performance, and other relevant data available on short term socio-economic development.

<sup>28</sup> NAE Activity Report 2009



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2007-2013

### 3.3. Evaluators assessment

It is only possible to partially answer the question on the efficiency of PES services, as the required data is not available within the PES. While most of the PES's internally-set target values are reached, they in most cases relate to outputs and such indicators do not permit efficiency to be evaluated in respect of results. Distinctions between the direct and indirect contributions of particular services (e.g. counselling, training, and mediation) to employment are often overlooked in PES planning/reporting. Usually a range of factors account for a successful insertion into the labour market but the PES currently lacks the data to understand the role of its own interventions. Only by collecting this type of data, and linking it with other resources/costs covered by employers or the unemployed, will it be possible to evaluate more accurately the efficiency of any one measure.

Under current difficult socio-economic conditions, the quality of the services offered by the PES is under threat and it is essential to ensure an optimum relationship between costs and impact. Management should be constantly concerned to develop tailored strategies and tools for promoting a culture of *best value for money*.

Some of the most important barriers to efficiency of the services provided by PES at county level (as identified in the fieldwork for this evaluation) are related to PES's human resources capacity: For, example, the shortage of personnel in county agencies together with the increasing number of clients is reducing the opportunity to provide integrated, personal service/assistance; and increasing workloads, together with decreasing salaries is leading to de-motivation and turnover of personnel. Human resources capacity plays a key role in assuring the efficiency of the measures and further planned cuts in staff numbers will present additional challenges for the PES.

Performance indicators and targets for staff should be re-designed within a wide consultation process, and new support measures for staff should be promoted in order to prepare them for the current challenges. Collection of performance statistics should be improved, including, for example, the average number of staff per local office, geographical area per office (square km), dependent employment and average stock of job seekers per staff member.

Finally, a harmonisation of the categories/sub-categories of services for monitoring of interventions, expenditures and results should be considered. The PES should regularly



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POSDRU 2007-2013



Instrumente Structurale  
2007-2013

provide general data on expenditure on the following; the active labour market programmes, PES and related administrative expenditures, unit costs per dependent employee, per vacancy, and per placement. Likewise, the PES should evaluate the costs/outcomes and costs/results ratio for each type of active measure used annually, based on its own documented trends and forecasts.

### **3.4 Comparative analysis of the NAE services with similar services provided by private organizations (Sub-task IIIa4)**

#### **3.4.1 PES framework for service delivery**

The PES mission and services are defined by the legal framework: The Law No. 76 / 16.01.2002 concerning the system of unemployment insurance and stimulation of employment, in force at the date of 3 January 2008, as updated through modifying legal acts published in the Official Journal of Romania by 31 December 2007. The employment services are defined in this legal act and further defined in a number of Laws, Government Decisions and Ministry Orders. The delivery of the range of employment services is not restricted to PES. Other public providers and private (both non-profit and commercial) providers are allowed to offer employment services. Such organizations must include, as part of their mission and legal object of activity, contributing to the prevention of unemployment, or to support the quality of employment, value-added and number of jobs (in order to comply with the logo" sustainable economic growth with more and better jobs and greater social cohesion").

As a result, the range of private companies and NGO's registering various employment services in the scope of their activities is relatively broad. The employment services provided both by PES and by other providers cover most of the services in accordance with the definitions in the Law 76/2002; these include the following: active employment measures; pre-redundancy and outplacement services; recruitment and career counselling; labour mediation; vocational information and training; job-matching and jobs-brokering; and apprenticeship training programs. It also includes support to companies for upgrading their



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POSDRU 2007-2013



Instrumente Structurale  
2007-2013

human resources for better adaptation and flexibility and notification of vacancies in the EU and support for migrant workers.

In practice, most private employment services provision are mostly focused on supporting companies, public entities to adapt and upgrade their human resources and for assisting their employees to improve their skills and qualifications, whereas, the employment services delivered directly by PES are mostly focused on the job-seeker and unemployed target group.

### **3.4.2 Employment services activities by private providers**

Private providers' income comes from fees charged to client organizations or training / consultancy fees paid by individuals. The prices for provided services are set by the market and they are sensitive to the quality of services, added-value for customers, and effectiveness in providing benefits to clients (e.g. access to better jobs for individuals, improved competitiveness for companies, and accomplishment of their mission for NGOs). Some services are partly subsidized from public funds: for instance, previous PHARE funds and currently the HRD SOP co-finance a broad range of services offered by public and private organizations. The State Aid Schemes for Employment and for Training, launched by HRDSOP MA in 2009 as part of the crisis alleviation measures, provide subsidies for companies in order to support their survival and competitiveness.

In addition to market requirements, the quality of the services provided by the non-PES public and private sector is ensured through a range of accreditation and quality assurance mechanisms. The criteria of authorization and accreditation are valid for any provider, be it PES, or non-PES public, profit or non-profit private providers.

### **3.4.3 PES training service delivery outsourced to private providers**

Currently, in line with the legislation, the PES outsources some of its service delivery on a contract basis to private companies. Vocational training is the service that is most outsourced to private providers by the PES. The NAE 2009 Draft Activity Report indicates 17% of training is provided directly by private providers, compared with 42% by Regional Training Centres and 41% in County Training Centres. However the proportion of training delivered





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Instrumente Structurale  
2007-2013

by private training contractors is significantly higher than the 17%, as much of the training organised by County Agencies and Regional Training Centres is delivered on an outsourced contract basis by private providers. These trainers are selected on the basis of an annual public tender for delivery of services. In most counties training is provided through a combination PES direct provision and outsourced private provision. However, all of the training provided in Bucharest Region and Ilfov and Arad counties, is currently outsourced to private providers; the PES does not have any training centre in Bucharest city districts. The NAE training plan for 2010 indicated that in 34 counties the CAE would invite private providers to tender for subcontracting services.

To provide training on behalf of the PES, providers must be authorised by the Ministry of Labour, Family and Social Protection (through registration with the National Council for Adult Vocational Training), whilst companies providing information and vocational counselling and /or Labour Mediation (on the domestic market) must be authorised by NAE. The official list of training / consultancy providers and of their authorized programmers is published on the website of the National Qualifications Authority. The trainers hired for services delivery should be certified in accordance with CNFPA requirements.

Based on meetings during the evaluation fieldwork, private providers of training services on behalf of the PES, evaluation, see themselves as being more 'efficient' due to having specialized trainers with relevant industry or sector experience. They were critical of many aspects of the PES contractual system and requirements. Key concerns expressed were as follows: lack of freedom regarding the training curriculum and the training methods; lack of clarity concerning the respective roles of the County Employment Agencies and the Regional Training Centres (RTCs) in the management and monitoring of externally contracted training; RTCs are also seen as competing with private providers, as they are increasingly offering training places to fee-paying trainees. The private providers view this as unfair competition, as the publicly-subsidized centres can under-cut the prices charged by private providers.

The employer representatives that participated in the evaluation fieldwork viewed private providers of training services as currently being more attentive to quality assurance (relating to knowledge, skills and attitudes than the public providers of such services. The national education and training agencies indicated that quality standards were similar for both public





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Instrumente Structurale  
2007-2013

and private providers at the lower qualification levels (1 and 2), but that quality standards were higher amongst the private providers for training courses offered for higher levels of qualification.. Both employers and union representatives indicated the benefit of use of private providers in providing training services to rural populations, and also in skills and occupations not catered for by the PES centres. The provision of specialist guidance services by private providers on behalf of the PES is welcomed by external stakeholders. However the scale of provision to date is very limited and should be expanded to meet the needs of those unemployed and job-seekers clients who are most distant from the labour market and need additional supports to assist them in gaining employment.

#### **3.4.4 Evaluators' assessment**

The evaluation research has identified that certain employment services are provided similarly by both the PES, by commercial companies and by NGOs in Romania. Likewise the legislation underpinning the PES provides for the involvement of private operators in delivery of some of the services. Job-mediation and recruitment is a key employment service that is provided by private agencies and the PES. Private recruitment agencies provide more specialised services and are more advanced in terms of use of IT for service delivery than the PES; and can therefore provide a more efficient service to employers and job-seekers, on a fee-paying basis. However the PES job-mediation service is provided free of charge, and is more focused on placement of unemployed persons into jobs and therefore assisting those who are more distant from the labour market to access employment. There is potential for greater cooperation between the PES and the private recruitment sector; such cooperation could be of benefit to both parties. Traditionally the private agencies and the PES have served different client groups of job-seekers. Private providers of employment services mostly focused on recruitment for higher level skill vacancies; while the PES job matching services primarily focus on assisting unemployed and unskilled persons to find employment. However there is increased overlap in their target groups in recent years due to the increased number of unemployed persons and their changed profile.

Private providers already play a role in the provision of public employment services in Romania. There is currently a well established system of outsourcing PES vocational training



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Instrumente Structurale  
2007-2013

services to private providers. Vocational guidance services are also outsourced to private providers but on a much smaller scale; similarly the extent of involvement of private recruitment firms in mediation/ job-matching and job-placement on behalf of the PES is small-scale.

Outsourcing of services such as vocational training, guidance and recruitment has a number of advantages for the PES. These include the ability to provide an increased volume of activity for an increased number of clients, on a wider geographic basis; improved capacity to respond to short-term needs; and provision of services that the PES may not itself have sufficient capacity to provide directly (e.g. professional employment guidance and counselling; skills training in specific occupational sectors; business advisory services). Private training providers can also be used to provide training in locations, not currently served by the existing network of public training centres (e.g. in rural areas). Such training services can be provided by locally-based NGOs, as well as by commercial private providers. However a perceived disadvantage is the ability to monitor and control the quality and quantity of the work done by private companies; also the necessary public procurement process for outsourcing can cause delays in start up of planned activities.

The increased use of private providers is beneficial to the PES, and will be increasingly required to meet growing demands for services. There is recognition in the PES of the value of cooperating more with private providers in recruitment, due to the added-value that can be brought through their specialist services. Similarly private employment agency providers perceive benefits that could result from increased cooperation with the PES. There is a need for the PES to be more pro-active in the development of partnerships in recruitment both with commercial companies and with NGOs.



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2007-2013

### 3.5 Efficiency conclusions and recommendations

Key conclusions and recommendations for Efficiency evaluation activities IIIa3 and IIIa4 are outlined in the following table.

**Table 3.7 Key conclusions and recommendations on efficiency evaluation activities**

Eval. Activity	Conclusions	Recommendations	Targeted At	Time-frame (S, M, L) <sup>29</sup>	
IIIa3	1	Assessment of the efficiency of PES services is constrained by the absence of internal management information (e.g. on costs of individual programmes, on job-placement). Better indicator and performance –measurement data on PES employment & training services is required.	Generate better indicator & performance-measurement data on PES employment and training services. Harmonise categories/sub-categories of services to enable monitoring of interventions, expenditures and results.	NAE, & CAEs	M
	2	Improved management data on staff performance (e.g. to monitor case-loads and work-loads) in Employment Offices is also required to measure efficiency.	Collect and analyse relevant internal indicators and statistics on staff performance.	NAE & CAEs	M

<sup>29</sup> S – short; M – medium; L- long



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2007-2013

Eval. Activity	Conclusions		Recommendations	Targeted At	Time-frame (S, M, L) <sup>29</sup>
IIIa4	4	PES and private providers of employment services mainly serve different client groups; but some services are provided by PES and non-PES employment agencies. Private employment services providers do not serve all regions, or all categories of job-seekers/unemployed. Private agencies are more efficient in use of on-line facilities.	PES to be more pro-active in developing partnerships with private recruitment agencies and NGO's in job mediation activities.	NAE & CAEs	
	5	Increased use of private providers is beneficial to the PES, and will be increasingly required to meet growing demands for services.	Increase the level of outsourcing to specialist providers of guidance services for those clients most distant from the labour market (e.g. inactive persons in rural areas).	NAE, CAEs & RTCs	
	6	There is a need to assure the quality and standard of PES services outsourced to private providers.	Improve and standardise the system for monitoring all employment and training services provided by private providers.	NAE, CAEs & RTCs	



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2007-2013

## 4. EFFECTIVENESS

### 4.1 Introduction

The Terms of Reference required that effectiveness be reviewed in respect of one evaluation question, namely: **analysis of the degree to which projects financed by PA4 contribute to the achievement of established PA4 objectives and indicators (sub-task IIIa.1)** To respond to this requirement, the contracted projects (to 31<sup>st</sup> December 2009) are first reviewed in this Section in line with the objectives established for PA4; the projects' achievements against predefined target indicators are then reviewed. Internal and external factors that influence the achievement of objectives and targets are discussed. Finally conclusions and recommendations are presented in tabular format.

### 4.2 Overview – PA4 aim, objectives and contracted projects

#### 4.2.1 PA4 aim and objectives

According to the SOP HRD/ FDI SOP HRD, Priority Axis 4 aims to increase the quality and the efficiency of the PES services in order to:

- better reconcile offer and demand on labour market;
- ensure a more personalized approach to job-seekers and those who belong to vulnerable social groups;
- raise the level of client satisfaction and to better identify clients' potential;
- increase the vocational competencies of personnel involved in the provision of these services;
- improve co-operation of PES with other organizations operating on the labour market and with local public authorities, training/education providers as well as to provide high quality career guidance.

Two PA4 key areas of intervention (KAI) are specified in the SOPHRD and FDI SOPHRD: KAT 4.1 strengthening the PES capacity to provide employment services, and training of PES staff. Four operational objectives are specified to support the achievement of the PA4 aim. These objectives for KAY 4.1 are to improve and/or increase: the range of employment



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Instrumente Structurale  
2007-2013

services provided for PES clients; monitoring and evaluation of the impact of the active employment measures; PES forecasting capacity on labour market trends; and the operational objective for KAY 4.1 is the level of vocational competences of PES staff.

#### 4.2.2 PA4 Contracted projects

Following four calls for proposals, in 2008 and 2009, nineteen projects were contracted by end December 2009, the cut-off date for this ad hoc evaluation. All nineteen projects were contracted between March and August 2009. Eleven of the nineteen projects are strategic projects, while eight are grant projects. The strategic projects were contracted at NAE central level, while the contracts for grant projects were concluded with County Agencies for Employment. The majority, (12 of 19) of contracted projects are within KAI 4.1 *‘strengthening PES capacity to provide services’*, while seven are focused on KAI 4.2 *‘training of PES staff’*. The distribution of the contracted projects by KAI and type of project is shown in table 4.1.

**Table 4.1: Number of PA4 contracted projects (to 31st December 2009) by KAI and type of project.**

Pa4 KAI	Strategic projects	Grant projects	Total projects (by KAI)
4.1.	7	5	12
4.2	4	3	7
<b>Total (by type)</b>	11	8	19

The overall value of the nineteen contracted PA4 projects (31 December 2009) was 41.4 million euro; with twelve KAI 4.1 projects valued at 22.5 million euro; and a value of almost 19 million euro for the seven KA1 4.2 projects (Table 4.2). Details of the financial value of each of the individual PA4 SOPHRD contracted projects are presented in Annex 7: PA4 Contracted Projects and budgets.

The nineteen contracted projects had the potential to absorb two thirds (62%) of the allocated funding for 2007-2009. Within KAI 4.1 the contracted projects accounted for over half (53%)



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Instrumente Structurale  
2007-2013

of the eligible funding allocation for projects, while within KAI 4.2 contracted projects accounted for almost 80% of the eligible funding for that component in 2007-2009 (Tables 4.2 and 4.3 ).

**Table 4.2 – Allocation versus contracting for KAI 4.1 -Strengthening the PES capacity to provide employment services, 2007-2009**

Year	Allocated value (ESF+PS <sup>30</sup> )	Contracted projects (ESF +PS)	
	M. euro	No. of projects	M.euro
2007	9.310.332	0	0
2008	14.432.429	0	0
2009	19.785.128	12	22,524,382.16
<b>Total</b>	<b>42,527,889</b>	<b>12</b>	<b>22,524,382.16</b>

**Table 4.3 Allocation versus contracting KAI 4.2 Training of PES staff 2007-2009**

Year	Allocated value (ESF+PS)	Contracted projects (ESF +PS)	
	M.euro	No. of projects	M.euro
2007	5.120.683	0	0
2008	7.937.836	0	0
2009	10.881.820	7	18,949,253.78
<b>Total</b>	<b>23,940,339</b>	<b>7</b>	<b>18,949,253.78</b>

### 4.3 Contribution of contracted projects to PA4 objectives

Based on analysis of data from the project application forms, we identified which of the four the Operational Objectives was to be addressed by each of the contracted projects; this is shown in Table 4.4. Further details of the nature and scope of each of the strategic and grant contracted projects that address each of the operational objectives are provided in Annex 8 Main Operational Objectives of PA4 contracted projects.

<sup>30</sup> Public Sources – Unemployment Insurance Fund





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2007-2013

**Table 4.4 Operational objectives being addressed by Contracted PA4 projects as identified in projects' application forms**

KAI	Operational objective	No. of strategic projects	No. of grant projects	Total No. of projects
4.1	1. Improving and increasing the range of employment services provided for PES clients;	4	4	8
	2.Improving the monitoring and evaluation process of the real impact of the active employment measures;	1	1	2
	3. Improving the PES forecasting capacity on labour market trends.	3	0	3
4.2	4. Increasing the level of vocational competences of the PES staff.	4	3	7

The majority of strategic projects indicate in their applications that they address one operational objective only. Three-quarters (8 of 12) of the contracted KAI 4.1 projects aim to address the operational objective of *improving and increasing the range of PES services*, with four strategic projects and four grant projects in this category. The *labour market forecasting* operational objective is to be addressed by three strategic projects; and the *impact measurement* objective is being addressed in two projects (one strategic and one grant). One strategic project (SAPERE) addresses two main operational operational objectives, the labour market forecasting and the impact measurement objectives. All seven KAI 4.2 contracted projects aim to address the operational objective of increasing the level of vocational competence of PES staff; four strategic and three grant projects.

Within the survey of the contracted projects for this ad hoc evaluation, project managers were requested to indicate which objectives were being addressed by their projects; their responses are shown in Table 4.5. A slightly different picture emerges from the survey results as in some cases, the project mangers consider that their projects address more than one operational objective. For example some KAI 4.1 projects that aim to improve or increase the range of services for PES clients, also include staff training (KAI 4.2 objective) as part of



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POSDRU 2007-2013



Instrumente Structurale  
2007-2013

their Work Plan; in other projects ‘increasing the existing PES services’ is a default objective and was added to the principal objective. Likewise, five project managers indicated that their project would address the objective of ‘improving the monitoring and evaluation process of the real impact of the active employment measures’, whilst only one project identified this as a main objective in the application form.

**Table 4.6 Operational objectives reported as being addressed by projects, (based on survey of contracted PA 4 projects)**

<b>KAI</b>	<b>PA4 FDI Operational objective</b>	<b>No. of projects that address the operational objective</b>
<b>4.1</b>	1. Improving and increasing the range of employment services provided for PES clients;	14
	2. Improving the monitoring and evaluation process of the real impact of the active employment measures;	5
	3. Improving the PES forecasting capacity on labour market trends.	2
<b>4.2</b>	4. Increasing the level of vocational competencies of the PES staff.	11

From the two different sets of analysis of projects and their objectives, it is evident that the contracted projects should contribute to the achievement of each of the four operational objectives; with the two broad operational objectives of ‘improving and increasing the range of PES services for clients’ and ‘increasing staff competencies’ being addressed by the largest proportion of projects. These contracted projects should therefore make a significant contribution to the PA4 aim of improving the quality of PES services; while the contracted projects to address PES forecasting and impact assessment capacity should address the aim of improving the efficiency of the PES services - providing that appropriate implementation conditions are met.



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2007-2013

## 4.4 Contribution of contracted projects to indicators

### 4.4.1. Achievement of indicators and targets

The FDI provides for *programme* indicators and *additional* indicators for both KAI 4.1 and KAI 4.2, as follows:

- The *programme* indicators are further defined as output and result indicators
- The *additional* indicators are defined as input, output, result indicators

Comparative review of these targets and indicators and the actual position as of 31 December 2009 shows a very low level of achievement for PA4 overall (Details in Annex 9 – Analysis of PA4 SOPHRD projects performance against targets). For example, for the output indicator “no. of supported employment agencies” the target value for 2009 (see the FDI) is seventy and the actual value achieved (cut-off-date 31 December 2009) is three.

### Project results

As shown in Table 4.6, the main results achieved by the nineteen contracted projects (to 31 December 2009) are the elaboration of brochures, leaflet and posters; training of staff, and study visits.

**Table 4.6 Actual Results<sup>31</sup> achieved by the 19 projects funded from PA 4 (KAI 4.1+KAI 4.2)**

Results	Achieved values
Trained staff	225
Staff participants in study visits	90
Studies and researches for collecting info on staff training needs	12
Employment agencies supported(no)	3
Analysis and forecasts on labour market	1
Visibility campaigns/ actions	12
Research studies for PSE modernisation	1
Strategies on staff training and training programmes developed.& implemented	2
Brochures, leaflets, posters elaborated	2161

<sup>31</sup> Based on technical-financial projects reports due to December 2009- January 2010



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2007-2013

Results	Achieved values
Press conferences organized	2
Project web pages developed	1
Workshops /conferences for project promotion organized	2
Articles published in local and regional media	11
Equipment purchased	4
Trained staff on ECDL	20

#### 4.5. Factors contributing to achievement of project objectives/indicators

The fieldwork and analysis for this evaluation has identified a range of factors that have influenced the effective achievement of the project objectives/indicators. These include projects': design; selection process and outcomes; contracting; implementation; monitoring and payments system. Key issues are as follows:

##### 4.5.1 Expertise and resources for project design

The design and development of ESF projects can be complex and requires expertise and time commitment. Reduced PES staff numbers, increased work-loads and lack of expertise have made it difficult for PES staff, particularly at county level to participate in the SOPHRD application process. No dedicated units to support the design and development of ESF projects have been created.

##### 4.5.2 Projects selection process and outcomes

Four calls for proposals were launched for PA 4 for the period of 2007-December 2009. 49 applications were received (35 for strategic projects and 14 for grant projects). 19 projects (11 strategic and 8 grants) were contracted up to 30<sup>th</sup> December 2009. The NAE IB participated in the selection for both strategic and grants applications for the first call for proposals. For the following three calls for proposals the selection for the strategic projects was conducted by the MA through external independent evaluators. For grant projects only one call for proposals was launched including three rounds during 16 April-15 December 2008. An overview of the selection process and outcomes for both PA4 strategic and grant projects is shown in the following tables.



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Instrumente Structurale  
2007-2013

**Table 4.7 Overview of the outcomes of the PA4 ‘Strategic’ projects selection process 2008-2009**

Strategic -2008	Projects received	Projects evaluated	Projects rejected	Projects contracted
Call of proposals 11	6	6	1	5
Call of proposals 12	2	2	0	2
Call of proposals 65	6	6	4	2
Call of proposals 66	3	3	1	2
<b>Total</b>	<b>17</b>	<b>17</b>	<b>6</b>	<b>11</b>
<b>Strategic - 2009</b>				
Call of proposals 94	13	13	11	0
Call of proposals 95	5	5	1	0
<b>Total</b>	<b>18</b>	<b>18</b>	<b>12</b>	<b>0</b>

**Table 4.8 Overview of the outcomes of PA4 ‘Grants’ projects selection process 2008**

Grants - 2008	Projects received	Projects evaluated	Projects rejected	Projects contracted
Round 1	0	0	0	0
Round 2	2	2	0	2
Round 3	12	12	6	6
<b>Total</b>	<b>14</b>	<b>14</b>	<b>6</b>	<b>8</b>

A high rate of rejection was registered; for strategic projects the rejection rate was 35% in 2008 and 66% in 2009 and for grant projects there was a 43% rejection rate overall. Reasons for rejection of the projects included the mentioning of identification data for the applicants within the electronic application; non-eligibility of the proposed activities; projects assessed as non-relevant for the specific objectives of PA 4 and respective KAIs; and lack of coherence in description of the partnerships<sup>32</sup>

<sup>32</sup> According to the information provided by IB NAE and MA SOP HRD.



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PES representatives at central and regional level acknowledge the error of including identification data in the application; however they also perceive that rejections may have resulted from evaluators' insufficient understanding of the relevance of the proposed project activities for PES modernization. However the MA has indicated to us that evaluators were not supposed to have specific knowledge of the PES, and that project applications should be self-explanatory. Training is required to further develop project management competencies for ESF projects within the PES agencies (including drafting of project applications); and thereby increase potential for success with project applications.

#### **4.5.3 Duration of the contracting process and roles of MA and IB**

Most of the projects (presently under implementation) were designed in 2007-2008. There were delays between the submission of the projects and contracting (about one year for well over half (58%) of the projects and around eight months for another 21% of the projects). These delays were considered by project managers not to significantly influence the achievement of PA4 indicators. However such delays may impact on the continued relevance of projects within a fast changing economic environment; for example the contracted projects include a strategic project that is specifically addressing skilled labour shortages in the construction sector, and one focused specifically on the needs of workers returning to Romania.

The contracting was successfully completed for the nineteen projects that are currently under implementation. The IB prepared the contract documentation and the contracts were signed between the Beneficiaries and the Managing Authority. All functions namely selection, contracting, signing of contracts, budget commitment and monitoring were activated/applicable in the case of grant projects, in accordance with the new Agreement for delegation of tasks signed on 8 of April 2010 for the IB NAE. In the case of strategic projects, the selection and contracting was undertaken by the MA, but the IB has responsibility for their monitoring. The IB would see it as beneficial if all functions were also delegated for strategic projects.



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#### 4.5.4 Projects' implementation

There have been significant delays in the implementation of contracted projects due to PES internal factors and other factors that are external to the PES. For all of the contracted projects under PA 4, the actual implementation only commenced in 2009. Over half (53%) of the projects asked for the postponement of starting date of project (half of them by 2 months) due to delays in approval of the PES budget for 2009 or delays in receiving notification for commencement of projects.

In addition, inconsistency between relevant legislation and the procedural Manuals/Guides applicable to projects funded from PA4 has had direct implications on human resources involvement within the projects, particularly at project management level. Human resources are the main category of project expenditures, representing 50-60% of the total budget. For some of the projects this "human resources issue" has already has a negative impact; some staff from project implementation teams have refused to implement project activities until this issue was resolved.

#### 4.5.5 Monitoring

The monitoring of both strategic and grant projects is performed by the IB based on provisions of the NAE IB Procedures Manual. Two types of monitoring visits are undertaken by the IB: planned and ad-hoc visits. At least one annual monitoring visit is made to projects. Based on the Monitoring Manual provisions, the monitoring visits are focused mainly on control issues. Project beneficiaries perceive this as not constructive or positive and indicate that monitoring should focus more on ensuring the efficiency (e.g. *timeliness, and whether activities are implemented within the proposed implementation plan*) and the effectiveness (*were the right things done?*) of project implementation. For programme-level monitoring, the NAE IB submits quarterly implementation reports on each KAI to the MA SOPHRD.

#### 4.5.6 Payments

The MA is the responsible body for making payments to applicants, for both grants and strategic projects. Requests for pre-financing of public institutions must be submitted within





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three months of receiving pre-financing or the date of commencement of the implementation period. By December 2009, some reimbursement claims were rejected due to under-spending by the projects. The internal statistics on payments for PA 4 shows, no payments were made up to the evaluation cut-off-date 31 December 2009. The instructions available for the reimbursement of VAT appear to be unclear for both the IB and the project beneficiaries. There is uncertainty on the methodology to be observed.

#### **4.5.7 Help Desk**

The NAE IB Help Desk provides responses to questions submitted, based on internal consultation with experts from the IB on the specific topics addressed in the request. Analysis of the information (Q&A) posted on the website indicates that only a small number of questions were submitted by potential applicants. Nevertheless, this does not reflect a low level of interest of applicants for PA4 projects, since PA 4 is an Axis dedicated to PES and is well-known within the system. In addition, in the projects' survey for this evaluation the Helpdesk was considered as one of the main sources of information for preparing the project proposal/application.

#### **4.6 Evaluators' assessment**

Our analysis indicates that the currently contracted PA4 projects are coherent with the stated operational objectives/indicators of the KAIs 4.1 and 4.2. The interventions proposed under these contracted projects could contribute significantly to the achievement of the PA4 aim 'to improve the quality and efficiency of the services provided by the PES'. They include strategic and grant projects that address the objectives of improving and increasing the range of PES services; as well as projects to address improvement in staff competencies; in labour market forecasting; and impact assessment capacity. However the extent of the contribution is unclear at present due to the low values of indicators/ results achieved so far, following from delays in start-up and implementation of projects. As outlined in this section, a range of external and internal factors have, and may continue to, undermine the process of project implementation of PA4. These internal and external factors need to be reviewed and



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addressed. For example, the duration of time elapsing between design and submission of a proposal and its approval has also been overly long, and may impact on the continued relevance of some projects.

The worsened economic climate has resulted in increased demand for employment services and modernization of the PES nationally is even more essential to meet increased demands with diminished resources. PA4 SOPHRD can provide resources to address the current funding-gap; it is critical therefore that the absorption of this funding is maximised. A strategic approach is however necessary, to ensure that the SOP HRD projects in which NAE and CAE are involved are analysed in a systematic way and thus increase the relevance, efficiency, effectiveness and impact of these instruments in the modernization of the PES.