2. RELEVANCE

2.1 Introduction

The ToR requires that the evaluation establish relevance at a number of levels and in relation to a number of aspects of the SOP HRD. The specific evaluation questions arising in this regard are as follows:

- To what extent are the general and specific objectives established at the level of each Priority Axis of the SOPHRD relevant in the present socio-economic context?

- To what extent are the indicative operations financed by SOPHRD relevant in comparison with the general and specific objectives established at the level of each KAI in SOPHRD?

- To what extent are the eligible activities mentioned in FDI SOPHRD relevant to the indicative operations established at the level of each KAI in SOPHRD?

- To what extent are the SOPHRD and FDI SOPHRD indicators still relevant to the established objectives at the level of each KAI within SOPHRD / FDI SOPHRD?

- To what extent do the SOPHRD financed projects contribute to the achievement of the general and specific objectives of each KAI within SOPHRD / FDI SOPHRD?

Other than the first evaluation question listed above, the remainder refer to the internal dynamic of the SOP HRD itself (to include the Framework Document), to its structure and to the connectedness, coherence and adequacy of the interaction of its component parts (e.g. objectives, eligible activities, indicative operations, indicators and funded projects). The first evaluation question places the SOP HRD in a 'live' or current context and seeks to establish the extent to which planned priorities continue to merit the relative emphasis originally associated with them.

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2.2 Sub-tasks and Questions Associated with the Issue of Relevance

In the sub-sections that follow we deal with each of the Sub-tasks / Evaluation Questions, detailing our approach to the question and our findings. Specific Conclusions and Recommendations in relation to the Relevance criterion are provided at the end of the chapter.

2.2.1 Sub-Task 1.1.1 - To what extent are the general and specific objectives established at the level of each Priority Axis of the SOPHRD relevant to the present socio-economic context?

The approach we took in respect of this sub-task and evaluation question was to establish if changes have occurred in the broader economy, society and the labour market that suggest a need to adapt, re-balance or otherwise revise priorities within the SOP HRD in order to strategically realign those priorities with current and future needs and realities.

This required an analysis of the basis upon which the original allocation of priorities was made (what are the socio-economic indicators that underpin the original priorities) and, in as much as is possible, the drawing out of comparisons between them and similar indicators at macro level in the current context to establish if:

- the existing priorities still hold;
- their relative balance has shifted; and/or
- some of those priorities have become more or less strategically important.

In the sub-sections below we first describe the basis upon which the OP priorities are established and how this impacted on the distribution of available funding. We then identify some of the key socio-economic changes that have occurred since the OP was agreed before setting out our observations regarding the implications of those changes for the ongoing relevance of the priorities as currently constituted.

2.2.1.1 Establishing the Priorities of SOP HRD

The general objective of the SOP HRD is:

"the development of human capital and increasing competitiveness, by linking education and lifelong learning with the labour market and ensuring increased opportunities for future participation on a modern, flexible and inclusive labour market for 1,650,000 people."

(p. 58, English Version)

The specific objectives of the OP are as follows:

- Promoting quality initial and continuous education and training system, including higher education and research;
- Promoting entrepreneurial culture and improving quality and productivity at work;
- Facilitating the insertion of young people into the labour market;
- Developing a modern, flexible, inclusive labour market;
- Promoting (re)-insertion of inactive people in the labour market, including in rural areas;
- Improving public employment services;
- Facilitating access to education and to the labour market for vulnerable groups.

The priorities of the SOP HRD were agreed following consultation amongst a wide range of stakeholders and were drawn up in line with priorities already established under the NDP 2007-2013 and the NSRF as well as other key policy documents referenced above.

The Ex-Ante Evaluation of the SOP HRD found that the OP contained an extensive quantitative analysis of the Romanian labour market, of its educational system and of the position of vulnerable groups in Romanian society. In that regard the OP opens with a 'current situation analysis' that outlines a range of what were considered to be the most important issues facing Romania at that time in terms of the development of its human capital and these include, *inter alia*, decreases in school enrolment, early school leaving, underemployment in rural areas and a low rate of engagement in Continuing Vocational Training[8] (see Annex 4 for an expanded list of issues).

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[8] It is important to note that many of the issues set out in the OP reflect deep structural problems (e.g. poverty, general underperformance and lack of infrastructure in rural areas, early school leaving etc.) that, even assuming optimum performance at SOPHRD level over the period November 2007 to November 2010, will inevitably remain to be addressed over the medium to longer term such is their complexity and intractability.

The OP priorities are underpinned by the situation analysis and also by a SWOT analysis that presents apparent strengths, weaknesses, opportunities and threats in the environment in which the SOP HRD operates. Both of these exercises and the associated analyses were taken into account in establishing the distribution of funding across the various Priority Axes (PAs) and Key Areas of Intervention (KAIs) that comprise the OP. That weighting and the associated distribution of funding is set out in tabular form in Annex 5. The distribution of funding across the PAs as shown in Annex 5 demonstrates that, based on the range of issues outlined in the situation analysis and SWOT analysis upon which the OP is constructed, the following order of priority was decided upon:

PA2: Linking Lifelong Learning and the Labour Market (24.84% of funding)

PA1: Education and Training to Support of the Development of the Knowledge Based Economy (23.37% of funding)

PA6: Promoting Social Inclusion (15.60% of funding)

PA3: Increasing the Adaptability of Workers and Enterprises (13.64% of funding)

PA5: Promoting Active Employment Measures (13.15% of funding)

PA4: Modernising the Public Employment Service (5.56% of funding)

Table 4: Categories of Activities Engaged in by Projects by PA

Category of Activity	PA %						
	PA 1	PA 2	PA 3	PA 4	PA 5	PA 6	Programme Level %
Training	38.3	19.2	68.9	60.0	34.6	34.2	42.6
Education	48,1	27,4	0,0	0,0	0,0	2,6	17,0
Qualification[9]	2,5	27,4	1,9	0,0	21,2	13,2	11,4

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[9] 'Qualification' is distinguished as an activity from Training and/or Education in that it refers specifically to qualifications granted by the National Council for Qualifications and Professional Training of Adults (CNFPA) that indicate an individual's fitness to practice a trade (i.e., similar to the Apprenticeship system).

Category of Activity	PA %						
	PA 1	PA 2	PA 3	PA 4	PA 5	PA 6	Programme Level %
Counselling or Guidance	1,2	12,3	3,9	0,0	15,4	23,7	8,8
Business start-up	0,0	0,0	13,6	0,0	7,7	7,9	6,0
Active Labour Market Programme (e.g. employment scheme)	1,2	0,0	1,0	0,0	17,3	7,9	4,0
Job Sharing	1,2	5,5	0,0	0,0	1,9	0,0	1,7
Job Creation	0,0	0,0	0,0	0,0	0,0	5,3	0,6
Other	7,4	8,2	10,7	40,0	1,9	5,3	8,0

Source: Online survey of SOP HRD beneficiaries of contracted projects

Table 5: Key Target Groups by PA and at OP Level

Target Group	PA %						
	PA 1	PA 2	PA 3	PA 4	PA 5	PA 6	Programme Level %
Employed	15,0	38,9	51,0	40,0	3,8	5,4	28,0
Young people	18,8	26,4	1,0	0,0	3,8	5,4	11,3
Unemployed	0,0	0,0	1,0	0,0	57,7	5,4	9,5
Graduates	23,8	4,2	0,0	0,0	0,0	0,0	6,4
Entrepreneurs	0,0	0,0	15,0	20,0	5,8	2,7	5,8
People with a disability	0,0	2,8	0,0	0,0	0,0	24,3	3,2
Members of an minority ethnic group	0,0	4,2	0,0	0,0	0,0	10,8	2,0
Early School Leavers	0,0	1,4	0,0	0,0	0,0	0,0	0,3
Other	42,5	22,2	32,0	40,0	28,8	45,9	33,5

Source: Online survey of SOP HRD beneficiaries of contracted projects

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The data presented in tables 4 and 5 above, draw on our survey of contracted project beneficiaries and usefully elaborate the type of activities and target groups supported under the programme's priority axes (noting that this type of information is not, as yet, available via the monitoring system). In the first instance (Table 4) we asked those surveyed to categorise the activities engaged in through their project and, as can be seen, the predominant activity overall is training (42.6%) followed by education (17%). Training is a significant activity type across all PAs and encompasses management and staff training in schools, universities, in-company training, training for staff of the PES and training for certain marginalised groups. Education is concentrated under PA1 and PA2 and spans, for example, support for doctoral students activities, enhanced qualifications for school mediators and counsellors as well as enhanced educational inputs for school-going students. What is of particular note is the lack of emphasis on various other categories of activity such as active labour market programmes (4% overall) or job creation (0.6% overall).

Table 5 shows the distribution of emphasis across target groups within the programme. The most significant single target group in that respect is employed people (28.0%) and this tie in with the nature of the emphasis on training shown in Table 4. Young people are targeted in 11.3% of cases and the unemployed in 9.5% of cases across the programme. Graduates are targeted at a rate of 6.4% whereas early school leavers are targeted at a rate of 0.3% across the programme. The emphases in the distribution of activities and target groups suggests that the principal focus of the OP is on the development of the organisational / system capacity to support and engage with end-users of the various services in question ranging from initial engagement with marginalized groups to provision of supports for early school leavers and on to the population in full-time education (at the various levels up to and including doctoral students). In other words, the dominant characteristic appears to involve support for those already in employment and particularly those employed in the state sector with a view to building their capacity to assist the various client groups. What is noteworthy from an ESF perspective is that the targeting and focus of the funding appears to focus less on those who directly experience 'market failure' (e.g., early school leavers, the unemployed and long-term unemployed, people

with disabilities and other marginalised groups) and more on those who work with them i.e., the development of capacity and qualifications is principally targeted at those who are already advantaged in terms of their employment and educational status.

Whereas there is a clear logic in developing the capacity of the education and training system (particularly where that system is considered to be working off a low base) to ensure quality outcomes for the clients of the system, it would appear that there is a relatively minimal degree of provision for the various target groups of the services in question. This is best exemplified in the case of the Public Employment Service (PES), which is the exclusive beneficiary under PA4. The actions planned under PA4 broadly involve the development of staff capability and capacity with a view to enhancing and expanding the range of services available to the unemployed; however, our research (and research undertaken for the contemporaneous *Ad hoc Evaluation of PA4*) shows that almost all of the resources of the PES are deployed in registering and making payments to the unemployed and that very little funding or resources are available with which to provide training or other active labour market measures to the unemployed. Given the current economic and fiscal crisis and the requirement to cut public service numbers and expenditure on foot of IMF loans, we understand through our research and fieldwork that the level of available services is significantly reduced across the board and this raises the question, which we return to later, *whether it would be better to re-direct expenditure in favour of those who are most acutely suffering the consequences of the crisis?*

In the next sub-section we establish some of the key issues that have impacted on the current socio-economic conditions and circumstances in Romania and the extent to which circumstances have changed since the OP was drafted and agreed. This is done with a view to setting up a basis for drawing conclusions as to whether or not there is a case for re-visiting the balance of priorities as currently set out in the programme. Our views in that regard also take on board the results of the fieldwork undertaken for the evaluation and, as such, take on board the views of the many different types of stakeholders engaged with over the course of the evaluation (including,

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for example, trade union and employer representatives, NGO representatives, project promoters and policy makers).

2.2.1.2 A Changed Socio-Economic Context?

It is clearly beyond the scope of this evaluation exercise to undertake a full-scale analysis of the current socio-economic context in Romania. However it is possible to identify key challenges that have emerged or that have been exacerbated since the inception of the SOP HRD in late 2007 and in that regard we present below what we believe to be key issues of relevance in the macro-economic, labour market and education environments.

The crisis in banking and the associated global recession have impacted on economies, societies and individuals across the globe. *Economic Crisis in Europe: Causes, Consequences and Responses* (DG Economic and Financial Affairs, 2009) provides the following, bleak overview of the effects of the crises:

> *"The ongoing recession is thus likely to leave deep and long-lasting traces on economic performance and entail social hardship of many kinds. Job losses can be contained for some time by flexible unemployment benefit arrangements, but eventually the impact of rapidly rising unemployment will be felt, with downturns in housing markets occurring simultaneously affecting (notably highly-indebted) households. The fiscal positions of governments will continue to deteriorate, not only for cyclical reasons, but also in a structural manner as tax bases shrink on a permanent basis and contingent liabilities of governments stemming from bank rescues may materialise. An open question is whether the crisis will weaken the incentives for structural reform and thereby adversely affect potential growth further, or whether it will provide an opportunity to undertake far-reaching policy actions."*

(p. 1)

The global crises have impacted on the socio-economic context in Romania such that many of the trends and assumptions that underpinned the SOP HRD have altered. For example, in the Quarterly Report on Romania from the SYSDEM Correspondent for the European Employment Observatory (Dr. Catalin Ghinararu, March 2010), the correspondent notes that final data for the last quarter of 2009 show what he refers to as "an all-out plunge for the Romanian economy" with a year-on-year decline in growth of 6.6%. The report observes that:

- <u>unemployment</u> continued to increase for the sixteenth successive month reaching 8.2% in January 2010 (based on the national definition) and following an unprecedented 21 successive quarters of falling unemployment - industry and industrial employment have borne the brunt of the losses whereas subsistence agriculture and employment in the public sector held firm, for the moment;

- overall <u>productivity</u> in the economy has declined (notwithstanding stabilisation of salaries for the first time in 24 successive quarters) attributed to the decline of capital inflows.

The ECFIN Autumn 2009 economic forecast for Romania suggests some recovery in domestic demand (late 2009 and 2010) although the associated time-lag will result, it states, in a continuing increase in unemployment and decelerating wage growth. That forecast projects an increase in unemployment from 5.8% in 2008 to about 9% in 2009, followed by a gradual easing to about 8.5% in 2011. Real GDP growth was forecast to turn positive by the first quarter of 2010 leading to a moderate 0.5% real GDP growth rate in 2010, gradually accelerating to 2.5% in 2011.

Of particular note in the context of this evaluation, the DG ECFIN assessment highlights that the external competitiveness of the Romanian economy has been eroded over time due to high wage increases in the economy as a whole driven by wage agreements in the public sector. In addition, the ECFIN assessment refers to growing skill shortages that have put upward pressure on wage rates in the private sector. The report concludes that following the set-back of 2009 Romania faces the challenge of bringing labour productivity growth rates back to pre-recession levels.

The AMIGO Labour Force Survey notes that although the official unemployment rate is not particularly high in comparison to the EU average, the labour market conditions in Romania are particularly challenging. It finds that unemployment is asymmetric and has a particularly significant effect on unskilled workers as well as young and older workers. Data accessed through the Eurostat Structural Indicators database indicates the following:

- GDP: the gap between Romania and the EU average in GDP per capita remains significant - Romania is still less than half of the EU-27 average, similar to Bulgaria, and is the lowest among EU member states;

- Productivity: whereas labour market productivity is improving there is a persistent gap when compared with the EU average – the rate is currently less than half of the EU average and a decreasing trend over the next three years is forecast;

- Unemployment: unemployment is asymmetric with significant effects on particular groups with particular reference to young people, older people working outside agriculture and women.

Table 6 below shows the total employment rate compared to EU 27 and EU 15 for 2005-2008 indicating significant levels of non-engagement with the labour market in Romania.

Table 6: Total Employment Rate 2005-2008 for Romania & EU 27, EU 15

Total Employment Rate 2005-2008 %				
	2005	**2006**	**2007**	**2008**
EU 27	63.5	64.5	65.4	65.9
EU 15	65.4	66.2	66.9	67.3
Romania	57.6	58.8	58.8	59.0

Source: Eurostat

Analysis of NIS and Eurostat data suggests that other important features of the Romanian labour market are as follows: high inactivity rates in general but particularly amongst young people; existence of a large under-employed pool of labour in rural areas; a significant level of unemployment (usually double digits), in small urban mono-industrial localities where traditional industries have collapsed. The Romanian labour market is also characterised by low levels of internal labour mobility, particularly between rural and urban areas. A lack of labour market flexibility and mobility also impacts on spatial and occupational mobility and sustainable job creation, leading to shortages of both skilled and unskilled labour from region to region noting that there is no evidence to suggest that, overall, Romania has labour shortages.

Using the ILO definition, NIS statistics show the highest level of unemployment was registered in 2010 amongst young people (22.2%) and, overall, unemployment was higher for men (8.8%) than for women (7.1%) and higher in urban areas (9.9%) when set against rural areas (5.8%)[10].

The World Bank's Country Partnership Strategy for Romania notes a range of recent economic developments and potential developments consequent on the changed context. In relation to poverty[11], the Bank notes that rapid economic growth over most of this decade has led to a dramatic decline in absolute poverty (to 5.7% in 2008) signifying a fall in the number living in absolute poverty from 2.1 million in 2007 to about 1.2 million in 2008 (although poverty remains concentrated among vulnerable groups, in particular in rural areas where 75% of the poor are found and amongst children, young people and the Roma population). However, as a result of the ongoing crisis the World Bank indicates that gains are at risk with both core and transient poverty expected to increase. The effect may be to partially reverse the important gains in overall poverty reduction derived from past economic growth. Poverty is expected to rise to 7.4% of the population in 2009, and the proportion of children living in absolute poverty is projected to increase from 7.8% in 2008 to 10.7% in 2009.

As noted in the introduction to this section, the situation analysis carried out as part of the exercise to draft the SOP HRD emphasized a range of structural problems, many of them in the education sector (e.g., low rates of participation particularly in rural areas, high rates of early school leaving etc.) and given the deep structural nature of many of these issues and challenges it

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[10] It is necessary to note that the official and ILO quoted rates of unemployment represent an understatement of the level of under-activity / under-employment in Romania where close on 500k people who are not counted amongst the unemployed are in receipt of various allowances from the state and many others are engaged in minimal levels of paid employment, particularly in rural areas where subsistence farming is common.

[11] Two measures of monetary poverty are currently used in Romania: relative and absolute poverty. The relative poverty measure is based on the methodology endorsed by the Laeken European Council in December 2001. This methodology was developed to allow comparable monitoring of member states' progress towards the agreed EU objectives in the fight against poverty and social exclusion. Relative Poverty is defined as a situation in which people do not have sufficient resources to enjoy a generally acceptable living standard in their society and, as such, relative poverty is established where income is 60% or less of median equalized disposable income. The absolute poverty measure is based on a national methodology, developed in 2002 by a team including NIS and Government experts, researchers, and World Bank staff, and it is one of the national indicators included in the Poverty and Social Inclusion Monitoring System in Romania. Absolute poverty refers to persistent poverty and the unavailability of certain basic needs such as food, clothing and medicine.

is clear that they remain on the agenda at this juncture. An Education Policy Note (World Bank, 2007) written at the same time as the OP was drafted stressed that Romania's education system is at a cross-roads and that important changes such as curricular changes, student assessment, teacher training, finance and governance reform need to continue in order to boost education outcomes. The Policy Note also suggests that Romania's entry into the EU will place new demands on the country's human capital, creating new challenges that will also impact on the education system i.e., the development of a labour force with new competencies and skills. To meet these demands the World Bank suggests that Government should:

- increase education efficiency and equity in the context of decentralization by introducing per capita formula financing, optimizing the school network and training education managers;

- increase education quality primarily through better management of human resources;

- create more opportunities for skills renewal and lifelong learning; and

- increase effectiveness by developing a coherent, strategic plan for reform, planning, administration, and governance of the sector.

The report notes that tests designed to compare educational achievement across countries and regions (e.g., Program for International Student Assessment (PISA) and Trends in International Mathematics and Science Study - TIMSS) show that Romania is below OECD and EU averages and that these performance indicators for Romania have been stagnant, while those for other countries in the region, such as Lithuania and Latvia, show improvement. The report notes that;

> *"A high proportion of students do well, but there is substantial polarization in performance: at the high end of test takers scores are very high, but at the low end scores are very low, and there is very little middle ground."*

The Policy Note comments on low rates of enrolment in upper secondary education (only 25% of students from rural areas are enrolled in upper secondary) and states that the scores of rural students fall below those of their urban counterparts – it suggests these disparities may be

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attributable to inequitable and inefficient distribution of resources i.e., high funding disparities between schools within the same jurisdiction.

In an interview with the Minister for Education conducted as part of this evaluation, the Minister referenced many of the same issues. He believes that the current system is inefficient, that the school network is weak and that much of the infrastructure is inadequate. As part of new legislation that the Minister has introduced to Parliament, he hopes to move to what he regards as a more efficient, *per capita* funding system and to shift the focus of the education system towards a competency based curriculum.

The Minister also believes that SOP HRD has a significant amount of potential but that a certain amount of strategic coherence is absent[12]. That said, he noted that SOP HRD can be important in helping to move the education system towards the aspired to competency-based curriculum. Referring to the relationship between the education system and the economy the Minister said that one could take a simple view i.e. increase the investment in education and things would get better. On the other hand one could try to create a strong correlation between education and the market or, as he advocates, one could try to predict or pre-empt the market – a function of central planning. This latter, strategic option is the one that the Minister suggests needs to happen to drive Romania forward. In that regard he identified what he referred to as 'reservoirs of growth' that include, for example:

- Education for young people who don't currently have access; and
- The scientific diasporas – tapping into the very highly qualified diasporas of scientists who are living and working all over the world in cutting edge companies and institutions.

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[12] The Minister referred by way of example to a strategic Curriculum initiative that involved 5 interlinked project applications under SOPHRD. One was transversal looking at the overall curriculum framework, the next three related to curricular reform at kindergarten, primary and second level education respectively and the fifth was another transversal project involving evaluation. The first application was successful but the second and third applications were unsuccessful whereas the fourth was approved and the fifth has recently emerged from the selection and vetting process and is also approved. This raises issues that we return to in relation both to the budget ceiling for applicants (5 m euro being the highest permissible request) and the issue of non-competitive tendering for strategically important projects.

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Finally in this sub-section we refer to the Sixth Report on Romania and the Lisbon Strategy produced by The Group of Applied Economics (GEA). That report points out that the skills with which the education system endows graduates often appear to be out of line with the expectations of employers. In this context they suggest that it is necessary to realign the curricula with the demand for labour (this is a theme that also arose in our fieldwork as referenced below). The report also emphasised the substantial mismatch between the skills of those made redundant in the process of enterprise restructuring and privatisation when set against the current skills needs of the economy and associated demand. In that regard they stress the need for lifelong learning opportunities to meet the rapidly changing sectoral and occupational profile in the economy.

2.2.1.3 The View from the Fieldwork

Throughout our fieldwork we asked those we engaged with if they were aware of new challenges facing Romania and if such challenges had any implications for the current set of priorities as set out in the programme.

Slightly more than 91% of the contracted projects and 86% of the unsuccessful applicants surveyed believe that the OP priorities at PA level are as relevant now as they were when the OP was agreed. Over the course of our engagement with stakeholders (Employer, Trade Union and NGO representatives across the regions) through interview and group-work there was a similar level of confidence in the priorities as set out in the programme although views were expressed as set out below regarding challenges arising, deficiencies that exist and the relative balance of spending within the programme[13].

The principal motifs or themes to emerge from our reading of the interviews with stakeholders in the regions in relation to the changed socio-economic climate, challenges arising and priorities for the future are as follows (see Annex 6 for a detailed list of Employer, Trade Union and NGO views in this regard) - there is a need:

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[13] In addition, many views were expressed concerning the implementation of the programme rather than its content and these issues are addressed in Chapter 3 (Efficiency) and Chapter 4 (Effectiveness) below.

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- for an integrated strategy (at national and regional levels) towards the development of social capital in Romania supported by robust research and real intelligence regarding the labour market;

- for competent and adequately supported, multi-stakeholder structures to support the development of human capital at regional level;

- to ensure greater linkage between training and education and the real needs of the labour market and, in addition, a need to ensure that graduates from the education system are job ready;

- to support the development of an entrepreneurial culture and to support SME's in retaining employees;

- to address unemployment and ensure that the unemployed receive training and other opportunities such as through the social economy;

- to learn from good practice and avoid any 'reinvention of the wheel'.

2.2.1.4 Issues Arising

Taking all of the above into account we revisited the SWOT analysis that was conducted for the OP to establish if the situation had improved, dis-improved or indicated no change in respect of the various strengths, weaknesses, opportunities and threats identified therein (see Annex 7 for reference).

Based on the above indicative outline of the assumptions underpinning the SOP HRD and the subsequent indication of a changed socio-economic context taking into account the views of various stakeholders, we observe the following prior to presenting our conclusions and recommendations at the end of this chapter:

- the crises in banking and the associated recession have had a significant impact on Romania that has resulted in increased unemployment, long-term unemployment[14], rising

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[14] Long-term unemployment has many negative implications for those affected and their families including the risk of poverty and the reproduction of educational disadvantage.

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poverty and serious constraints on the capacity of the state to address these and other issues arising;

- Romania faced many challenges when the SOP HRD was drafted and agreed (e.g. modernising the educational system, privatising the state owned economy, moving towards EU averages in terms of the qualification level of the workforce, addressing extremes in poverty and social exclusion, encouraging more young people to remain at school[15], addressing the high level of engagement in the informal economy etc.) – these challenges still remain (despite certain progress made over the last decade) and are now exacerbated by the economic and banking crises (for example, in terms of rising unemployment, reversal of gains in the reduction of poverty, serious fiscal constraints on government in terms of its capacity to address issues arising etc.) and the unpredictability that is associated with that crisis;

- The labour market situation for certain groups is particularly challenging and would appear to require particular attention – in that regard we highlight apparent skills deficits and rising unemployment amongst young people and emphasise the need to address this phenomenon in order to avoid longer term problems[16].

Specifically, in relation to our (re)-assessment of the components of the SWOT analysis that informed the priorities set out in the SOP HRD we note the following in relation to Key Strengths:

- there has been no change in respect of many of the strengths originally identified through the SWOT, although this analysis primarily refers to components where the existence of

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[15] The European Youth Forum report of 2007 noted the consequences of ESL for young people include unemployment, shorter life expectancy and the lower likelihood of 'active citizenship'. The study also found that pregnancy, crime, violence, alcohol and drug abuse and suicide are significantly higher amongst early school leavers (GHK, 2007). Psacharopoulos (2007) identified the fiscal costs of early school leaving (or in his preferred term school failure) as lower tax revenues, higher unemployment and welfare payments, higher public health expenditures, higher police expenditure and higher criminal justice expenditure.

[16] In *What should be done about rising unemployment in the OECD*? (Bell & Blanchflower, 2009) the authors demonstrate that young people have been hardest hit by unemployment in every OECD country (unemployment amongst under-25s in the EU27 running at 19.7%) and other groups such as those with the lowest level skills as well as minorities and immigrants are also badly hit by unemployment. They stress the need to seriously address youth unemployment as it tends to have ongoing effects on those who experience it, including further periods of unemployment, relatively bad health, relatively lower wages and low job satisfaction.

certain policies are identified, *de facto*, as strengths (e.g., Regional and LAPs for TVET development, RAPs for Employment & Social Exclusion or Regional and Local Pacts for Employment & Social Inclusion) and makes no reference to the extent to which these have been successfully or otherwise implemented or progressed;

- we can identify one strength that has 'improved' due to the passage of time (i.e. progress towards the completion of privatisation of the state owned economy[17]) although again without reference to the potential consequences (unemployment, poverty, social exclusion) that may accompany such developments in the absence of an effective and structured response to the reintegration and up-skilling of redundant workers, particularly in the new labour market context;

- there are identifiable dis-improvements in a number of what were originally identified as key strengths – these refer to the overall macro-economic situation where macro-economic stability is threatened, FDI (foreign direct investments) inflows have slowed and the general attractiveness of the Romanian economy due to sustained economic growth and accession is clearly no longer the case.

There has been little significant change in the opportunities open to Romania as identified in the SWOT (e.g., the structural funds continue to offer investment opportunities and it is still possible to apply learning from pre-accession programmes) although this does not take into account the extent to which these opportunities have been acted upon[18]. Based on our analysis there has been a dis-improvement in the prospects for one of the opportunities identified in the SWOT (i.e., increased internal demand for products and services) in the current socio-economic context although we also note an improvement in the rate of participation at third level.

Many of the weaknesses identified in the SWOT remain unchanged although in certain instances we note a dis-improvement in critical areas such as, for example, in relation to: the development

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[17] e.g. the two major privatizations were taken over by Ford Motor Company and Automobile Craiova and the majority of SC Electrica Muntenia capital was taken over by ENEL

[18] However, the results of this evaluation and other Interim Evaluations currently being conducted should throw some light on the extent to which this type of opportunity has been grasped.

of the PES and the quality of services provided, especially with regard to VET[19]; high levels of participation in agriculture, particularly subsistence agriculture – if anything many people who have been made redundant in rural areas have returned to the land (ref. *Ad hoc evaluation of KAI 5.2*); and the high level of youth unemployment and LTU especially in rural areas has increased given the effects of the crisis.

Many of the threats identified in the original SWOT also remain unchanged although some have worsened such as the intensification of poverty and, given cuts in public service salaries, the likely increase in the unattractiveness of teaching as a career path for many graduates with inevitable effects on the quality of education provided.

Notwithstanding the fact that it is clear that many changes have occurred in the environment in which the OP is implemented (as briefly outlined above) it is also necessary, for balance, to look forward to establish if there are positive trends that can also be taken into account. However, one of the principal issues arising here concerns the level of volatility in the environment and the difficulties that inevitably arise in that regard - any projections must therefore be viewed in that light.

Table 7: Romania: Selected Economic and Social Indicators, 2007–11

	2007	2008	2009	2010		2011
				Prog.	Proj.	Proj.
Output and prices	(Annual percentage change)					
Real GDP	6.3	7.3	-7.1	1.3	-0.5	3.6
Domestic demand	14.6	9.9	-14.0	0.1	-1.5	2.6
Net exports (contribution)	-16.7	-2.6	16.1	1.1	1.4	0.4
Consumer price index (CPI, average)	4.8	7.8	5.6	3.9	6.6	5.2
Consumer price index (CPI, end of period)	6.6	6.3	4.7	3.2	7.9	3.0
Unemployment rate (average)	4.3	4.0	6.3	7.9	8.9	8.4
Nominal wages	22.6	23.6	8.4	4.4	4.3	6.2
Saving and Investment	(In percent of GDP)					

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[19] Cutbacks in public expenditure have resulted in a contraction in the services provided by the PES – most of the available resources are concentrated on registering the unemployed and making relevant payments to them (ref. Ad hoc evaluation of PA4)

	2007	2008	2009	2010		2011
				Prog.	Proj.	Proj.
Gross domestic investment	31.0	31.3	25.1	30.7	24.8	25.2
Gross national savings	17.6	19.7	20.6	25.2	19.8	20.2
General government finances	(In percent of GDP)					
Revenue	32.3	32.2	31.8	31.3	32.6	32.6
Expenditure	35.4	37.0	39.2	37.3	39.4	37.0
Fiscal balance	-3.1	-4.8	-7.4	-5.9	-6.8	-4.4
Privatization proceeds	0.1	0.1	0.0	0.0	0.0	0.0
External financing	0.1	0.4	2.9	3.7	4.6	0.8
Domestic financing	2.9	4.3	4.5	2.2	2.2	3.6
Structural fiscal balance 1/	-4.3	-6.9	-5.4	-2.4	-3.3	-1.2
Gross public debt (direct debt only)	17.5	19.5	28.2	31.5	33.9	35.7
	(In percent of GDP)					
Foreign direct investment balance	5.7	6.7	3.8	4.1	4.1	4.2
International investment position	-40.1	-51.8	-68.3	-53.6	-62.5	-60.2
Gross official reserves	23.0	20.2	26.6	30.5	31.7	31.3
Gross external debt	47.0	52.6	65.7	68.3	69.0	64.3
Nominal GDP (in bn RON)	416.0	514.7	491.3	538.9	510.4	553.9

Source: IMF

The latest IMF projections for Romania across key indicators are set out in Table 7 above. The IMF commentators[20] note that "before the crisis, the Romanian economy was characterized by high growth rates, associated with the build-up of external and internal imbalances. Large capital inflows stimulated domestic demand, while labour constraints and rising public sector wages generated wage inflation. Fiscal policy was pro-cyclical, exacerbating the overheating of the economy despite tight monetary policy to counteract price pressures". They note that economic activity remained weak throughout 2009 (declining by 7.1%) "while for 2010 as a whole growth is forecast to be slightly negative, a gradual recovery is expected in the second half of the year. Domestic demand will remain subdued, as underlined unemployment continues to rise and real wages adjust to the recession with a lag, while investment will pick up slowly". In the same note, the Executive Directors agree with the thrust of the expert appraisal and commend the Romanian

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[20] Public Information Notice (PIN) No. 10/97, July 23, 2010

authorities with regard to the "significant strides (taken) toward restoring macroeconomic stability and achieving an orderly adjustment of pre-crisis imbalances". They note important challenges ahead and welcome the approval of the fiscal responsibility legislation and encourage the authorities to go ahead with planned reductions in the level of public employment, reform of the healthcare system and of the local government finances, and efforts to boost tax collections. They also emphasize that structural reforms in other areas, such as labour and product markets, are also crucial in building the economy's competitiveness and resilience.

As such, the medium term outlook is challenging on a number of fronts although it is notable that the IMF identifies labour market reform as one of the key aspects in building the economy's competitiveness and this clearly has ongoing implications for the development of human capital in Romania.

2.2.2 Sub-Task 1.1.2

To what extent are the indicative operations financed by SOPHRD relevant in comparison with the general and specific objectives established at the level of each KAI in SOPHRD?

Our approach to this sub-task involved a coherence check of the indicative operations (IOs) set out in the FDI SOPHRD for each KAI i.e., the operations described in the FDI for each KAI were assessed regarding their capacity to contribute to the "main operational objectives" as also described for each KAI. This was completed based on a documentary analysis of the programming documentation and complemented by the views and opinions of stakeholders and, in particular, project promoters as gathered through interviews, focus group sessions and surveys conducted over the course of the evaluation.

2.2.2.1 Findings

In our online surveys we asked both contracted projects and unsuccessful applicants a series of questions regarding the IOs set out in the programming documentation. Relevant responses are set out in Tables 8 and 9 below:

Table 8: Views of Contracted Promoters by PA Regarding Indicative Operations

Views of Contracted Promoters by PA Regarding Indicative Operations %							
	PA 1	**PA 2**	**PA 3**	**PA 4**	**PA 5**	**PA 6**	**Total % at Programme Level**
Did the list of IOs as set out in the programming documentation provide you with a useful guide when writing your project application?							
Yes	93.4	95.7	97.9	100.0	91.7	100.0	95.8
No	6.6	4.3	2.1	0.0	8.3	0.0	4.2
Was the list of IOs comprehensive enough for you to fully describe what you planned to do to contribute towards meeting your objectives as part of the applications process?							
Yes	88.2	90.9	89.1	100.0	87.2	97.1	90.0
No	11.8	9.1	10.9	0.0	12.8	2.9	10.0
Was the list of IOs comprehensive enough to allow you to fully describe what you planned to do to meet the objectives of your project as you had originally envisaged it?							
Yes	82.2	86.7	87.8	100.0	87.2	91.4	86.7
No	17.8	13.3	12.2	0.0	12.8	8.6	13.3

Table 9: Views of Unsuccessful Applicants by PA Regarding Indicative Operations

Views of Unsuccessful Applicants by PA Regarding Indicative Operations		
	Number	**%**
Did the list of IOs as set out in the programming documentation provide you with a useful guide when writing your project application?		
Yes	59	85,5
No	10	14,5
Was the list of IOs comprehensive enough for you to fully describe what you planned to do to contribute towards meeting your objectives as part of the applications process?		
Yes	48	73,8
No	17	26,2
Was the list of IOs comprehensive enough to allow you to fully describe what you planned to do to meet the objectives of your project as you had originally envisaged it?		
Yes	44	69,8
No	19	30,2

As is evident from the results above, the IOs did not generally present difficulties for applicants

(contracted projects or otherwise) and, in fact, were deemed to be of assistance to them in developing their applications. In that regard the IOs appear to have adequately defined operational objectives and to have met the capacity of the applicants to develop or frame their project proposals. However, what is notable is that, whereas both sets of respondents are fairly unanimous in their understanding of the utility of the IOs as a guide to writing an application they are somewhat less than unanimous in their views regarding the extent to which the IOs facilitated them in fully describing what they had originally envisaged for their project. This suggests that the IOs placed some level of restriction on the applicants in terms of broadly defining the type of operations they wished to engage in. That said, the IOs and their relationship with operational objectives did not arise as a problematic issue in any of other engagement with stakeholders over the course of the evaluation.

Our desk-based review of the IOs and their relationship to the main operational objectives at KAI level broadly confirms this adequacy and the ongoing relevance of the IOs. In that regard we make a number of observations as follows.

- The IOs are 'indicative' in nature, designed to guide applicants regarding the broad types or categories of activities that may be engaged in in pursuit of the main operational objectives. As such, they are broadly defined and leave scope for interpretation.

- Furthermore, the IOs (unlike, for example, the Eligible Activities that are addressed in the next sub-section) are not subject to the vagaries of the ongoing financial monitoring and control system (as discussed later in this report) and engagement with them at the application stage does not have any significant down-the-line implications for project promoters that are ultimately successful in their application for funding.

Table 10: Indicative Operations and Objectives: KAI 1.1

Overall Objective: PA1			
"Development of flexible lifelong learning pathways and increasing the access to education and training by delivering modern quality initial and continuous education, including higher education and research."			
SOPHRD		**FDI SOPHRD**	
Specific Objectives	**Indicative operations**	**Main Operational Objectives**	**Indicative operations**
Improving the quality assurance system in pre-university education and initial VET systems by supporting schools in management and capacity to provide relevant qualifications for the labour market;	Developing and implementing tools and mechanisms to improve the pre-university education, including innovative and transnational actions, support for providers and staff development;	Improving and restructuring pre-university education system, including the staff development and promoting innovation	Developing and implementing tools and mechanisms to improve the pre-university education, including innovative and trans-national actions, support for providers and staff development
Improving the quality assurance system in higher education by supporting universities in management and capacity to provide relevant qualifications;	Developing and implementing quality assurance system in pre-university education, including staff development and innovative actions;	Improving the school's and initial VET providers' management and their capacity to provide relevant qualifications according to the labour market needs	Developing and implementing a quality assurance system in pre-university education, including staff development and innovative actions
Improving the teachers' and trainers' qualifications and of other categories of human resources in education and training by supporting their initial and continuous training	Supporting the development of guidance and counselling in order to increase educational performances and progression rate;	Developing mechanisms and tools for ensuring the access to quality education, as well as key and professional competencies for all	Support for the development of guidance and counselling in order to increase educational performance and transition rates towards higher education levels
Increasing the quality assurance in CVT by supporting CVT providers for developing quality assurance and management system;	Supporting the development and diversification of education and initial VET supply	Developing guidance and counselling school mediation, alternative services and tools supporting an increased participation and an advanced educational attainment	Support for the development and diversification of education and initial VET supply
Supporting better knowledge and competences of young researchers by doctoral and postdoctoral programmes	Support for innovation and for developing tools and mechanisms to improve access to education and initial VET for all;	Promoting entrepreneurial culture and active citizenship education process	Support for innovation and development of tools and mechanisms to improve access to education and initial VET for all

Overall Objective: PA1			
"Development of flexible lifelong learning pathways and increasing the access to education and training by delivering modern quality initial and continuous education, including higher education and research."			
SOPHRD		**FDI SOPHRD**	
Specific Objectives	**Indicative operations**	**Main Operational Objectives**	**Indicative operations**
	Support for development of education for entrepreneurship and active citizenship		Support for development of education for entrepreneurship and active citizenship

Table 10 outlines the IOs and associated Objectives for KAI 1.1 by way of illustration. The broad definition and scope of the IOs is apparent throughout. The first operational objective ("*Improving and restructuring the pre-university education system, including staff development and promoting innovation*") is to be realized through the following IOs as set out in the OP and in the FDI SOPHRD:

- *Developing and implementing tools and mechanisms to improve pre-university education, including innovative and trans-national actions, support for providers and staff development;*

- *Developing and implementing a quality assurance system in pre-university education, including staff development and innovative actions.*

Both of the IOs explicitly mirror the operational objective in terms of its primary target (Pre-University Education System) and those who work with and within it (providers and staff) and both are non-prescriptive regarding how the objective is to be achieved i.e., it is possible to envisage any number of 'tools and mechanisms' that might improve the system and the phrase 'innovative actions' in the second IO inherently defies categorization.

In other instances the indicators for the types of operations in question are explicitly linked to expected 'standards' such as under KAI 1.4 where the operational objective (*Developing and implementing the quality assurance systems in CVT*) is associated with an IO that envisages

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linkage to an EU-standard (*Implementing of quality assurance and management systems in CVT at system and provider level according to the European Framework for Quality Assurance*).

The IOs throughout the programme predominantly reflect the characteristics outlined above in respect of KAI 1.1. This is, our course, appropriate in that it leaves the field open to subject matter experts and project managers to devise appropriate responses to the objectives based on their expertise. In general the IOs, as confirmed through our surveys, do not impede the development of quality proposals. On the contrary their openness leaves the way open for innovative responses from the relevant players in the environment and ensures their relevance in the context of SOPHRD.

That said, in limited instances we note issues concerning the extent to which certain IOs assist in 'realising' the operational objectives, A list of the IOs in question and associated comment is set out in Annex 8. We also note that over the course of the evaluation we were informed that under KAI 6.1 (Developing the Social Economy) there was significant confusion amongst promoters due to the general lack of definition of the 'social economy' concept in the Romanian context, and, in that regard, the IOs did not assist in providing further definition. On the other hand we have been informed that the Directorate for Social Inclusion at the Ministry of Labour, Family and Social Protection that a Framework document has been drafted regarding the operation of the Social Economy in Romania that will provide greater levels of clarity in the future.

2.2.3 Sub-Task 1.1.3

To what extent are the eligible activities mentioned in FDI SOPHRD relevant to the indicative operations established at the level of each KAI in SOPHRD?

Our approach here was to compare the eligible activities (EAs) and the indicative operations (IOs) regarding the completeness of the stated EAs and the degree to which they match what is actually to be done under each indicative operation.

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2.2.3.1 Findings

In our online surveys we asked both contracted promoters and unsuccessful applicants a series of questions regarding the EAs set out in the programming documentation. Relevant responses are set out in Tables 11 and 12 below:

Table 11: Responses of Contracted Project Promoters to Survey Questions Relating to Eligible Activities, by PA

Responses of Contracted Project Promoters by PA %							
	PA 1	**PA 2**	**PA 3**	**PA 4**	**PA 5**	**PA 6**	**Total % All PAs**
Did the list of eligible activities as set out in the programming documentation provide you with a useful guide when writing your project application?							
Yes	96.1	98.5	95.8	80.0	90.0	100.0	95.8
No	3,9	1,5	4,2	20,0	10,0	0,0	4,2
Was the list of eligible activities comprehensive enough to allow you to fully describe what you wanted to do under the indicative operations relevant to your project?							
Yes	79.2	80.0	83.0	100.0	88.2	87.9	83.1
No	20,8	20,0	17,0	0.0	11.8	12.1	16.9
Did the list of eligible activities in any way restrict you in the types of activities you would ideally have liked to have engaged in with a view to achieving the aims of your project?							
Yes	25.7	18.0	12.5	0.0	6.5	17.1	16.2
No	74.3	82.0	87.5	100.0	93.5	82.9	83.8

Table 12: Responses of Unsuccessful Applicants to Survey Questions relating to Eligible Activities

Views of Unsuccessful Applicants on Eligible Activities		
	Number	**%**
Did the list of EAs as set out in the programming documentation provide you with a useful guide when writing your project application?		
Yes	60	89,6
No	7	10,4

Views of Unsuccessful Applicants on Eligible Activities		
	Number	**%**
Total	67	100
Was the list of EAs comprehensive enough to allow you to fully describe what you wanted to do under the IOs relevant to your project?		
Yes	45	68,2
No	21	31,8
Total	66	100
Did the list of EAs in any way restrict you in the types of activities you would ideally have liked to have engaged in with a view to achieving the aims of your project?		
Yes	17	27,9
No	44	72,1
Total	61	100

As is evident from the results above, the EAs provided a useful guide to almost all respondents. However, for about 17% of contracted project respondents the list of EAs was not considered to be comprehensive enough to allow them to fully describe what they wanted to do under the IOs relevant to their project (noting disparities across the PAs where, for example, no such issues arose in respect of PA4 whereas in the case of PA1 almost 21% of respondents said the list of EAs was not comprehensive enough in this regard). Within the group of unsuccessful applicants the corresponding view is held by almost 32% of respondents. Some 16% of contracted project promoters said that the EAs restricted them in the types of activities they would have liked to engage in ranging from no restriction in the case of PA4 to restrictions for almost 26% of respondents under PA1. The EAs presented a similar barrier to almost 28% of respondents from the unsuccessful applicants responding to this question. We return to this issue below.

Our desk review of the EAs and their relationship to the main IOs at KAI level broadly confirms the relevance of the EAs listed in the programming documentation. The Table in Annex 9 uses KAI 2.2 (*Preventing and Correcting Early School Leaving*) by way of example.

As shown in Annex 9, the list of EAs is extensive for KAI 2.2 and a similar exercise is repeated in the programming documentation for each of the 19 KAI across PAs 1 to 6. However there are significant differences in the number of EAs presented for each KAI. For example whereas for KAI 2.1 there is a limited number of activities listed and those that are listed are quite specific, for KA2.2 there are many, less specific activities listed. The reason for this type of variation is unclear (although it may be related to the drafting process and stylistic differences amongst the contributions by agencies and others to the text of the OP itself).

Notwithstanding the fact that, a majority of respondents to our surveys noted that the lists of EAs were helpful to them, a number of issues arise regarding the EAs and their relationship to the IOs. First, unlike the lists of IOs in the programming documentation, the lists of EAs are not presented as 'indicative'. As such, the list of EAs has a different status within the programme and this causes a number of problems as set out below.

First, because the list is 'absolute' rather than indicative, applicants are forced to select EAs from the list itself. Despite the fact that the list of EAs is extensive it cannot claim to be exhaustive, particularly given the range and complexity of the OP and the associated complexity of human resource development measures more generally. This can potentially restrict innovation as applicants must seek to meet their project objectives within the context of a pre-defined set resulting in a possible 'top-down' limiting of 'bottom-up' initiative in a context where the applicants, being closest to the target groups, are best placed to identify needs and appropriate responses.

Second, and again because of the 'absolute' rather than indicative status of the list, the selection of EAs from within a closed set ties the ultimately successful promoters into a pre-defined and constraining set of activities that are then tied into the financial control function through their association with 'eligible cost'. During the focus group sessions, contracted projects promoters explained that many of the problems they face with the audit and control functions associated with the programme are derived from the manner in which eligible costs are associated with eligible activities and the interpretation placed upon them in that regard. The control function

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tends to work on an absolute basis and, as such, eligible costs are deemed to be those associated with pre-defined eligible activities. We encountered this issue first hand when we approached promoters and asked them to attend focus group sessions as part of the fieldwork for this evaluation. Some of them were reluctant to do so because there was no eligible activity listed in their project plan that envisages this type of engagement. As such, they were concerned that any costs they may have incurred in attending a focus group session (e.g., travel costs) would not be recoupable through their project (and this despite the fact that the MA had provided us with a letter to indicate that such costs would be deemed eligible).

Finally, because eligible activities and associated costs are defined on an 'absolute' basis and are so tightly controlled, they require very heavy administrative input on the part of the project promoters and programme managers at all levels. This can and does result in delays in the reimbursement process as eligibility is closely scrutinised and checked not in terms of broad categories of activities but in terms of individual items on an item by item basis. This can result in cash flow difficulties for the promoters (as they wait for the finalisation of the reimbursement process), to delays in establishing expenditure at programme level and, as such, knock-on effects from an N+2 perspective.

As such, our view of the relationship between EAs and IOs is that whereas the extensive lists of EAs are broadly relevant to the IOs (in a literal sense), the manner in which they are detailed lends little to the overall coherence of the programme. While the extensive listing of eligible activities may assist project promoters in understanding the flexibility and elasticity of the concept of eligibility from an ESF perspective, the fact that there is no discernible categorisation of the eligible activities means that, from a monitoring and reporting perspective, there is little added value associated with them in terms of programme management .

We understand that project promoters who are new to the ESF may be concerned about what exactly they can and cannot do with the funding and in that case we see potential merit in the communication of lists of eligible activities through brochures and other materials, possibly even through an Annex to the FDI on an indicative basis. However, from a programming and overall

coherence perspective it is our view that the extensive listing of EAs as it currently stands may act as a distraction to project promoters who should in the first instance be focused on identifying needs and linking those needs to the general and specific goals of the programme rather than focusing on specific activities that appear to 'fit' within the framework. As noted above, the ESF is a very flexible labour market instrument that can accommodate a wide range of activities once the purpose of those activities (as articulated through project goals and objectives) is aligned with the programming goals.

Also, in so far as we can determine to date, there is no capture, monitoring or recording of the eligible activities in which projects are engaged and this is probably related at least to some degree to the fact that the list is so extensive. In that regard the eligible activities as currently stated are redundant from a programme management perspective.

In our view, greater levels of overall coherence can be achieved through the presentation of eligible activities under category headings that have 'meaning' and that add value to reporting, monitoring and evaluation. Any given project will engage in eligible activities under a number of possible headings such as, for example: Training; Guidance; Publicity & Communication; Transnational Activities; Curriculum Development and so on. Within these categories there are many potentially eligible activities. Taking the Publicity & Communication category as an example, there are many possible activities that can be engaged in to include production of brochures, developing a website, holding events, developing logos, newspaper advertisements and so on. The key thing in terms of programme and project management is that activities under this umbrella heading are deemed to be eligible and that promoters are made aware of that fact. The specificities of those activities, including the amounts to be spent, value to be achieved or balance of expenditure within that category against overall project budget follow on and are subject to the aims and objectives of the individual projects, assuming the projects are contributing in the first instance to the aims and objectives of the programme itself on the basis of their strategic intent (rather than a list of activities).

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The issue of strategic coherence is a theme or motif throughout the evaluation that is commented on in the final chapter of this report. At this stage we note that an over-elaboration of and focus on administrative and other technicalities as in the case of eligible activities can effectively impede strategic focus at all levels of implementation in the programme.

2.2.4 Sub-Task 1.1.4

To what extent are the SOPHRD and FDI SOPHRD indicators still relevant to the established objectives at the level of each KAI within SOPHRD /FDI SOPHRD?

2.2.4.1 Introduction

To determine the ongoing relevance (to include an assessment of adequacy and appropriateness) of the SOPHRD and FDI SOPHRD indicators against the established objectives we have taken into consideration the definitions of goals and objectives as per the OP and the FDI for each PA and KAI to see if these are sufficiently operationalised through the indicators to allow for coherent and meaningful reporting on the programme. We have also taken into account the findings of the Ex-Ante Evaluation of the Programme (Panteia, 2007) and a contemporaneous draft report conducted for ACIS (Analysis Report of the Indicators System[21]) as well as the views expressed by the range of stakeholders engaged with through interview, group work and survey for the purposes of this evaluation[22].

We note, in advance, the connection between this sub-task and sub-task 1.3.3, which seeks to establish the adequacy and effectiveness of the monitoring system and, as such, is intrinsically linked to the issue of indicators and in that regard we also refer to our findings here in response to that sub-task.

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[21] The analysis carried out in that report aimed to identify indicators that do not measure a specific objective and to identify objectives that cannot be measured due to a lack of appropriate indicators.

[22] A brief summary of the overall rationale for the indicator system is provided at Annex 7.

The seven specific objectives of the OP (see Chapter 2 above) are operationalised through the Priority Axes of the SOPHRD (PA 1 through 6[23]) each of which has an overall objective that is supported in SOPHRD by *specific objectives* and further operationalised in FDI SOPHRD with what are termed *main operational objectives* that are presented at the level of the KAI. There are two levels of indicator to be taken into account[24]: *programme indicators* are associated with the specific indicators set out in SOPHRD; and *additional* indicators that are associated with the main operational objectives as set out in FDI SOPHRD. In addition, at each level of indicator there are two types, namely, *output* and *result* indicators[25].

2.2.4.2 Findings

Before getting into the specifics of the adequacy of the indicators for SOPHRD we note, for context, that the Ex-Ante Evaluation of SOPHRD (*ibid*.) found that the programme level indicators were, in the main, considered to be SMART[26]. The Ex-Ante also notes that because the indicators refer largely to activities that will be initiated under the OP, there are almost no baseline figures provided. The Ex-Ante recommends, *inter alia*, the inclusion of impact and contextual indicators to facilitate monitoring and evaluation although none of these are provided in the programming documentation.

We also reference, for context, some of the overarching comments of the draft Analysis Report of the Indicators System referenced above in relation to SOPHRD. The report states that no definition is provided for the SOPHRD indicators and references the fact that the FDI SOPHRD has changed on an ongoing basis (a sixth version has recently issued) and that this makes for instability in the determination and calculation of certain indicators and also adds to the existing complexity of the programme. The report states that the most significant problem in relation to

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[23] A further PA (PA7) deals with TA available to support the management and administration of the OP.

[24] There is a third type of indicator at play in the programme i.e., self-defined indicators. In completing an application for funding, the prospective applicant may nominate or define his/her own indicators. These, by definition, cannot be aggregated and as such have no added value in the context of programme monitoring and are commented on below.

[25] Context and impact indicators are not provided although the OP does present an overall analysis of context in relation to the priority headings under which it is constructed.

[26] Specific, Measureable, Achievable, Realistic and Timely.

all programmes supported under the NSRF, including SOPHRD, arises in respect of indicators reported as 'weights' or those associated with 'sampling' suggesting that these are essentially inactive because no-one knows how to collect them. In that regard the report finds that many of the output and result indicators lack relevance.

Table 13 below usefully associates the number and type of programme level indicators for the PAs under SOPHRD and clearly illustrates the complete absence of impact indicators associated with the programme. We have also slightly adapted the table to show (in brackets in the final column) the proportionate spread in the number of indicators to allow for a more direct comparison with the proportionate spread of funding under the various PAs.

Table 13: Financial allocation on axes and distribution of programme indicators on categories, SOPHRD

Financial Allocation by PA and Associated Indicators					
Funds (Mil. Euro)	**Indicator Categories**				**Total**
	Input	Achievement	Result	Impact	
Axis 1: 1.002 (23%)	0	7	6	0	13 (17.8%)
Axis 2: 1.053 (25%)	0	6	4	0	10 (13.7%)
Axis 3: 578 (14%)	0	8	4	0	12 (16.4%)
Axis 4: 235 (5%)	0	3	4	0	7 (9.6%)
Axis 5: 558 (13%)	0	4	6	0	10 (13.7%)
Axis 6: 661 (16%)	0	9	7	0	16 (22.0%)
Axis 7: 163 (4%)	0	5	0	0	5 (6.8%)
Total funds: 4.253	0	42	31	0	73

Source: „Funding Matrix per K.A.I./Measure and Operation NSRF ROMANIA 2007-2013, Version 2, ACIS, Bucharest, 28.10.2009; ACIS documents

For the purposes of this evaluation we reviewed the relevance of all of the available indicators in the light of the various levels of objectives set out in the programming documentation. In that regard we found the majority of the output and result indicators to be of continued relevance

(exceptions to this finding are discussed separately below). The majority of the indicators, particularly the output indicators, are simple and SMART and are typical of the types of indicator associated with HRD programmes across the European Union. As simple counting mechanisms (e.g. numbers of people participating, numbers of people qualifying etc.) they provide the basic building blocks for monitoring and evaluation.

Notwithstanding this overall finding that the existing indicators are, broadly speaking, SMART and relevant, a number of issues arise as to the overall adequacy of the indicator system for SOP HRD and these are also referenced later in this section of the report and in the conclusions presented at the end of the chapter.

Table 14: Views of Contracted Promoters Regarding Indicators by PA

Views of Contracted Promoters Regarding Indicators by PA %						
	PA 1	PA 2	PA 3	PA 4	PA 5	PA 6	Total % within Priority Axis
How well do you understand the indicator system for the KAI under which you made a successful application for funding?						
Very Well	50.0	33.8	37.0	20.0	31.8	21.6	36.7
Adequately	42,3	63,2	48,9	80.0	59.1	62.2	53.7
Not Very Well	7,7	2,9	14.1	0,0	9,1	16.2	9,6
Does your project's monitoring system generate data that adequately responds to the relevant programme or KAI level indicators?						
Yes	92,6	98,4	93.8	100,0	97,5	96,9	95,5
No	7,4	1,6	6,3	0,0	2,5	3,1	4.5
Did you define your own, non-programme level indicators as part of the application process?						
Yes	72.6	60.6	68.7	80.0	70.0	76.5	69.1
No	27,4	39.4	31.3	20.0	30,0	23,5	30,9
Does your project's monitoring system generate data that adequately responds to indicators you defined yourself as part of the application process?						
Yes	90,0	100,0	100,0	100,0	100,0	92,0	96,3
No	10.0	0.0	0.0	0.0	0.0	8.0	3.7
In your view, what is the most important type of indicator?						

Views of Contracted Promoters Regarding Indicators by PA %							
	PA 1	**PA 2**	**PA 3**	**PA 4**	**PA 5**	**PA 6**	**Total % within Priority Axis**
Programme Level (as defined through the Action web)	91,2	89,1	90,7	100,0	92,7	79,4	89,6
Self-defined	7,4	9,4	9,3	0,0	4,9	20,6	9,4
Neither	1,5	1,6	0,0	0,0	2,4	0,0	1,0

Note: In the survey of unsuccessful applicants, 84% of respondents said they understood the indicator system at least adequately.

The majority (c.90%) of respondents to the online survey of contracted promoters indicated that they understood the indicators system at least adequately and the vast majority (c.96%) said the monitoring system they operated at project level generated data to meet the requirements of the monitoring system overall. Interestingly some 69% confirmed that they defined their own indicators (as permitted) under the application system and we comment on this below and in later sections referring both to application and to monitoring. That said, the majority (c.90%) said that they believed that programme level indicators were the most important indicator type.

Notwithstanding this generally positive response from the project promoters, several issues arise regarding the indicators in a general sense. The first refers to the apparent lack of capacity of promoters to both understand/interpret and respond to indicators that refer to weightings or proportions (e.g., share of supported schools supported etc.). This issue was referenced by the MA and by the IBs during our engagement with them and is also referenced in the central report on indicators referenced above. A second issue involves the requirement for separate reporting on various indicators across grant and strategic type projects. Based on our research for this evaluation and as addressed elsewhere in this report, there is little substantive difference (other

than size of budget, territorial reach and duration[27]) between the two types of project and, as such, reporting on them separately seems to be somewhat redundant (as does the general distinction made between them at all levels of the programme – see later chapters).

We also found that that in certain instances there was inadequate coverage of the priorities and objectives in question and that, in general, the manner in which it is proposed to capture data regarding the ultimate beneficiary (participant) is inadequate and minimalist. Taking this last point first, in many cases the indicator is written as per the following example:

KAI 1.4, Quality in CVT (Additional Indicator) – Number of trained staff, including sectoral committees (one indicator) out of which, women (a second indicator).

What this denotes is that, in this instance, the breakdown of male and female participants will be reported; the corollary is that, where this is not explicitly stated in association with other indicators, that breakdown will not be reported. This is clearly out of line with good practice across the EU and out of keeping with the horizontal principles / objectives espoused within the OP (e.g. equal opportunities, anti-discrimination etc.). In good practice reporting on all human resource interventions a full breakdown of the participant / beneficiaries should be provided as a matter of course. This data should be captured and reported systematically and, as such, we make recommendations below in this regard that have knock-on implications for the ongoing functioning of the monitoring system[28].

Taking the above overarching observations as given, Table 15 below presents in concise form where we understand there to be specific issues arising regarding the relevance, definition or coverage of the output and result indicators where such issues arise at KAI level:

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[27] In fact, in our survey of contracted projects, the majority of respondents said that the key distinguishing factor between strategic and grant projects is that they operate across the boundaries of at least two counties.

[28] In that regard we note that in Annex 11 of the Applicant Guide, a template is provided for the detailing of al relevant data; however, the information captured through that template is not systematically captured through the system in electronic format and not, consequently, reported back through the monitoring system in place.

Table 15: Issues of Relevance, Definition and Coverage Regarding the Indicators for Specific KAI

Issues of Relevance, Definition and Coverage Regarding the Indicators for Specific KAI	
PA1	*Issues Arising*
KAI 1.1	No indicator relating specifically to the promotion of entrepreneurial culture & active citizenship (coverage).
KAI 1.2	No indicator relating specifically to enhanced networking and co-operation amongst higher education institutions, the business community & research centres (coverage)
KAI 1.3	No issues arising.
KAI 1.4	No indicator specifically relating to supporting the life-cycle approach in education and training (coverage)
KAI 1.5	Whereas fairly standard 'head' count indicators are provided here (no. doctoral students, no. papers published) there are no indicators provided to measure quality or the degree of linked-ness to business development. So, for example, an indicator that captured the number of papers published in leading international peer reviewed journals would be more meaningful and appropriate, in our view, than a simple count of papers published (quality and adequacy)
PA2	*Issues Arising*
KAI 2.1	No issues arising.
KAI 2.2	In this instance the target groups named in the objectives are not specified in the indicators – this refers back to the general point made above regarding the need to elaborate the reporting of participants in all interventions across gender, age, minority ethnic status and so on. It is also the case here that no quality or progression related aspects are articulated (quality and coverage)
KAI 2.3	No issues arising.
PA3	*Issues Arising*
KAI 3.1	No result indicators listed whatsoever suggesting no quality assurance measurement of entrepreneurial training (noting that, as in all other cases, there are no impact indicators measuring actual success which in this case would be in the form of business start-ups, rates of business survival etc.) – (adequacy and coverage)
KAI 3.2	No specific reference to health and safety in the indicators even though this is emphasised in the operational objective 9coverage)..
KAI 3.3	No issues arising.
PA4	*Issues Arising*

Issues of Relevance, Definition and Coverage Regarding the Indicators for Specific KAI	
PA1	*Issues Arising*
KAI 4.1	No indicator referring to the objective to improve the PES forecasting capacity on labour market trends (coverage).[29]
KAI 4.2	No issues arising.
PA5	*Issues Arising*
KAI 5.1	No indicator specifically referring to the objective to promote long-term sustainability of rural areas in HRD and employment (coverage).
KAI 5.2	No issues arising. It is worth noting that one of the programme level result indicators under KAI 5.2 ("*Rate of certified participants from rural areas in integrated programmes getting a job*") is the first indicator to stretch the measurement of achievement beyond participation in training or acquisition of certification.
PA6	*Issues Arising*
KAI 6.1	No particular issues arising on the face of it although, as referenced under the section above on Indicative Operations, there appears to be a certain lack of clarity regarding the social economy concept and practice in Romanian legislation. The reference to 'social service professionals' in one of the additional output indicators may also be confusing as the social service spectrum is clearly much broader than and different to the social economy *per se*.
KAI 6.2	No issues arising
KAI 6.3	Whereas the KAI refers to the promotion of equal opportunities the objectives narrow this to a concentration on women with some reference to vulnerable groups. The indicators refer almost exclusively to women and not to the broader equal opportunities issue and do not reference vulnerable groups whatsoever. Reference in the objectives to domestic violence, sexual harassment and human trafficking is not reflected in the indicators (coverage and adequacy).
KAI 6.4	The objective (an inclusive labour market) is not captured in the indicators, which tend instead to focus on counting programmes and partnerships established – that activity in and of itself is no guarantee or measure of a more inclusive labour market (adequacy and coverage).

As noted above, promoters are invited at application stage to define a limited number of their own indicators. From a programme management perspective this makes no sense as such

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[29] It is notable that in our interviews with stakeholders throughout the regions the lack of 'intelligence' regarding the labour market and associated trends in the market was a recurring theme.

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indicators, by definition, is not amenable to aggregation and therefore can have no connection to the overall strategic intent of the programme.

However relevant the existing indicators are and notwithstanding the issues we have raised regarding their adequacy as they stand, the more significant issue in relation to the indicator system as a whole is the complete absence of impact indicators or indicators of outcome[30]. We note that it is typically more difficult to capture outcome/impact indicators; however, that is no argument for inaction on this front. A range of indicators could and should have been defined to capture the down-the-line effects of the investment. For example, the heavy investment in doctoral students is currently reported on in simple terms that measure, for example, the number of students and the number of papers produced (noting that the quality of such papers is only minimally 'tested' in the indicators). There is no attempt to measure the degree to which the relevant research met the needs of the various sectors identified in the programming documentation (e.g., ICT, health, agriculture, food security, biotechnologies etc.), the number of new businesses developed based on innovations emerging from research and so on. We return to the issues arising in the indicators system at the end of this chapter.

2.2.5 Sub-Task 1.1.5

To what extent the SOPHRD financed projects are contributing to the achievement of the general and specific objectives of each KAI within SOPHRD /FDI SOPHRD?

2.2.5.1 Introduction

Assuming the effective functioning of the evaluation / selection system for SOPHRD, all contracted projects should, in principle, be capable of contributing to the objectives of the KAI under which they are funded. It follows that in order to objectively demonstrate that projects are, in operational terms, contributing to meeting relevant objectives it is necessary to have a fully coherent and systematic set of monitoring data based on a dedicated and coherent monitoring

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[30] Project promoters also commented on the absence of impact indicators during our engagement with them at the focus group sessions. A number of participants referenced what they saw as a deficit in the monitoring of the programme.

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system. However, as already detailed above, the nature of the monitoring system at work under SOPHRD does not provide such a coherent and systematic set of data making it impossible to fully respond to this evaluation question.

In the absence of that data set we have worked with and analysed the available data at the various levels of the system with a view to developing an understanding and overview of the system, verifying the type of data that is reported vis-à-vis relevant regulations and also identifying and commenting on certain technical issues that arise. This has allowed us to arrive at grounded conclusions regarding the monitoring system and to develop specific recommendations towards an enhanced system that are presented at the end of this chapter.

2.2.5.2 Findings

We received a consolidated table updated to 23.04.2010 with data from technical reports delivered by beneficiaries in the context of requests for re-imbursement from the MA Programme Monitoring Unit. The data contained therein are mainly output figures in absolute numbers by categories of target recipients (target group members). The main purpose of these data is to provide the necessary input to the Annual Implementation Report (AIR) according to Annex XXIII of COMMISSION REGULATION (EC) No 1828/2006 (Implementing Regulation).

We can confirm that there is a match between the categories under which data is collected and the requirements of Annex XXIII. However, we also found that with regard to the principle of annualised reporting there are some critical constraints due to the organisation of the underlying reporting procedure as follows:

- The technical reports are directly linked to the requests for re-imbursement to be submitted by the beneficiaries and these are primarily related to their cash-flow needs;[31]

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[31] There is also a requirement for a first request for re-imbursement to be submitted within 6 months after the finalisation of contract.

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- As a result, it is not guaranteed that, for example, relevant data is available for the calendar year for reporting purposes (i.e, the data covers the period up to the reimbursement request initiated by individual projects and does not therefore refer to a pre-defined period);

- As such, it is not possible to provide (for a pre-defined reporting period) a comprehensive picture of the state of play of implementation by input, output or result that takes into account the level of activity and expenditure of all contracted projects. This is also partly due to the fact that relevant information is not necessarily registered in electronic format although it may be available in paper format within the system.

Based on these observations and our findings as reported elsewhere in this report regarding the efficiency and effectiveness of the monitoring and reporting system it is our view that it may be appropriate to establish a second strain of obligatory reporting that is not triggered by the case by case needs of project promoters based on the project calendar but strictly linked to overall reporting needs at programme level. To do this it would be necessary to clearly define the periods in question in terms of start and cut-off date and also a need for a clear deadline for submission taking into consideration the adequate buffer time that would be needed for plausibility and other checks as necessary. We return to this issue in the conclusions section below[32].

Regarding the available data itself we note a number of issues. First, there is no clear and coherent assignment of activities to geographical target areas. The relevant field in Action Web is an open text field where multiple entries are possible i.e, there is no pre-defined system of drop-down lists. As a consequence the original entries are often unstructured and do not necessarily link with or match other information available on a project basis such as the region type (national, multi-regional, regional, local) or the area type (there are more than 40,000

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[32] At this point it is useful to note that much of the information required for standard and systematic monitoring purposes is already collected by the projects at project level. The issue in question here does not reside in the reporting capacity of the projects but on programme management and related systems, processes and competencies. In that regard we note, as above, that the MA is in the process of developing an MIS that should allow for more regular and systematic monitoring.

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regional units of various kinds assigned to nearly 6,000 applications). Due to the non-standardised entries (including different spellings in Romanian or Latin characters and also locations listed outside Romania) it is still difficult to collate data at NUTS level within Romania or to clearly identify projects associated with either urban or rural areas of Romania.

It is also the case that certain projects have a national or multi-regional scope and in those cases it is not possible to precisely place activities in order to compare, for example, the implementation of training activities under the programme with the scale of potential demand amongst, say, unemployed people across counties or regions.

As previously noted, a particular feature of the reporting system is the freedom it provides to beneficiaries to allow them to self-define up to five additional indicators for output and five additional indicators for results. As these are non-standardised it is not possible to aggregate the data in any meaningful way. This type of indicator is not subject to monitoring at programme level and is not, therefore, part of any systematic analysis. It is apparent, therefore, that self-defined indicators serve no programmatic function. However, and regardless of this fact, they are reported on in the materials presented as part of the current reimbursement / monitoring process providing another example of redundant administrative complexity in the system.

Regarding the coherence of reporting on outputs we observed some system-based weaknesses noting that these are also recognised by and known to the responsible officers in charge of compiling and consolidating relevant reports at MA level. These weaknesses refer to conceptual as well as to technical issues as follows:

1. Typically, reports should be cumulative i.e. building over time from the start of activities onwards. In certain instances we noted that reporting was approached as a DELTA-based exercise (i.e., the current report delivering positive figures only if there was an increase since the previous report thereby marking incremental change rather than cumulative value);

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2. There appears to be some lack of clarity regarding what kind of data is to be entered. For example, the parallel use of absolute and relative figures (percentages) for identically labelled indicators raises the issue of either simplifying indicator sets (when relative figures can be calculated from the absolute figures) or providing more and better guidance to beneficiaries.

Table 16: Contracted Projects by KAI & Type Associated with Output Data (to 23 April 2010)

	Contracts (signed **before 01.01.2010**)			out of these: Projects with output data			Coverage rates of output data compared to contracts by number of contracts /projects and financial parameters		
KAI	No.	Total Cost	Eligible Cost	No.	Total Cost	Eligible Cost	VI/III	VII/IV	VIII/V
II	III	IV	V	VI	VII	VIII	VI/III	VII/IV	VIII/V
1.1	23	251.773.812	248.414.404	1	4.890.928	4.401.835	4,3%	1,9%	1,8%
1.2	16	166.277.900	166.213.570	2	18.534.247	18.529.917	12,5%	11,1%	11,1%
1.3	31	220.221.900	217.874.701	1	10.976.778	10.976.778	3,2%	5,0%	5,0%
1.4	13	98.995.068	98.453.034	1	545.315	545.315	7,7%	0,6%	0,6%
1.5	33	286.996.465	283.553.790	17	170.888.212	169.763.855	51,5%	59,5%	59,9%
2.1	45	114.315.936	111.295.650	6	32.861.676	32.841.676	13,3%	28,7%	29,5%
2.2	20	112.651.537	111.951.970				0,0%	0,0%	0,0%
2.3	36	108.414.101	105.847.675	7	7.515.498	7.491.288	19,4%	6,9%	7,1%
3.1	47	183.395.690	178.827.460	18	112.156.173	109.445.175	38,3%	61,2%	61,2%
3.2	75	231.928.975	229.780.287	25	25.043.646	24.509.393	33,3%	10,8%	10,7%
3.3	41	158.239.067	156.309.985	8	13.683.875	13.399.898	19,5%	8,6%	8,6%
4.1	11	73.165.708	69.600.874	3	20.051.799	19.464.356	27,3%	27,4%	28,0%
4.2	7	70.112.239	67.570.642	2	19.658.340	19.318.879	28,6%	28,0%	28,6%
5.1	29	65.370.930	64.651.159	5	6.568.886	6.412.734	17,2%	10,0%	9,9%
5.2	35	154.513.641	150.410.480	5	17.659.633	17.212.939	14,3%	11,4%	11,4%
6.1	27	180.756.043	176.283.759	5	31.937.122	31.325.079	18,5%	17,7%	17,8%
6.2	14	131.096.030	127.929.156	1	2.501.464	2.501.464	7,1%	1,9%	2,0%
6.3	16	176.352.945	174.735.740	3	26.197.913	26.197.913	18,8%	14,9%	15,0%
6.4	1	1.727.528	1.727.528				0,0%	0,0%	0,0%
TOTAL	**520**	**2.786.305.513**	**2.741.431.863**	**110**	**521.671.504**	**514.338.493**	**21,2%**	**18,7%**	**18,8%**

Table 16 shows that reporting on output data up to 23rd April 2010 is available for 21.2% of all projects contracted before January 1st 2010. The projects reporting and whose reports have been assimilated into the system to that date (23/04/10) was representative of almost 19% of eligible costs associated with projects contracted before January 1st 2010. Behind these overall figures certain KAI, most notably 1.5, 3.1 and 3.2, are operating at a more advanced level.

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In addition to the output table counting participants by target group (total and female) and updated to 23.04.2010 (Table 16 above) we also received another set of data updated to 30.06.2010. This table contained KAI-specific indicators defining targets and achievements for each project based on the OP or FDI indicators (input, output and result). Unusually, the updated table contains no data in respect of certain KAI whereas the earlier table had at least some information in respect of almost all KAI. The MA also informed us that during 2010 it has introduced new reporting requirements for projects that include the detailing of entry and exist dates for participants. Furthermore and as previously referenced, a new MIS system is being developed that will create an electronic link between project level reporting and programme level reporting and will act as an interface between programme level reporting and the SMIS system. At the time of finalising this evaluation report (April 2011) the MA informed us that 80% of data is now centralised and contains, for example, data on participant start and exit dates. Clearly this will make a significant improvement on the monitoring and reporting practices that pertained over the period covered by this evaluation of SOPHRD (i.e, to end-2009).

Table 17: Contracted Projects by KAI & Type Associated with Output Data (to end-June 2010)

Project Type	KAI	No.	Total Cost	Eligible Cost	KAI	No.	Total Cost	V	II	III
			Contracts (signed before 01.01.2010)			**Out of these in centralisation table of indicators**			**Coverage rates of indicator tables compared to contracts by number of contracts /projects and financial parameters**	
I	**II**	**III**	**IV**	**V**	**II**	**III**	**IV**	**V**	**II**	**III**
Grant	1.1	9	14.310.604	14.307.937	9	14.310.604	14.307.937	100,0%	100,0%	100,0%
Grant	1.2	6	6.211.549	6.147.219	6	6.211.549	6.147.219	100,0%	100,0%	100,0%
Grant	1.3	16	26.712.591	26.671.380	14	23.033.740	22.992.529	87,5%	86,2%	86,2%
Grant	1.4	5	5.890.393	5.860.621	5	5.890.393	5.860.621	100,0%	100,0%	100,0%
Grant	1.5	6	9.604.399	9.461.109	6	9.604.399	9.461.109	100,0%	100,0%	100,0%
Grant	2.1	36	40.855.172	39.787.683	36	40.855.172	39.787.683	100,0%	100,0%	100,0%
Grant	2.2	11	14.207.705	13.610.048	10	13.589.661	12.992.004	90,9%	95,6%	95,5%
Grant	2.3	28	31.301.799	30.778.127	28	31.301.799	30.778.127	100,0%	100,0%	100,0%
Grant	3.1	34	43.207.905	42.020.392	23	27.233.451	26.516.101	67,6%	63,0%	63,1%
Grant	3.2	62	73.091.466	71.351.817	46	52.202.588	50.977.491	74,2%	71,4%	71,4%
Grant	3.3	25	39.093.113	38.409.737				0,0%	0,0%	0,0%
Grant	4.1	5	4.889.024	4.727.751	5	4.889.024	4.727.751	100,0%	100,0%	100,0%
Grant	4.2	3	3.647.259	3.348.885	3	3.647.259	3.348.885	100,0%	100,0%	100,0%
Grant	5.1	27	34.263.527	33.721.186	21	26.472.904	25.978.402	77,8%	77,3%	77,0%
Grant	5.2	22	25.602.994	24.903.083				0,0%	0,0%	0,0%
Grant	6.1	11	14.475.214	13.774.832				0,0%	0,0%	0,0%
Grant	6.4	1	1.727.528	1.727.528				0,0%	0,0%	0,0%
Strategic	1.1	14	237.463.208	234.106.467	14	237.463.208	234.106.467	100,0%	100,0%	100,0%
Strategic	1.2	10	160.066.351	160.066.351	10	160.066.351	160.066.351	100,0%	100,0%	100,0%
Strategic	1.3	15	193.509.309	191.203.320	15	193.509.309	191.203.320	100,0%	100,0%	100,0%
Strategic	1.4	8	93.104.675	92.592.413	8	93.104.675	92.592.413	100,0%	100,0%	100,0%
Strategic	1.5	27	277.392.066	274.092.681	27	277.392.066	274.092.681	100,0%	100,0%	100,0%
Strategic	2.1	9	73.460.764	71.507.967	9	73.460.764	71.507.967	100,0%	100,0%	100,0%
Strategic	2.2	9	98.443.832	98.341.922	9	98.443.832	98.341.922	100,0%	100,0%	100,0%
Strategic	2.3	8	77.112.302	75.069.548	7	61.299.255	59.256.501	87,5%	79,5%	78,9%
Strategic	3.1	13	140.187.785	136.807.068	2	30.992.704	30.752.544	15,4%	22,1%	22,5%
Strategic	3.2	13	158.837.509	158.428.470				0,0%	0,0%	0,0%
Strategic	3.3	16	119.145.954	117.900.249				0,0%	0,0%	0,0%
Strategic	4.1	6	68.276.684	64.873.123	6	68.276.684	64.873.123	100,0%	100,0%	100,0%
Strategic	4.2	4	66.464.980	64.221.757	4	66.464.980	64.221.757	100,0%	100,0%	100,0%
Strategic	5.1	2	31.107.403	30.929.973	1	12.618.410	12.618.410	50,0%	40,6%	40,8%
Strategic	5.2	13	128.910.648	125.507.397				0,0%	0,0%	0,0%
Strategic	6.1	16	166.280.829	162.508.927				0,0%	0,0%	0,0%
Strategic	6.2	14	131.096.030	127.929.156				0,0%	0,0%	0,0%
Strategic	6.3	16	176.352.945	174.735.740				0,0%	0,0%	0,0%
Strategic	6.4									
TOTAL		**520**	**2.786.305.513**	**2.741.431.863**	**324**	**1.632.334.780**	**1.607.509.315**	**62,3%**	**58,6%**	**58,6%**

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Table 18: Contracted Projects by KAI Associated with Output Data (to end-June 2010)

	Contracted before 01.01.2010			Out of these in centralisation table of indicators			Coverage rates of indicator tables compared to contracts by number of contracts /projects and financial parameters		
KAI	No.	Total Cost	Eligible Cost	No.	Total Cost	Eligible Cost			
II	III	IV	V	VI	VII	VIII	VI/III	VII/IV	VIII/V
1.1	23	251.773.812	248.414.404	23	251.773.812	248.414.404	100,0%	100,0%	100,0%
1.2	16	166.277.900	166.213.570	16	166.277.900	166.213.570	100,0%	100,0%	100,0%
1.3	31	220.221.900	217.874.701	29	216.543.049	214.195.850	93,5%	98,3%	98,3%
1.4	13	98.995.068	98.453.034	13	98.995.068	98.453.034	100,0%	100,0%	100,0%
1.5	33	286.996.465	283.553.790	33	286.996.465	283.553.790	100,0%	100,0%	100,0%
2.1	45	114.315.936	111.295.650	45	114.315.936	111.295.650	100,0%	100,0%	100,0%
2.2	20	112.651.537	111.951.970	19	112.033.493	111.333.926	95,0%	99,5%	99,4%
2.3	36	108.414.101	105.847.675	35	92.601.054	90.034.628	97,2%	85,4%	85,1%
3.1	47	183.395.690	178.827.460	25	58.226.155	57.268.645	53,2%	31,7%	32,0%
3.2	75	231.928.975	229.780.287	46	52.202.588	50.977.491	61,3%	22,5%	22,2%
3.3	41	158.239.067	156.309.985				0,0%	0,0%	0,0%
4.1	11	73.165.708	69.600.874	11	73.165.708	69.600.874	100,0%	100,0%	100,0%
4.2	7	70.112.239	67.570.642	7	70.112.239	67.570.642	100,0%	100,0%	100,0%
5.1	29	65.370.930	64.651.159	22	39.091.314	38.596.812	75,9%	59,8%	59,7%
5.2	35	154.513.641	150.410.480				0,0%	0,0%	0,0%
6.1	27	180.756.043	176.283.759				0,0%	0,0%	0,0%
6.2	14	131.096.030	127.929.156				0,0%	0,0%	0,0%
6.3	16	176.352.945	174.735.740				0,0%	0,0%	0,0%
6.4	1	1.727.528	1.727.528				0,0%	0,0%	0,0%
Total	520	2.786.305.513	2.741.431.863	324	1.632.334.780	1.607.509.315	62,3%	58,6%	58,6%

Table 19: Contracted Projects by Type Associated with Output Data (to end-June 2010)

Project Type	KAI	No.	Total Cost	Eligible Cost	No.	Total Cost	Eligible Cost	Coverage rates of indicator tables compared to contracts by number of contracts /projects and financial parameters		
I	II	III	IV	V	VI	VII	VIII	VI/III	VII/V	VIII/V
Grant	All	307	389.092.241	380.609.336	212	259.242.543	253.875.860	69,1%	66,6%	66,7%
Strategic	All	213	2.397.213.272	2.360.822.527	112	1.373.092.237	1.353.633.455	52,6%	57,3%	57,3%
TOTAL		520	2.786.305.513	2.741.431.863	324	1.632.334.780	1.607.509.315	62,3%	58,6%	58,6%

The tables above compare some of the basic figures of the projects included in the output calculation and the total population of relevant contracts falling in the same period of data – i.e. these represent all output data received up to 30th June 2010 and filtered to projects with contracts signed up to end-2009.

The overall coverage is around 60% but with high variation according to KAI. Differences between KAI may reflect the efficiency in management of financial control rather than real output delivery as technical reports are checked only subsequent to the finalisation of financial control procedure. As such it is highly likely that the data reported are lagging significantly behind real implementation progress (again raising the issue of a working monitoring system designed to provide as near to real-time information to programme managers).

In respect of KAI 3.1 and KAI 3.2 only aggregate figures (no project-specific figures) were provided and therefore we cannot show type of project and we cannot be certain that all reported figures refer to projects contracted before 2010. There is no indicator information provided at all to end-June 2010 in respect of KAI 3.3, 5.2, or 6.1 to 6.4 (inclusive).

What is of particular importance to note here is that whereas the OP has defined indicators and targets, each approved project is responsible only for reporting on its own indicators and achieving its own targets. As such, the performance of a given project or set thereof can only be measured against project-based aims and objectives, indicators and targets. It is the responsibility of programme managers to ensure that the sum of the selected projects meets the programme objectives. If the sum of the selected projects does not meet the intended OP target in any given area, even if each project meets its targets, then the issues arising are associated with deficiencies in programme design and/or management. On the other hand, if the individual projects do not meet their own targets and these results in a failure to meet overall OP targets then the performance of the projects themselves comes into question.

However, in order to identify trends and address areas of non-performance it is necessary to have a systematic and functioning monitoring system. As we note elsewhere in this report, work needs

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to be undertaken to improve the programme level monitoring system operating under SOP HRD (noting that at the time of writing the MA is pursuing this issue through the development of an MIS and through other initiatives). In the system design, monitoring is subservient and linked to financial control. In that regard and regardless of the reporting capacities of projects, the monitoring system does not provide ongoing real-time intelligence regarding progress and trends. For balance, we note that all of the data required to put an effective monitoring system in place is collected (e.g. detail on the characteristics of participants, breakdown of costs and so on) and in that regard we believe that it would not be a particularly daunting task (for any of the stakeholders) to introduce a more effective system.

2.3 Conclusions and Recommendations: Relevance

In this section we present the specific Conclusions and Recommendations that we have arrived at in respect of the questions under the Relevance criterion. The Conclusions and Recommendations are set out in tabular format. We also indicate the 'Target' for the recommendations made (i.e, the institution or organisation responsible for implementing the recommendation) and the timeframe (Short, Medium, Long) within which implementation of recommended change should take place. Generally speaking recommendations that are to be implemented in the short –term should be implemented within three months of the finalisation of the report. Recommendations for the medium-term should be implemented within six to nine months of the finalisation of the report and Recommendations for the long-term should be implemented within a year although, in certain instances, the 'longer-term' reaches into a two to three year timeframe (e.g. where there are recommendations that build towards the next programming period).

Table 20: Conclusions and Recommendations – Relevance Criterion[33]

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
	1	*The Priority Axes (PAs) continue to be relevant in the current and ongoing contexts*. They are broadly defined and are in tune with broad policy at EU level regarding the development of human capital and these priorities maintain their significance in the current environment noting that the current environment is radically changed from the environment that pertained when the OP was agreed.	N/a		
	2	Whereas the SOPHRD identifies a wide range of issues that impact on Romania's human capital development and associates funding/spending with these issues, *the OP lacks a core, targeted strategy (e.g., where exactly will Romania be positioned as a result of the investment) and this makes it difficult to engage with the relative merits in the balancing of the priorities as initially set out*.	N/a		
	3a	The environment within which the SOPHRD now operates has changed significantly since the OP was agreed (November 2007) and is likely to remain challenging over the medium term at least. In that regard *the relative balance of the priorities set out in the OP are outdated and need to be addressed*.			

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[33] The table below and the following presenting Conclusions and Recommendations, we included also the "target" for the recommendations (i.e., institution or organization responsible for implementing the recommendation) and time (short, medium, long) in which should implement the recommended changes. Generally, the recommendations to be implemented in the short term implementation involve a range of up to three months after completion of the report. Medium-term recommendations should be implemented in six to nine months to complete the report and recommendations on long term should be implemented within one year, although in some cases, the "long term" can extends even every two to three years (for example, if the recommendations refer to the next programming period).

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
1.1.1	3b	*Any re-balancing of priorities should reflect established needs as well as areas in which market failure is most acute and where maximum added value is most likely*. In that regard the key human capital related challenges facing Romania stretch across the education and training systems and across all age groups. Key target groups include: young people; older people; the unemployed, under-employed and long-term unemployed; early school leavers; other marginalised groups and those most exposed to poverty and deprivation (e.g. people with disabilities, the Roma);	Conduct a review of the relative balance of priorities and associated funding across the PAs based on up to date labour market information and intelligence taking into account the needs of key target groups and the need for a greater quality and quantum of supports and provision in that regard.	MASOPHRD, Monitoring Committee SOPHRD	L
	4	The existing focus of the priorities under SOPHRD is to build system capacity through investment in employees, organisations and systems so that they can better serve the needs of the various target groups. Whereas there was and is merit in this approach we conclude that *the requirements of the key target groups in terms of direct provision are now greater than ever and, in that respect, it is time to test the investment in quality to date through enhanced, accelerated and increased direct provision in support of the target groups most in need of assistance*. In order to ensure ongoing relevance of the investment (and to build towards ensuring relevance of priorities in the next planning period) *we further conclude there is a need for*:			
	4a	*a cross-sectoral, integrated strategy* (at national and regional levels) for the development of human capital in Romania supported by robust research and real intelligence regarding labour market needs;	Produce a high level strategy towards the development of human capital in Romania.	MoLFSP, MASOPHRD, MoERYS, Social Partners	L

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
	4b	*competent and adequately supported, multi-stakeholder structures* to support the development of human capital at regional level;	Develop and resource regionally based, multi-stakeholder structures to support the development of human capital in Romania i.e, structures involving state, employer, trades unions and NGO organisations based in the regions and who can advise the MA, IBs and other relevant organisations regarding the economic and employment realities in the regions, associated needs and opportunities.	MoLFSP, MASOPHRD, MoERYS, MoRDT, Social Partners	L
	4c	to ensure greater linkage between training and education and the real needs of the labour market and, in addition, a need to ensure that graduates from the education system are job/work ready – i.e., a need for *labour market forecasting and skills strategies and appropriately linked provision*;	Develop regular, professional and evidence-based labour market forecasting at national and regional levels to guide education and training investment and thereby enhance the return on investment.	MoLFSP, MASOPHRD,	L
	5a	*The Indicative Operations (IOs) are broadly relevant to the general and specific objectives of the programme* and they are composed in a manner that reflects the objectives they serve (e.g. they generally mirror the objectives).	N/a		
	5b	The IOs are 'indicative' in nature, designed to guide applicants regarding the broad types or categories of activities that may be engaged in in pursuit of the main operational objectives. As such, *the IOs are broadly defined and leave scope for interpretation*.	N/a		
1.1.2	5c	The *IOs provide applicants with useful guidance regarding the types of operations they may engage in* with a view to ensuring that they worked in line with programme objectives.			

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Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
1.1.3	6	At a literal level, *the EAs are relevant to the indicative operations*.	N/a		
	7	However, we also conclude that *it is unhelpful and, from an administrative / management perspective, overly-complex to include such long listsof EAs in the programming documentation* as, in our view, such lists: simply cannot cover all possibilities and eventualities; they encourage promoters to 'fish' for eligible activities rather than work from their own expertise; can stifle innovation by claiming to be comprehensive and thereby undermining or second guessing expertise 'in the field'; are inevitably tied into financial control through their association with eligible costs and cause needless down-the-line problems for promoters and the system alike.	Eligible Activities should be subject to the monitoring system (ref. Conclusion 14 below re Monitoring System) and should be reported on under category headings (e.g., Staff costs, Administration, Travel and Subsistence, Training, Transnationality etc.)	MASOPHRD	M
			For the next planning period, remove lists of eligible activities from the core programming documentation and break the 'absolute' link that has been established for control purposes between eligible activities and eligible expenditure.	MASOPHRD	L

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
1.1.4	8	In direct response to the question asked we conclude that, *broadly speaking, the indicators continue to be relevant to the established objectives of the programme at KAI level*. The output indicators in particular are SMART and provide the basic 'counting blocks' for programme monitoring and evaluation noting however that the practice of reporting participants *en masse* or with reference only to gender is inadequate in the light of the horizontal objectives of the programme and generally accepted good practice (we note that data is collected across all of the horizontal objectives but is not adequately collated, analysed and reported on at programme level);	Using the dedicated monitoring system recommended below (ref. conclusion 14) there should be full, dis-aggregated (e.g., age, gender, educational status, disability, ethnic background etc.) reporting to the Monitoring Committee on output and result indicators across the programme.	MASOPHRD, IBs SOPHRD	M
	9	*Certain of the result indicators*, particularly those that refer to percentages or proportions of a given population, are ill-defined and *can be confusing for project promoters* who have no influence over the denominator (i.e., the overall target population in question);	Review the existing output and result indicator system to remove ambiguity and unnecessary duplication and to ensure that project promoters are being asked to report and respond on indicators that are meaningful from their perspective.	MASOPHRD	M
	10	*The practice of permitting project promoters to self-define indicators is counter to systematic reporting* and to the aggregation of outputs and results with a view to ensuring effective project and programme monitoring.	Discontinue the practice of permitting promoters to self-define indicators.	MASOPHRD	S
	11	However, on a more fundamental level we conclude that *the absence of impact indicators renders the indicator system as a whole inadequate and means that there is no opportunity to assess what may be defined as the basic effects of the significant investment in question* in terms of employment accessed following education/training, employment created, businesses started, business saved and so on.	Ensure that relevant staff are adequately trained in the design and development of indicators and associated systems to ensure that a robust and integrated system of indicators - to include impact indicators - is designed for the next programming period.	MASOPHRD	L

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Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
1.1.5	12	*The contracted projects are, in general, reporting as required under each of the KAI* and there is a match between what they report and the categories and the requirements of the Annex XXIII – as such, the projects are contributing to the general and specific objectives of the programme.	N/a		
	13	The indicator tables of input, output, and result demonstrate that *it is not always appropriate to break down indicators defined at OP or Priority /KAI level directly into a project related indicator*.	Review the existing output and result indicator system to remove ambiguity and unnecessary duplication and to ensure that project promoters are being asked to report and respond on indicators that are meaningful from their perspective.	MASOPHRD	M
	14	*Because the monitoring system in place is tied into financial control on the basis of reimbursement requests it is less than optimum* and this impedes the analysis of monitoring returns and impedes the potential to effectively evaluate output.	Establish a dedicated monitoring system that is separate from the reimbursement process and that provides the MA and the Monitoring Committee for SOPHRD with accurate, ongoing information on performance.	MASOPHRD, IBs SOPHRD	M

3. EFFICIENCY

3.1 Sub-task 1.2

To what extent is the SOP HRD implementation system efficient at the level of the MA and the IBs (including an analysis of project appraisal and selection processes, the contracting process, SOP HRD monitoring and financial management system plus the current and forecasted financial status in order to evaluate the level of fulfilment of the "n+2" and "n+3" rules and an analysis of the way in which the monitoring system provides the necessary and relevant data for the evaluation results at programme level[34])?

3.1.1 Introduction

The exploration of efficiency involves only one sub-task although it is a large and complex task that involves an analysis of aspects of the process, system and financial management practice involved in the management and administration of the SOPHRD. In order to engage with this complex evaluation criterion we have layered our methodological approach to include: appraisal of the relevant literature and other materials (e.g., FDI, Applicant Guides, Application Form and Application System - Action Web); building and analysis of a programme database; ongoing interaction with the MA; interviews with the IBs; a survey of all contracted projects; a survey of a sample of unsuccessful applicants; and focus group sessions with a sample of contracted strategic and grant type projects in each of the eight development regions.

In response to the particular components of the question set out above we first present a brief description of the application, appraisal / selection and contracting processes, followed by a quantification of the outputs of those processes (as drawn from the database we constructed for the evaluation). We then present an indication of the time taken to complete each step of the process (drawn from our survey of contracted projects) before addressing the monitoring and financial management system and the "n+2" / "n+3" issue.

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[34] We note that this last item (monitoring system and programme level evaluation) is already addressed under the relevance heading and is further elaborated on under the effectiveness heading.

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We note in advance that it will not be possible to deliver any absolute measurement of efficiency as there is no baseline against which to measure the current exercise. In that regard it is important to contextualise the evaluation of efficiency of the system (and, subsequently, its efficacy) against the fact that the management and administration of structural funds and programmes of expenditure of this magnitude and degree of complexity is a new venture for the relevant authorities, notwithstanding experience that was gained under PHARE and other programmes. In that regard we emphasise the developmental thrust of the evaluation of SOPHRD and note that whereas the focus of the evaluation is on the period to end-2009, a number of changes to the system have and continue to be made with a view to continuous improvement. In particular we note that during 2011 efforts are being made to enhance the monitoring system through the introduction of a dedicated ESF Management Information System (MIS) that is intended to be complementary to the centralised (ACIS) SMIS system that is in place for the structural funds as a whole. The MIS will, when operational, allow beneficiaries to input data according to the requirements of Annex XXIII and should, as such, enhance monitoring, reporting and forecasting capability. We also note that, particularly at MA level, the required number of staff projected to deliver on its function was never fully in place and that, for various reasons, the MA took on additional responsibilities over the course of 2009 that further stretched the available resources[35]. Furthermore the MA has procured external assistance to speed up processes as, for example, in the case of the contracting function where a legal firm has been hired.

That said, in the context of the reference period for the evaluation (to end-2009) we found, as set out below, a range of issues arising from an efficiency perspective. For example, we have been able to show the time taken between each step of the process from application to contracting and beyond and for the process overall (time being the key indicator of efficiency) and in that respect the data suggests, as can be seen later in the chapter, that the system faces many challenges before it can be considered to be truly efficient.

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[35] For example, the MA took on additional responsibilities that would otherwise have been taken on by two National-level IBs that were to be established but were not and also due to an overall tendency by the MA to centralise functions and, at times, to duplicate activities that had already been undertaken by existing IBs (ref. European Commision Systems Audit, 2009).

Finally in this introductory section (and notwithstanding the comments made above regarding the relative novelty of the system) we reference the findings of a European Commission (EC) Systems Audit that was carried out in December 2009. The report of the Audit is referred to here for context and also to highlight what are evidence-based findings regarding the system from an unimpeachable source - as such, these findings have to be taken very seriously indeed in the context of the evaluation noting however the difference in the terms of reference between the two exercises, the difference in the scale of the two exercises and, of course, the fundamental difference in the nature (if not the thrust) of the exercises. The Systems Audit examined the design, efficiency and effectiveness of the management and control system (MCS) over the period 22/11/2007 and 11/12/2009, effectively random same period covered by the terms of reference for this evaluation.

Whereas the auditors found that the MCS was functioning effectively and in compliance with the applicable regulations, it also found a number of what are referred to as 'material deficiencies' in elements of the system as follows:

- no reliable accounting, monitoring and reporting system in computerised form thereby undermining assurance in the declarations of expenditure to the EC;

- fragmented, confusing and inefficient organisation within the MA and the IBs that involved inconsistency between agreements on delegation of functions and the practical distribution of duties amongst the parties;

- unclear guidelines to the beneficiaries and excessively bureaucratic requirements at the stage of project application; and

- potential inadequacies in the methodology of the Audit Authority (AA) for determining the level of assurance resulting from systems audits.

Specifically, the Audit report refers to issues such as the disconnect between the reporting system for SOPHRD and SMIS, the heavy management structure in place and the consequent sub-optimal flow of information between relevant personnel and the fact that there is no centralised filing system in place. The report also states that the MA decided at random to

suspend certain tasks allocated to IBs and that it duplicated other tasks already carried out by IBs as part of an ongoing centralising momentum. The Audit report also refers to the high rate of rejection of project applications as a result of what it refers to as unclear guidance that is not user-friendly and to excessively bureaucratic requirements such as the non-disclosure of beneficiaries' identity in the application process, potentially risking the loss of quality projects in the process.

In the sub-sections below we revisit these and other issues from the perspective of the research undertaken for this evaluation.

3.2 The Implementation of the SOP HRD – Evaluation, Selection & Contracting

In this section of the report we briefly sketch the implementing system for SOPHRD and the processes associated with project evaluation, assessment and contracting and we comment on them based on the research we have undertaken for the evaluation (see Annex 11 for a more detailed description). Later in the chapter we address the financial management and monitoring system in place.

3.2.1 Programme Framework / Structure

As described in the FDI SOPHRD, there are seven fields of activity (PAs) each of which is further defined under sub-domains known as KAI of which there are twenty-one (see Annex 1 for details). The MA SOPHRD is subject to the Ministry for Labour, Family and Social Protection (MoLFSP) and has overall responsibility for the programme and the fund. The MA designated 11 IBs to assist it in implementing the programme and these include eight Regional Implementing Bodies (RIBs)[36] that are subordinate to the MoLFSP and three National-level IBs as follows:

- National Agency for Employment (NAE);

- Ministry of Education, Research, Youth and Sports; and the

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[36] The RIBs were set up in 2006 under the co-ordination of the NAE and in 2007 were subsumed under the control of MoLFSP (HRD and Budget Directorate) and designated as subordinate in function to the MA SOP HRD.

- National Centre for Technical and Vocational Education Development (NCTVED).

It was also planned to appoint two National Intermediate IBs on a service-provider basis based on a public procurement process but this aspect of the planned structure has not, as yet, been successfully implemented[37].

The MA SOP HRD is fully responsible for the overall management and implementation of the SOP HRD and up to end-2009 it assumed direct responsibility for all Strategic projects[38] (i.e., projects valued at between €0.5 m euro and €5 meuro). In addition, it has a direct implementation role in respect of PA 6 "Promoting social inclusion" / KAI 4 "Trans-national initiatives on inclusive labour market" and for both of the KAI under PA 7 "Technical Assistance". The IBs, under Delegation Agreements, are variously responsible for the implementation of all other PAs / KAIs as outlined in Annex 1.

The MA SOP HRD monitors the implementation of delegated tasks through various reports that are submitted by the IBs (e.g., six monthly reports on the SOPHRD implementation - quarterly implementation reports (QIR)) as well as through document checking and site visits.

The procedures for project application, evaluation and selection are governed by Manuals of Procedures at the level of the MA and IBs. The KAIs are typically implemented in compliance with two types of call for proposals, as follows[39]:

- Strategic calls for proposals with a deadline for submission for projects valued from €500,000 to €5,000,000 or 1.850.000 to 18.500.000 lei;

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[37] The additional, unplanned implementation responsibilities that were taken on by the MA as a result of the failure to appoint these IBs has had obvious implications for the MA's capacity to manage the associated volume of work.

[38] The third addendum (April 2010) to the Agreement for Delegation of Functions of the powers of RIBs involved an extension of those devolved powers to include selection, monitoring and implementation of Strategic Projects and to include monitoring and implementation of state aid PA 3 – KAIs 3.1 & 3.2, PA 5 – KAI 5.1, PA 6 – KAIs 6.2 & 6.3; and de minimis projects KAI 3.2 & KAI 5.1.

[39] A limited amount was also available for state aid and *de minimis* support.

- Grant-type calls for proposals with rolling submission for projects valued from €50,000 to €499,999 or 185.000 to 1.850.000 lei per project – the aim was to have approval based on a "first-come, first-served" principle.[40]

3.2.2 Calls for Proposals

Strategic calls for proposals are launched by MA, and MA publishes the Applicant Guide to meet the call for proposal requests. The applications forms are filled out and submitted online by potential applicants, and then recorded by the MA, checked in terms of administrative compliance and submitted for evaluation (conducted by independent evaluators) by encoding data of the applicant. The selection procedure is implemented by an Evaluation Committee composed of independent experts, staff from the Managing Authority and / or IBs.

For strategic projects the evaluation and selection process starts after the deadline for submission of project proposals. The selection process is designed to take 30 days i.e., from transmission of application to the Evaluation Committee to approval of the Evaluation Report[41]. Under the procedure for grant projects and state aid and *de minimis* aid projects, applications should be sent to the Evaluation Committee within 30 days from of the launch of the call provided that at least twenty proposals are received. After the start of the evaluation and selection process, the next batch of projects to be evaluated should also be forwarded to the Evaluation Committee within 30 days of their receipt.

All project proposals are submitted online using the "ActionWeb" IT system (available on www.fseromania.ro). Action Web generates a set of declarations that must be submitted (as originals) by the applicant within five working days from the online submission of the project proposal, together, as relevant, with the partnership agreement. ***The administrative verification*** of the application forms comprises two stages. In the first stage, Action Web rejects incomplete application forms or those submitted late and in the second stage, the

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[40] Noting that up to this point in the implementation of the SOP HRD the calls for grant type projects have in fact operated on a deadline basis rather than on a rolling call basis. The submission date is taken into account later in the process but projects are evaluated in batches rather than in sequence.

[41] According to the Evaluation and Selection Procedure in place up to 2009

accuracy[42] of the mandatory annexes of the application forms is controlled (approximately three days). Further evaluation of project proposals occurs only for those proposals in respect of which both the online application and original declarations (together with the partnership agreement as necessary) are submitted in due time and assuming they are administratively compliant. Thus, for each Call for proposals, two lists are drawn up as follows: (list 1) project proposals rejected following the administrative check; and (list 2) project proposals administratively compliant, to be sent to the evaluators within two days. Applicants should be informed within 10 days from the completion of this stage about the status of their proposal, including an indication of nonconformity where appropriate.

When applications that meet the initial criteria are sent to the evaluators, the applicant identity is hidden and, as such, the evaluation is conducted purely on the basis of the information provided on the application form with no opportunity for further clarification.

The appraisal and selection process comprises three main topics as follows: (i) project eligibility and applicant eligibility[43]; (ii) project evaluation/selection; and (iii) eligibility of applicants. The evaluators check project eligibility based on eligibility criteria and they check applicant eligibility based on financial detail and demonstrated administrative capacity. This stage is estimated to last for two days. Only the eligible applications at that stage will be further evaluated. The projects' technical evaluation/selection is estimated to last for five days. That aspect of the evaluation is based on established criteria / sub-criteria and only relevant projects that score a minimum of 18 on the Relevance criterion and with an average score of ≥65 overall are proposed for financing (noting that the approach changed in 2010). Three lists are drawn up i.e., (list 1) rejected projects and (list 2) projects provisionally proposed for financing and (list 3) projects on the reserve list.

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[42] The process changed or was modified since the start of the application process in February 2008 until the last calls for proposals in May 2009. The eligibility of the project and of the applicant was checked; however, initially the eligibility of the applicant was checked before the selection process. In 2009 the approach was split so that, first, the eligibility of the project was checked followed by technical and financial evaluation and in the final stage the eligibility of the applicant & partners were checked. The last step was the contracting process, when all documents were required to be presented certifying the status and financial standing of the applicant and partners

[43] A first step based on financial and administrative capacity data – this should take about 2 days.

The <u>full eligibility of applicants</u> is further checked for the projects proposed for financing. This contracting stage is estimated to <u>take 17 days</u> and consists of requests for supporting documents (for provisionally selected projects only). The applicant identity is now revealed and requests for clarification are permitted (with a 72 hours deadline for the receipt of clarifications). If the project promoter fails to provide clarification within that deadline, the proposal will not be assessed any further. At the end of the check for the eligibility of applicants, two lists are drawn up to include (list 1) projects with correct and complete support documents received within deadline and (list 2) projects rejected.

Within five to fifteen days from the approval of the Evaluation Report the beneficiaries should be informed in writing of the outcome of the process. Also, within fifteen working days from the approval of the Evaluation Report the relevant data should be entered into the SMIS system. Although the procedures have established deadlines for the entry of data into SMIS throughout the process (appraisal, evaluation, selection and contracting) *the system does not provide data on the duration of the various stages thereby limiting the extent to which ongoing monitoring and evaluation of efficiency can be undertaken.*

3.2.3 The Output of the System to Date

In this section we detail the output of SOPHRD to date based on an analysis of the programme database that we built for the purposes of the evaluation. In summary we show the number, value and type of project applications, rejected projects, approved projects and contracted projects by PA and KAI up to June 2010 based on the 77 calls[44] for proposals that were launched between the inception of the programme and end-2009. In addition we use data collected through our survey of all contracted projects to show the time it took for projects to move between the various stages of the process from project application through to contracting noting that time is the key indicator of the overall level of efficiency of the system.

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[44] The official list of calls comprises 98 calls but out of these were three groups of calls that had been regionalised to the 8 development regions (8 technically different calls with one and the same purpose) reducing the overall number of calls to 77.

In the next chapter of the evaluation report we re-present the output of the system in some detail and elaborate on issues arising from an effectiveness perspective and the implications for SOPHRD implementation overall. Below we present a simple set of figures derived from our database concerning the output of the system with a view to exploring the efficiency criterion. In that regard, the headline figures are as follows:

Box 1: Headline Output Figures – Evaluation, Approval & Contracting to end-2009[45]

- 77 calls for proposals were launched across all KAI with a value in excess of €2.549 bn (>10 billion lei in total comprised of 1.161 lei for grant-aided projects; 527 million lei state aid type projects; and 8.336 billion lei for strategic projects).

- 77 calls for proposals generated 5,989 applications valued at 345.18% of the available budget on offer;

- as at 31st December 2009, of the 5,989 applications submitted:
  - 3,130 (>52% of the total number received) with a value of in excess of 16 billion lei were rejected;
  - 1,023 applications (17% of total) were still in the evaluation / assessment stage;
  - 475 (c. 8%) made it through the selection process but were not yet contracted (valued at 2.737 billion lei);
    - 99 projects with a value of about 220 million lei were placed on a reserve list and
    - 508 projects (c. 8.3% of total) were contracted with a total value of about 2.431 billion lei representing about 7% of the value of all applications or c. 24% of the total value of the calls.

The overall success rate to end-2009 in terms of funds absorbed when contracted projects are taken into account for the 77 calls was c.24%. As demonstrated in the next Chapter this rises

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[45] This part of the analysis refers to Action Web data we had received at cut-off date of 31.12.2009. In the meantime processes went on but as there is no chronology of status changes maintained throughout the system we have to make a distinction here between the sources. Later on we will also take into consideration the updated information from the contracting directorate according to which at the end of 2009 520 contracts had been signed.

to a success rate of 38.3% when the rate of contracting to end-June 2010 is taken into account.

3.2.4 Time Taken Between the Stages of the Process

Neither the internal monitoring system nor the Action Web maintains data on the chronology of stages in the process (i.e., time taken between stages). As such, we were unable to derive information from either of those sources regarding the time lag between each stage of the process; instead, we gathered that data through our survey of contracted projects.

The Figures below are based on the responses of contracted projects surveyed as part of the evaluation. The projects were asked to provide the date on which key aspects of the process occurred (e.g., project approved, contract signed etc.) and we were then able to calculate elapsed time from the dates provided. The Figures below refer to the time-lags experienced by ultimately contracted project promoters between the various stages of the process outlined above.

In advance it is important to note the target timeframes for the various stages of the process (as set out in sub-section 3.2.2 above). Our understanding is that between submission of application and ultimate approval the target timeframe is set at about 40 days or eight working weeks (to include initial verification check through ActionWeb, further eligibility checks by evaluators and more fundamental evaluation on the basis of relevance etc.). Based on target timeframes contracting can take up to another 32 days or six working weeks (between initial checks, requests for further information and contract signing). So, **<u>from start to finish the process is designed to take about 14 weeks</u>** (excluding triggering of any initial advance payment).

Figure 1: Average weeks between submission of application and granting of approval by PA[46]

Avg. Weeks Between Submission & Approval by PA
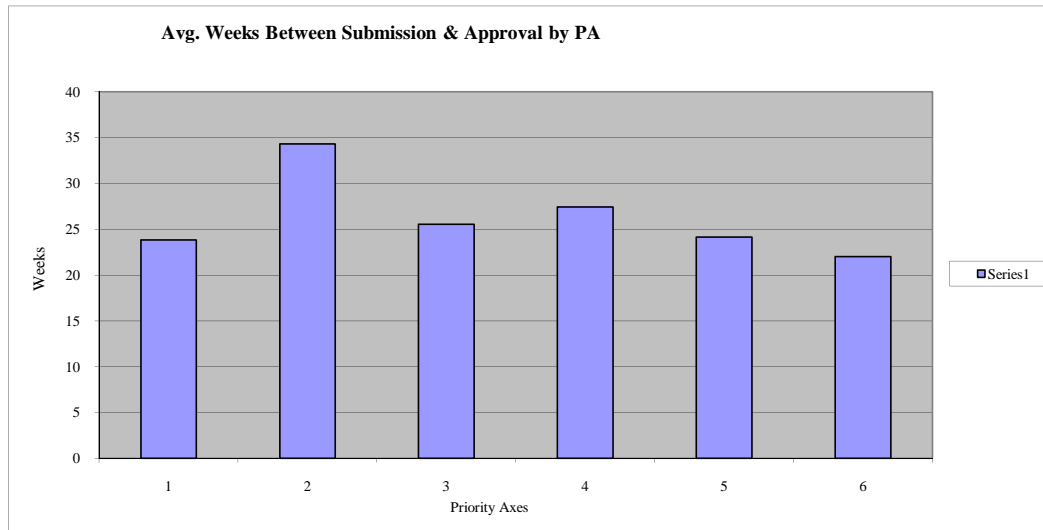
Note: average duration across the programme / all PAs is 27 weeks or about 6 months

Figure 1 above shows the weeks taken, on average, between submission and approval. The average across the programme (not shown) was 27 weeks. Under PA2 that part of the process took about 34 weeks whereas under PA6 the average was just over 20 weeks – we are unaware of the reason for such discrepancies between the PAs. As above, the target timeframe for this process in 2009 was about eight weeks. Therefore, on average, this part of the process took more than three times the expected time to complete.

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[46] That is, between application closing date and receipt of confirmation of approval.

Figure 2: Average weeks between granting of approval and signing of project contract by PA
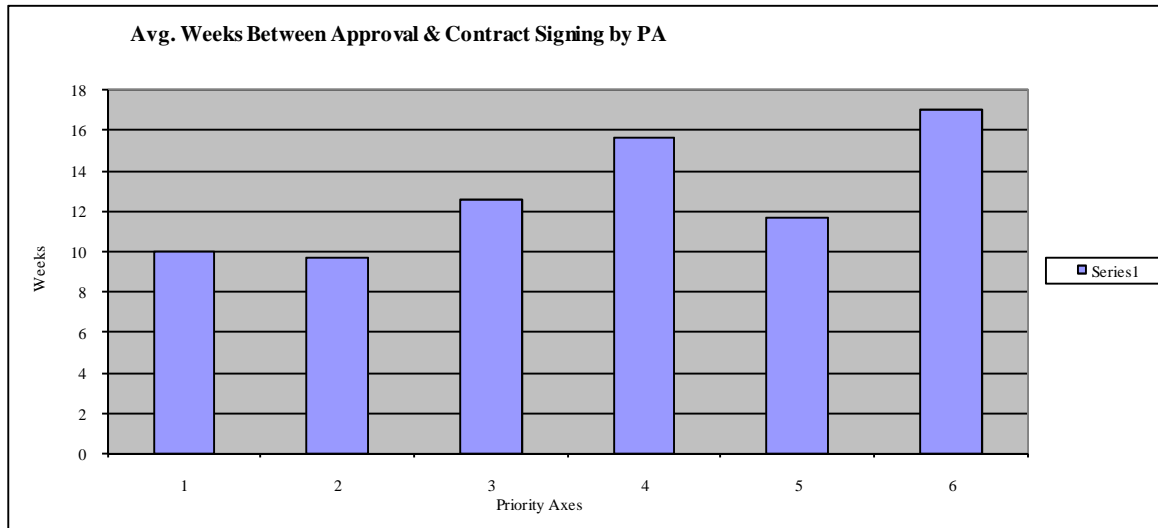
Note: average duration across the programme / all PAs is 12 weeks or nearly 3 months

Figure 2 above shows the weeks taken, on average, between approval and contracting. The average across the programme (not shown) was 12 weeks. Under PA6 that part of the process took about 17 weeks whereas under PA2 & PA1 the average was just about 10 weeks – again this internal discrepancy is unexplained. As above, the target timeframe for this process in 2009 was about six weeks. Therefore, on average, this part of the process took about twice as long as expected to complete.

Figure 3: Average Weeks between initial application & start of implementation by PA

Avg. Weeks Between Application & Start of Project Implementation by PA
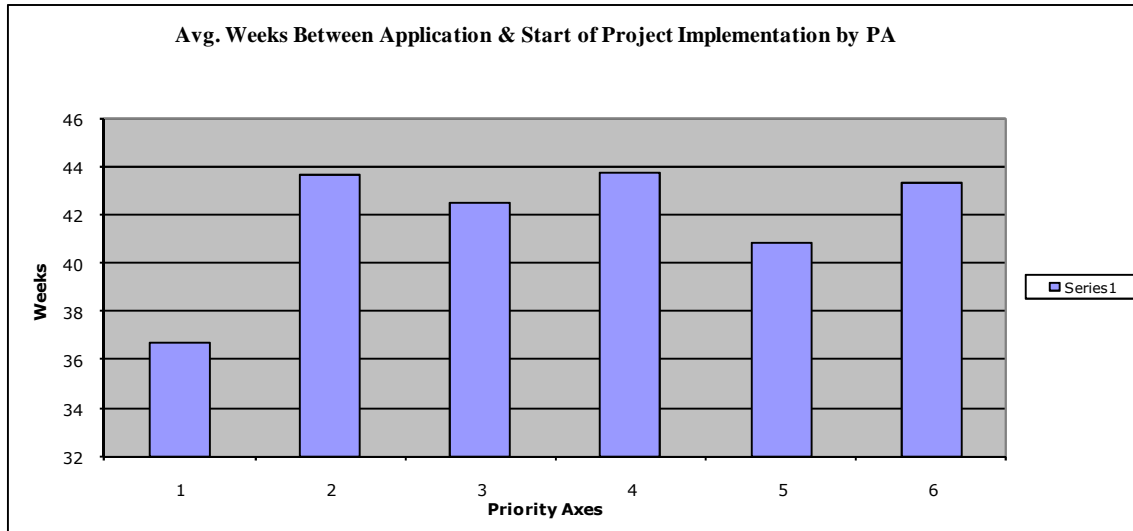
Note: average duration across the programme / all PAs is 40 weeks or more than 9 months

Figure 3 above shows the weeks taken, on average, between submission of application and the ultimate start of project implementation. The average across the programme (not shown) was about 40 weeks (almost three times longer than expected). Under PA2, PA4 and PA6 the average duration was almost 44 weeks and under PA1 the average duration was just over 36 weeks.

Figure 4: Average weeks between initial application and receipt of pre-financing by PA
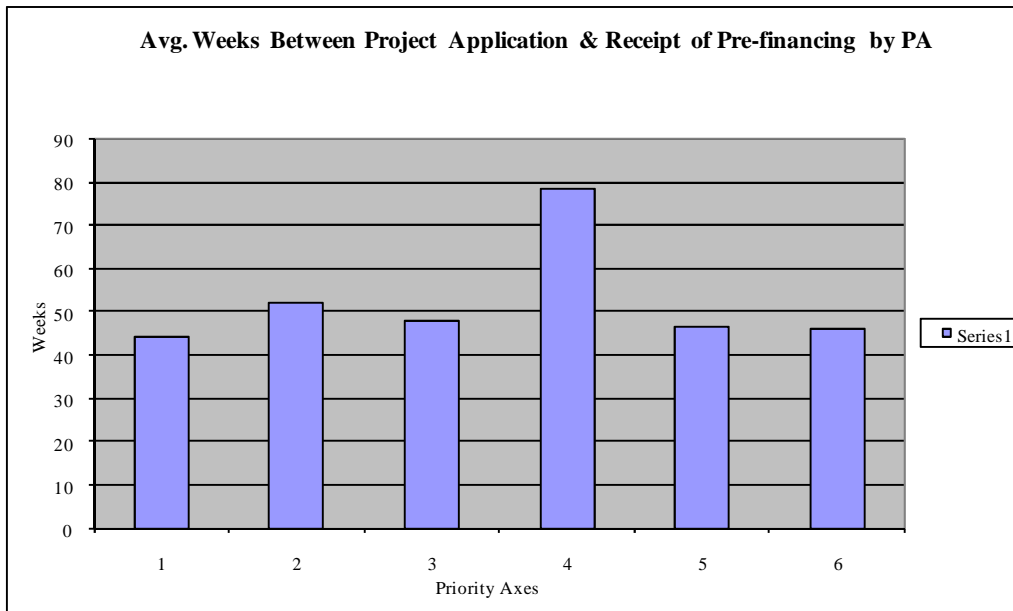
Note: average duration across the programme / all PAs is 48 weeks or about 11 months

Figure 4 above shows the weeks taken, on average, between <u>submission of application and the ultimate start of project implementation</u>. <u>The average across the programme was 41 weeks</u>. Under PA4 the average duration was almost 80 weeks whereas under all other PAs the average duration ranged from about 44 to 52 weeks.

Taken in the round, the data presented above regarding slippage in the timeframe within which the process was executed indicates that, despite the rational design of the system and the positive aspects inherent in it (e.g., a functioning online application system), the system overall was inefficient. We return to this issue at the end of this and in the subsequent chapters of the report. For the moment we note that the consequences of the slippage in time has a number of potential and actual knock-on effects (e.g., on recruitment of participants, on availability of courses, on availability of match funding etc.) that impacts on the effectiveness of the system overall.

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3.2.5 Issues of Efficiency Arising – Project Appraisal, Selection and Contracting

In the first instance we note that the application and selection processes have evolved over time with adjustments being made (e.g. improvement of the online application and selection system, engagement of external evaluators to counteract overload in the system, etc.) that are designed to improve the flow of the processes. In and of itself the process is both standard and rational and is supported by significant technical and administrative backup within the system as well as services externally contracted into the system.

However, the implementation of the system appears to be hampered by a range of issues at different levels that represent a serious threat to the overall efficiency and efficacy of the system and ultimately threaten the capacity of the relevant authorities to commit and draw down the available funding towards the realisation of the critical and strategic goals that are outlined in the programming documentation. Based on our research our understanding is that there appears to have been:

- Significant problems in project appraisal and selection in terms of coping with the level of response and delivering the anticipated system within the expected and planned timeframe(s) – the responses of the contracted projects as set out in the Figures above graphically demonstrate the significant time-lags that occurred;

- Significant delays in the overall process – for example, the evaluation and selection process for applications submitted in September – December 2008 was not finalised until June 2009;

- An insufficient number of qualified evaluators to deal with the volume of applications received, particularly in the early stages of the programme;

- High level of vacancies at the MA level, including temporary vacancies[47] (e.g., 20-30% from 2007 to 2009)

- Some disregard for the separation of tasks established through the Delegation of Tasks Agreements signed between the MA and the IBs e.g., the evaluation of grant projects submitted following Calls 17-54 was managed for the third bulk of projects at

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[47] The planned staffing complement of the MA SOP HRD is 88 across the various Units (e.g. Evaluation, Programming etc.). Across the 8 regional IBs a staffing level of 350 was anticipated /planned. Within the IB SOP HRD NAE 23 positions were planned and a further 91 were planned for the IB SOP HRD MERYS and 100 for the IB SOP HRD NCTVETD.

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the MA level and not at IB level as foreseen by the Manual of Procedure;

- High rejection rate of proposals suggesting, perhaps, inadequate advice and support for prospective promoters and/or capacity or capability issues with the promoters themselves.

We note that remedial action was taken in many cases such as the contracting of external evaluators and the instigation and intensification of training for potential applicants. However, it would appear that overall there was a failure at MA level to anticipate and pro-actively plan for the level of interest that materialised. The failure to adequately plan ahead is also possibly evident, for example, in the large number of Corrigenda that issued over the course of the calls for proposals to the end of 2009. So, whereas changes were made to the system over time and such changes are to be welcomed, those changes appear to have been largely reactive.

As noted elsewhere, a significant proportion of the time-lags appear to be attributable to delays in the process that occur at MA level. To some extent this may be attributable to a lack of staff / resources; however, it appears to us to be more directly attributable to the fact that the MA drew so much responsibility onto itself over the period in question based, we suggest, on a misunderstanding of the strategic (rather than purely accounting or controlling) role of the MA in the management of the ESF (see the next chapter for an elaboration of this point). As noted in the Commission System Audit conducted during 2009, the MA "decides at random to suspend" some of the tasks of the IBs, drawing greater and greater levels of work onto itself, duplicating work already done and overall engaging in what may be referred to as a sort of "control fixation"[48]. In not using the resources available to it throughout the system and in duplicating what certain of those resources had already done, the MA appears to have semi-paralysed the momentum of the programme over the period in question[49]. We

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[48] One IB representative that we interviewed said: "the MA takes chaotic decisions and does not have the capacity to manage the consequences".

[49] For example, the ultimate deadline for calls 1-16 was 5th May 2008. For evaluation that concluded in April 2008 the contracting took place between September and December 2008. For evaluation that was completed in November 2008, the contracting took place in 2009. For calls 17-54 and 55-72 the ultimate deadline was December 2008. The evaluation took place between March and August 2009 and contracting towards the end of 2009. Certain aspects of this are still not complete at the time of writing.

acknowledge other external and internal factors that have impinged on implementation at the end of the next chapter; however, the overall efficiency of the evaluation / selection / contracting processes appears to have been most acutely affected by the practices of the MA.

Other issues arise or were raised over the course of the evaluation. For example, some of the RIBs disagreed with the outsourcing of the evaluation of applications[50]. The RIBs said they had better internal capacity, skills and knowledge than external independent evaluators, that they better understood the problems specific to their regions and that their engagement in evaluation and the understanding of the projects they would gain, would enhance the monitoring function that they are engaged in once projects are contracted.

From the perspective of project promoters as expressed through survey and focus group contact there was virtual unanimity on the efficiency of the on-line application tool ("Action Web"). On the other hand negative views were expressed regarding the 'first come, first served' principle as, it was claimed, less well developed applications submitted quickly could be approved before much better applications submitted later and this can also cause down-the-line problems in implementation. It was also suggested that the selection process could be improved if it was possible to request specific clarifications in certain instances although, on the other hand, the anonymity principle was welcomed by almost all of those we engaged with (although we note that the Commission Auditors said that the anonymity issue could have resulted in the loss of potentially valuable projects due to the elimination of projects where the promoter name was disclosed in error). Others suggested that the recommendations of the evaluators should also be automatically communicated or made available to the personnel involved in contracting and implementation.

3.3 The Monitoring and Payments System

The MA and IBs have developed an internal monitoring and reporting procedure at project and programme level, which is an integral part of the Manual of Internal Procedures for SOP HRD implementation. The monitoring system covers data collection, monitoring of financed

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[50] According to the one RIB, 40% of the complaints filed by the applicants in the frame of the recent calls were accepted and their projects are now re-evaluated, whereas in the previous calls when the projects were evaluated internally no complaint was accepted.

projects and reporting. Data collection follows a bottom-up approach that starts at the beneficiary level and moves up through the system towards aggregation first at KAI and later at PA levels for reporting to the MA, the Monitoring Committee and the European Commission. Monitoring data are aggregated at the level of the PA and are included in the Annual Implementation Report (AIR)[51].

At project level, monitoring is supported to a certain degree by the Action Web[52] module for the technical and financial monitoring component. Programme level monitoring should be supported, in theory, by the SMIS IT system but that system does not provide for management of data pertaining to Annex XXIII requirements and principally facilitates the extraction of financial reports at SOPHRD level. Throughout the monitoring activities there is an ongoing flow of data between the various units and bodies responsible for monitoring and reporting (MA, IBs, other key entities).

At the level of the IBs the monitoring system functions in accordance with set monitoring procedures and includes: monitoring and reporting; monitoring visits; reimbursement request check; and budget debts recovery. Up to the end of 2009 the project officers who carry out on-site visits were responsible for monitoring grant projects and providing advice to the beneficiaries.

There are various technical and administrative steps associated with the initial pre-financing of supported projects. This aspect of the system appears to have worked well in general and was not raised as an issue at interview or focus group session other than, on the part of some promoters, to note that the amount was insufficient. There are also various steps associated with the re-imbursement (e.g. payment request issuing; submission of request for payment including support documents; checking of technical and financial report; report approval;

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[51] In order to complete the AIR, data are collected from: the Programme Evaluation and Programming (strategic planning) Unit of the MA (Evaluation Report and Annual Report regarding Information and Publicity Measures); Monitoring Committee Secretariat (Synthesis of MC decisions); Irregularities and Anti-fraud Unit (Annual Irregularities Report); and Internal Audit of Funds Unit within MoLFSP (Report regarding the Compliance with Community Law). The AIR is sent to the National Authority for Coordination of Structural Funds (ACIS) for comments and remarks. After taking into consideration the comments from ACIS, the report is submitted for approval to the MC of SOP HRD. Following the approval, the AIR is submitted to the European Commission.

[52] The Action Web actually does not support the technical monitoring

SMIS registration; checking of payment request; payment request approval; SMIS registration; account registration; payment order elaboration and SMIS registration; account registration and so on). Unlike the pre-financing process however, the reimbursement process can be problematic and can stretch over long periods of time. According to project promoters that we engaged with, delays experienced in this regard can have a detrimental effect on projects and project promoters[53] in terms of cash flow, management of overdraft and other issues.

The MA/IB performs administrative checks for 100% of all reimbursement applications and on the Technical and Financial Reports submitted by beneficiaries. The Financial Report includes a detailed list of all transactions made by the beneficiary and its partners during the reporting period. The MA/IBs verify the financed operations from a technical, financial and material/tangible perspective.

The projects financed under SOP HRD are required to generate a large number of technical and financial documents. In order to manage the workload, the MA decided to adopt a risk assessment approach that involves the submission of all supporting documents when claiming a first re-imbursement and, subject to a risk analysis, the promoter may be asked to submit only a sample of documents for a subsequent reimbursement claim (noting that this system does not operate for state aid and *de minimis* support). This decision was designed to increase the efficiency of the re-imbursement mechanism and to avoid delays in project implementation. On-the-spot checks are also involved and each project is likely to have at least one site visit per year.

The Technical Report (TR) attached to the reimbursement application is developed by the beneficiary in compliance with contract provisions. It is a tool for the technical monitoring of project activities, indicators and target group and for the financial monitoring of the project. The report includes a section with information on the progress of the project over the reported period (activities implemented, results achieved, indicators achieved, target group in the

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[53] Delays in the reimbursement process also impacts on the monitoring system as data from technical and financial reports may be registered only after data from reimbursement requests are validated and input to SMIS. This is already referred to and discussed in the previous chapter.

reporting period, project contribution to promoting equal opportunities and other SOP HRD horizontal themes and objectives, compliance with information and publicity rules) and a section including a forecast of expected project progress for the subsequent reporting period. After verification, the MA/IB approves the report and should then input relevant technical data to the SMIS.

On-site monitoring visits are undertaken to check the validity of data and information included in the reports and their supporting documents. During the monitoring visits the following are verified: project implementation stage (e.g. activities undertaken according to the project implementation timetable and the physical existence of products and services funded and their delivery according to the requirements and deadlines provided for in the financing application) as well as observance of issues such as equal opportunities, environmental protection, and information and publicity principles. Monitoring visits undertaken by the MA/IB may be planned monitoring visits based on the on-the-spot verification plan and on the monitoring visits plan, or ad-hoc monitoring visits. During our engagement with project promoters some said that these on-site visits can be valuable and helpful in problem-solving although that appears to depend more on the disposition of the individual officer rather than any requirement within the system.

As part of the overall system the IBs are also required to draw up various reports including: weekly progress reports (each Tuesday) including information on reimbursement requests; pre-financing requests (every 10 days); monthly cash-flow and financial estimations; monthly TPR; 3 monthly IP reports; the RSI and quarterly implementation reports; annually the AIR; and occasional target group reports.

3.3.1 Issues of Efficiency Arising – Monitoring and Payments Systems

Over the course of the fieldwork a wide range of issues were raised by participants / respondents regarding the monitoring and payments systems. About 80% of contracted promoters responding to our survey said they had engaged in the reimbursement procedures and for about a third of them, the process was challenging. At the focus group sessions promoters referenced the sheer volume of paper work involved in the exercise and the effort

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required to compile it. Some said the level of scrutiny they are subject to makes them feel like they are being treated as 'thieves' and others referenced difficulties encountered in dealing with contradictory advice and regulations when putting relevant paperwork together[54] as well as delays in the reimbursement process (the MA had specific staff shortages in this area). Promoters said there were many disparities in the interpretation placed on items by the IBs, the MA and the Audit Authority of the Court of Accounts[55] - some promoters said that inconsistencies between the Applicant Guide and the actual contracts signed led to ambiguity that caused problems with the Auditors. In that regard we note that there are different types of contracts, with different provisions, depending on the time at which contracts were signed and the regulations in force at that time.

Unlike the system for capturing data from project application to contract, the internal monitoring of contracted projects holds information on the time-line of re-imbursement requests handling and the results of the analysis broadly support the perception and opinions of the beneficiaries regarding delays experienced in that regard.

Table 21: Processing requests for reimbursement*

Durations (days) by YEARS of request	Request issued date in year	Days to finalise technical verification	Days to finalise financial verification	Days until payment (target is 45!)
Average	all	45,93	51,92	70,84
	2009	59,23	67,56	84,85
	2010	27,26	30,50	47,53
Median	all	35,00	38,00	58,00
	2009	51,00	64,00	71,00
	2010	25,00	28,00	42,00

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[54] Procurement law set up a ceiling of 15.000 Euro for direct procurement while Instruction 5 issued by the MA set the ceiling up to 5.000 Euro – this has since been corrected during 2010.

[55] E.g. various interpretations in calculating the eligible costs based on the Applicants Guide and the Ministerial Order no 3 on eligibility of costs.

Source: MA and own database[56], own calculation - The data are based on the information we received from MA and involves the simple calculation of the days between the respective dates registered /documented. The figures are presented as overall and by the years of RfR submitted

Table 21 shows the average time required after a request for reimbursement has been issued to perform the technical and financial verification. The data are based on information received from the MA and the table represents a simple calculation of the days elapsed between the various stages. The last column of Table 21 analyses the time elapsed from submission to payment.[57]

Looked at on a year-by-year basis it is apparent that in 2009 things were 'worse' in all respects. Particular efforts and associated changes were implemented in 2010 to speed up the process (e.g. changes in arrangements between the MA and IBs regarding payment procedures). The target value for the execution of payment subsequent to the request for reimbursement is a maximum 45 days. Prior to 2010 this target was not met (as also confirmed through our fieldwork) although in 2010 it looks like a more realistic proposition.

Payment verification is a sub-process to the management of requests for re-imbursement (RfR) that takes place after a request for reimbursement has been checked and approved and before a payment can actually be made. The internal monitoring system also provides explicit information on timeliness and delays in this regard:

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[56] The data that we compiled out of the source tables collected from MA and IBs have different update-stati due to the time it took to gather together the information. The MA table was provided to us in March 2010, and was later updated (no new records but existing data completed) while the IB tables were provided from end of May to end of June 2010. Overall we have records of 714 records of requests for reimbursement collected from the MA and IBs. Of these, 703 refer to requests made by projects in our contract table (695 of these to projects contracted prior to 01.01.2010) Seven records show negative values and are excluded from our analysis on the basis of implausibility. Thus we are working with 688 requests from 391 projects with 308 requests issued in 2009 and 380 in 2010. Amongst these:

- 277 had not yet been paid but did have information on technical and/or financial verification.
- 380 had no date for finalisation of financial verification finalised but 148 of these had a payment date[56]
- 378 had no technical verification date - but of these 150 had a payment date.

[57] An analysis of these data by differentiation according to the managing bodies in charge would be interesting but there is significant incompatibility between the contract table (updated in April 2010) and the tables of requests for reimbursement in that respect – this might be a result of changes in the administrative arrangements between MA and IB, changes that eventually were not brought into updating all relevant tables.

Table 22: Payment verification process

Durations (days) by Year of Request for Reimbursement (RfR)	Date on which RfR Made	1st RfR: days after signature	Days until forwarding to MA	Days until verification
Average	**all**	**98,61**	**25,57**	**18,81**
	2008	125,5	15,00	1,00
	2009	95,34	25,45	21,93
	2010	140,30	26,16	7,21
Median	**all**	**52,00**	**10,50**	**6,00**
	2008	125,50	15,00	1,00
	2009	49,00	8,50	7,00
	2010	126,50	28,50	2,00

Source: MA[58] and own database, own calculation

Table 22 shows the average time subsequent to contracting that it has taken for a first request for reimbursement to issue and be registered before being sent to the MA as appropriate (i.e. in those cases where the MA is not itself directly responsible for the project/KAI). The last column shows the time taken for the verification. As can be seen, things significantly dis-improved in 2009 (noting that the number of requests for reimbursement that issued also increased significantly). In 2010 the verification process has speeded up. The decrease in time before a request for reimbursement is issued in 2010 could possibly be related to a range of factors that may include, for example, low rates of progress by contracted projects or changes in the rules on the pre-financing that means that promoters have an increased amount of funding on account to begin with.

Our research also highlighted many technical shortcomings in the system that are elaborated on in Annex 12 and further detailed in a separate Technical Report that was prepared for the MA as part of the overall evaluation effort.

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[58] The table holds all in all 1 030 records (146 pertaining to 2008, 650 to 2009, and another 216 to 2010, 18 have no info on submission date). After having sorted out procurement projects (e.g. TA) and those contracted in 2010, and another 20 records as they led to negative durations in one or more of the periods calculated due to incoherent dates, we received 748 payment requests ('factura') that were further on used for analysis. The dates on which requests for reimbursement issued and were forwarded to the MA had to be extracted from longer text codes like e.g. 11/CMI/09.07.2009 or 1073/31.07.2009, what only partially could be done with a formula as often the dates were not entered in the proper format to be recognised as dates automatically.

3.4 Financial Reporting and financial forecast

In this sub-section we focus in particular on the financial forecast issue and the situation as regards the n-plus / automatic decommitment rule.

Financial Reporting started in May 2008 and was initially updated on a monthly basis before moving to a weekly update basis. The reports are based on aggregate returns to the KAI level and present figures on a cumulative basis from the start of programme implementation up to the end of the period in question. The reporting structure has evolved over time by expanding the number of items reported on. It covers the status of applications from submission through approval/rejection to contracting as well as payment flow to final beneficiaries / operators of projects; however, the details captured at each stage (from application to contracting) are not identical. In general, the level of detail increases from application to contracting with the most notable gap or deficiency being the lack of financial detail on rejected projects - only the number rather than the value of rejected projects was required by ACIS in the relevant reporting template. This is deficient for a proper financial forecasting: To determine the (potential) financial volume still open for contracting one has to take into consideration the financial volume of applications rejected to get a realistic view on how much money still can be considered left for contracting 'in the pipeline' of open applications.

These reports do not provide a time series perspective of how the programme is evolving; however, we used them to reconstruct a form of time-series perspective by simply deducting previous calculations from the current month's data / totals), thus establishing a series of monthly DELTAs (in- / decrease figures) in absolute terms.

From the overall analysis point of view this clearly is a second best solution but, on the other hand, it provides an historical perspective with respect to the quality of the reporting as it evolves over time. By comparing the progress of ongoing accumulation 'frozen' in those monthly reports the data unveil inconsistencies and the need to revise data within subsequent reports e.g., for applications submitted and for rejections, cumulative positive values that (by definition) can be either static or increasing are shown to decrease in certain instances although this should not, clearly, be possible.

**Projects by status
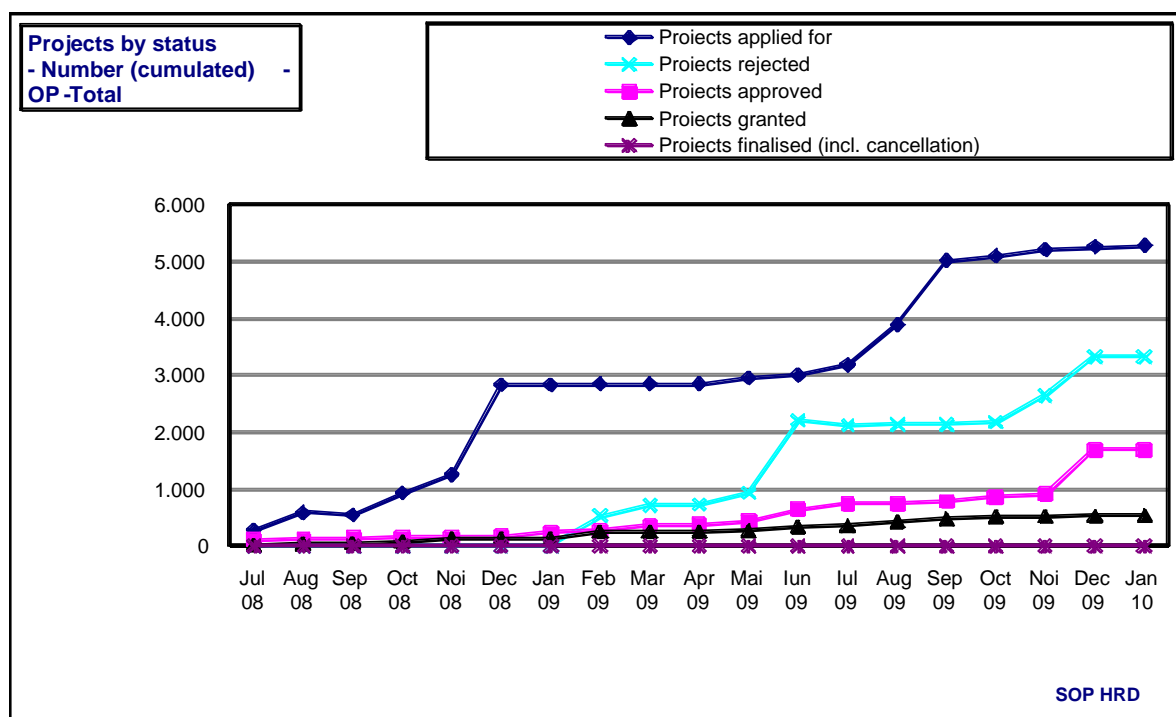- Number (cumulated)   -
OP -Total**

Legend:
- Proiects applied for
- Proiects rejected
- Proiects approved
- Proiects granted
- Proiects finalised (incl. cancellation)

SOP HRD

Overall and despite some progress in the quality of data-maintenance and provision throughout the monitoring system of SOP HRD over time, the current system requires further development and refinement so that it becomes capable of providing more comprehensive financial forecast. At a most basic level, for example, the regular reports defined and requested by ACIS deal with the whole volume of contracted funding on a cumulative basis with no breakdown of projected expenditure over time i.e., no financial forecast on an annual or multi-annual basis is captured. With particular reference to assessing the situation with regard to 'n-plus' this is clearly inadequate. Instead, what is required to enable accurate financial forecast is to have the contracted volume of grants broken down to the year of expected expenditure. For all stages from application to contracting (or rejection) the relevant financial data have to be taken on board to allow for a logically complete analysis. The system also needs to support the accurate and uniform recording of the chronology of change in status of projects. There is also a need for more regular monitoring at programme and KAI level of the requests for reimbursement submitted, to see whether planned expenditures and expenditure declared are 'in line' and 'on time' etc. Regular monitoring on this basis would help to develop 'typical figures' or 'typical patterns' based on experience that allow for the

creation of comprehensive forecasting but also allow for early action in the frame of a risk prevention strategy.

We now go on to describe the situation that we found and the steps taken to analyse the situation as best we could within the given constraints.

Funding granted by the years of expected expenditure - steps towards creating the base of a financial forecast model

1. There are no commitments made to projects on an annual calendar basis - contracts refer only to total value and a total planned run-time. As such, the annualised expected rates of expenditure have to be either constructed by a linear spread based on the start and end date[59] of the contracts or to be reconstructed from additional sources i.e., the so called 'budget breakdowns by years'.

2. The projected budget breakdowns are not constructed by calendar years but by periods of 12 to 36 months. For the purpose of this exercise we refer to these planning years as '*virtual years*' (Y1 – Y2 – Y3).

3. The budget breakdowns are not maintained by the contracting directorate but by the financial management section and the breakdowns are not compiled into a single table that would allow them to be used on a regular basis; instead, those breakdowns are in separate calculation files by project.[60]

4. Noting that the budget totals / breakdowns (managed by the Financial Directorate) are not always identical to those used by the Contracting Directorate (this appears to be an updating issue) we cannot simply use the absolute values of the breakdowns. Instead, we have first to calculate the shares (S) of each virtual year (Y_n) compared to the total of all virtual years from the budget breakdowns (according to: $S(Y_n) =$

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[59] As already mentioned elsewhere, data on start- and end-date or runtime were not regularly registered in the monitoring-tables but had to be retrieved from the paper files by members of the evaluation team. Not all records have been accessed under this exercise to date – for information, we have records for 510 contracted projects.

[60] We already mentioned elsewhere in the report the huge effort it took to compile these files into tables that allow for further use and analysis of the data. We also faced difficulties in matching the correct files with the respective (510) projects included in the exercise to date.

$Y_n/(Y1 + Y2 + Y3)$, n=1, 2, 3) – and then apply these shares to the public funding included in the respective contracts as provided by the contract-table of the MA.

5. As the budget breakdown file changed structure and content over time and as information on the public funding component is not always included, we had to use the eligible cost figures instead to calculate the relative shares of virtual years and to apply these to the value of funding granted (based on the central contract table itself).

6. Thereafter we had to redistribute those shares according to calendar years based on the start and end dates of the contracts signed (and their run-time in calendar months). Due to the overall restriction of a maximum 36 months runtime, a maximum of 4 calendar years can be affected.

Table 23: Model for recalculation of budget breakdowns from 'virtual years' to calendar years

	Parameter:		Virtual years according to original budget breakdowns			
I	Granted total	1.700.000				
II	Start date	01.06.2008				
III	End date	31.01.2011	**Virtual years according to original budget breakdowns**			
IV	Runtime in months	32	Year 1	Year 2	Year 3	
V	Shares by 'year' from budget breakdowns*		0,4	0,3	0,3	
VI	I * V Total of grant (or of eligible cost)		680.000	510.000	510.000	
VII	'Virtual years' by months		12	12	8	
VIII	VI / VII 'Virtual years' monthly average		56.667	42.500	63.750	
IX	Months by calendar years (cf. start date)		7 — 5	7 — 5	7 — 1	
X	VIII * IX Shares by calendar year		396.667 — 283.333	297.500 — 212.500	446.250 — 63.750	
XI	Sum by calendar year		396.667 — 580.833	658.750	63.750	1.7 Mio.
XII	Calendar years		2008 — 2009	2010	2011	Total

* *These shares are calculated based on the relative amounts of eligible cost by virtual year*

The 510 projects providing budget breakdowns cover 99.3% of the total public funding (National and EU co-finance, 2,644,097,680) for all 520 projects contracted before 01.01.2010. The timeline for projected expenditure (by KAI) is as follows:

Table 24: Total Public Funding by KAI and by Projected Expenditure Pattern 2008-2012[61]

KAI	Number of projects	PF 2008	PF 2009	PF 2010	PF 2011	PF 2012	Public funding (PF) total
1.1	23	4.157.095	41.437.055	100.846.914	74.915.623	22.080.280	243.437.449
1.2	16	5.936.924	44.359.583	56.064.296	40.687.479	13.611.752	162.595.261
1.3	30	3.990.484	48.488.511	82.527.066	55.945.469	20.079.580	211.033.133
1.4	12	2.155.694	27.982.406	34.037.680	24.057.296	6.554.184	94.787.261
1.5	31	17.841.761	82.510.474	97.270.941	71.046.177	0	268.669.518
2.1	44	1.711.564	24.768.259	49.693.327	27.934.524	4.129.401	108.155.044
2.2	19	1.414.367	37.489.092	34.010.511	23.163.902	3.028.045	106.494.028
2.3	34	0	12.537.238	50.337.090	27.196.307	9.547.154	99.670.239
3.1	47	5.671.513	63.534.709	71.185.886	33.307.553	235.590	174.373.966
3.2	74	0	34.258.612	86.291.911	63.959.883	37.004.387	222.399.536
3.3	41	474.377	23.186.330	61.833.135	50.462.731	17.037.520	153.174.889
4.1	11	0	14.886.486	22.210.920	10.903.718	4.330.765	52.200.653
4.2	7	0	9.654.579	18.740.620	15.986.592	6.432.722	50.677.979
5.1	28	0	11.530.948	24.418.277	15.761.021	9.939.639	61.953.000
5.2	35	4.564.858	40.908.925	59.479.961	33.838.803	4.700.924	146.497.933
6.1	27	1.898.584	29.979.462	61.127.639	60.761.355	18.142.237	172.265.956
6.2	14	4.696.170	37.966.005	54.087.482	27.398.965	1.343.492	125.368.081
6.3	16	3.516.129	32.661.878	61.828.159	50.601.626	22.593.226	170.719.182
6.4	1	0	232.784	888.813	571.380	0	1.692.978
	510	58.029.520 2. 2%	618.373.337 23. 7%	1.026.880.628 39. 3%	708.500.406 27. 1%	200.790.898 7. 7%	2.626.166.084 100%

Source: MA SOP HRD data and own database /own calculations – all figures in LEI (legal currency)

In 2007 nothing was registered at all – the first calls for proposals were launched in February 2008. For 2008 planned expenditure is very low and in some KAI there is no planned expenditure for that year reflecting the overall late start in implementation. Inasmuch as there is planned expenditure it is in respect of strategic projects only noting that strategic projects contracted to end-2009 have a total value that is approximately six times higher than that of

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[61] Due to the recalculations necessary to match virtual years with real calendar years there is a minor rounding error of 0.52% when comparing the total with the annual breakdown figures

regular grant projects. As such, the effective implementation of the strategic projects is of particular importance to the effective management and implementation of the programme.

Table 25: Public funding total and by year of expected expenditure – by type of project

Type	KAI	Number of projects	PF 2008	PF 2009	PF 2010	PF 2011	PF 2012	Public funding (PF) total
Grant	all	299	0	114.437.032	184.369.074	58.902.624	0	359.199.042
Strategic	all	211	58.029.520	503.936.305	842.511.554	649.597.783	200.790.898	2.266.967.043
		510	**58.029.520**	**618.373.337**	**1.026.880.628**	**708.500.406**	**200.790.898**	**2.626.166.084**

Source: MA SOP HRD data and own database /own calculations

In 2011 the influence of regular grants diminishes further probably due to the shorter runtime of these projects (i.e., that some will have come to an end). It is also clear from the data above that collectively, the projects contracted at this stage planned the majority of their expenditure late in the cycle (2010-2012) with 2011/12 registering at about 10 percentage points more than for 2008/09, i.e., end-loaded spending plans were typical, i.e. spending planned 2008/09 was at 25.8% of total while 2011/12 was at 36.4%

Regarding a potential automatic decommitment, the allocation for year 2007 is at stake in the current year of 2010 (and the 2008 allocation is at stake in 2011). Planned expenditure at a level of just a quarter of approved funding until end-2009 (even if achieved) clearly would not be sufficient. Moreover, there is a strong increase in planned expenditure in 2010 itself.[62] However, with the system of advance payments from the COM the n-plus process provides built-in support: according to Reg 1083-2006 Art 82 1b the advance payments (in total 7% of the overall allocations were foreseen[63] to be paid in three instalments) are treated as if they are, in fact, a re-imbursement from the Commission on condition that in the period 24 months after the 1st instalment of the advance payment the MS has issued an application for payment to the Commission.

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[62] We also note a substantial increase in contracting in 2010 itself – but given our cut-off date for the evaluation (end-2009) new contracts are not included in analysis although based on our research to date one cannot expect too much absorption by the more recently contracted projects (or those still on reserve lists) unless the whole process of 'approved' absorption is substantially speeded up.

[63] This share has been even increased in the context of actions taken within the European Recovery Package fighting the crisis. With an additional 2% for the 2009 tranche of advances the advance for that year has been doubled.

An overall ESF allocation of 3.48 billion EUR for 2007 – 2013 leads to an advance of nearly 313 MEUR, which more than covers the n-plus requirement for 2007. Thus, the strategy chosen to start with smaller annual allocations and to increase these over the run-time of the SOP HRD has paid off, at least initially.

For 2008 the planned ESF contribution is about 330 MEUR meaning that (212 + 330) 542 MEUR will have to be claimed / reimbursed from the Commission by the end of 2011 to avoid an automatic decommitment. Taking the 313 MEURO advance into account this leaves a target verified spend figure of about 229 MEURO in ESF contribution (roughly 1.4 BLEI at an exchange rate LEI/EUR around 4.7). [64]

However, meeting the n-plus targets is not simply achieved by committing funding to projects but by projects spending the committed funding and having that expenditure verified through the system. As such, the re-imbursement requests by beneficiaries are of critical importance. In order to work with the reimbursement requests for the current purposes it was necessary to undertake the following steps:

1. Complementing the contracts with a calculated rate of beneficiary's own contribution based on the total values of own contribution and eligible cost (the rate is not stored in any of the tables we received);

2. Redistributing the relevant shares of the requests that were to be financed from public (national + EU) sources by applying that rate to the declared eligible expenditure;

3. Making a linear distribution of this amount (i.e. the amount requested from public sources) over the calendar years – based on the coverage period of the reimbursement requests.

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[64] The amendments to the regulations in the context of crisis & recovery led to an increase in advance payments by the COM for 2009 – what additionally reduces n-plus pressure respectively postpones the critical date. As we did not receive concrete figures on SOP HRD related advance payments we had to calculate them based on the regulations. Out of a package of 5 measures to fight the crisis this one and the allowance to frontloading (i.e. relieving temporarily the national budget from providing liquidity for co-financing by applying an "as-if"-100% intervention-rate), both shift the moment of automatic decommitment to the future respectively increase the time-frame for proper action taking to avoiding automatic decommitment. At the other hand the increasing annual allocations planned for SOP HRD (due to lower than average allocations in the first years) by consequence will raise the 'stress to the system' for the coming years.

Table 26: Reimbursements requested (LEI) by KAI and by year of related expenditures

KAI	Count of Requests	Money requested for expenditure by year			Total requested
		2008	2009	2010 (until 09.07)	
1.1	11	1.643.530	4.680.114	108.406	**6.431.383**
1.2	19	1.013.105	6.703.956	940.035	**8.657.096**
1.3	21	665.628	8.490.397	785.121	**9.935.015**
1.4	11	212.192	4.487.058	677.993	**5.377.243**
1.5	55	10.683.007	38.016.252	2.217.888	**50.917.147**
2.1	48	605.771	9.412.097	2.783.230	**12.801.099**
2.2	18	301.598	5.043.823	539.712	**5.885.134**
2.3	41	0	6.339.982	2.092.703	**8.432.685**
3.1	96	3.857.858	31.653.774	4.713.388	**40.225.020**
3.2	137	279.263	16.191.366	6.407.451	**22.878.079**
3.3	46	2.291.622	5.569.809	188.371	**8.049.802**
4.1	16	0	1.970.282	459.227	**2.429.508**
4.2	7	0	1.782.822	114.614	**1.897.436**
5.1	56	532.617	6.340.739	2.044.136	**8.917.493**
5.2	47	3.057.090	20.805.477	354.315	**24.216.882**
6.1	34	3.458.352	9.664.816	800.931	**13.924.100**
6.2	13	6.777.278	1.764.053	103.427	**8.644.758**
6.3	19	3.485.886	8.307.061	282.577	**12.075.524**
	695	**38.864.797**	**187.223.879**	**25.613.525**	**251.695.402**

Source: MA SOP HRD data and own database /own calculations

Of the 714 requests for reimbursement in our database, 695 were issued by 391[65] projects contracted before the end of 2009. It is evident the targets have not been reached: 39 Mio requested in 2008 and 187 Mio in 2009 compared to planned expenditure amounts of 58 Mio and 618 Mio for the respective years (overall about a third of target has been attained). Comparing budget breakdowns and expenditures declared the tables also show that the ratio of expenditure declared to planned expenditure deteriorates between 2008 and 2009. Looking

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[65] When considering all requests in respect of which we have data, the number of projects increases only marginally to 370. The requests are dated from 06.03.2009 until 09.07.2010. We have to note here that the population of projects (391) that submitted requests for reimbursement is much smaller than the contracted project population (520)! Actually a quarter of all projects contracted until the end of 2009 had not submitted a request by mid of 2010.

a bit closer we can further see that there are very significant differences by project type i.e. between regular grant projects and strategic grant projects.[66]

Table 27: Reimbursements requested until 09.07.2010 (LEI) and calculated year of related expenditures   – by type of project –

Type	Count of Requests	Money requested for expenditure by year			Total requested
		2008	2009	2010	
Grant	426	2.391.871	52.997.150	14.862.066	70.251.088
Strategic	269	36.472.925	134.226.729	10.751.458	181.444.314
	695	**38.864.797**	**187.223.879**	**25.613.525**	**251.695.402**

Source: MA SOP HRD data and own database /own calculations

Regular grant projects (n=247) are obviously running much faster than are the strategic projects (n=144) when it comes to reimbursement requests. A clear indication of this is that, overall, for regular grant projects 45.6% of the expenditure planned in 2009 was requested for reimbursement compared to 26.6% in respect of strategic projects. For 2010 (data available to end-June 2010) even the absolute value of calculated expenditure requested for reimbursement is nearly 3:2 for grant vs. strategic type projects (whereas projected expenditure for 2010 predicted a 1:5[67] relationship).

The data do not tell us why strategic projects are underperforming from a reimbursement perspective although we found two possible reasons for this as set out below. First, that the strategic projects do not need the money as they have their own resources and can carry on without getting involved in 'red tape' at an early stage or, second, that the strategic projects are much less likely to implement their projects according to plan. From fieldwork and informal information it seems that both factors are relevant but it is not possible to quantify the issues.

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[66] Here we also find a small inconsistency as despite no expenditure planned for grants in 2008 (from the calculated figures) we nonetheless have expenditure calculated from reimbursement requests – we could not clarify this as it would require checking on a project to project base

[67] A direct matching between projects included in both lists is provided in Table 30 below – the figures there are different as the number of projects meeting both criteria (budget breakdown available and request submitted) is smaller and the comparison done there is taking into account the total public funding over all years.

The majority of both strategic and grant project promoters who requested a reimbursement did so just once (n=215). Eighty-nine (n=89) made two requests, 54 made three requests and 28 made four requests for reimbursement with four projects making more than four requests. As it stands, 140 requests (20% of total) were made by just 33 projects (6.34% of all contracted projects).

Table 28 shows the 'good performers' in more detail by project type and KAI.

Table 28: Requesting reimbursement until 09.07.2010 (LEI): 'Best performing projects' (projects having issued 4 to 7 requests) – by type of project and KAI

Type	KAI	Count of projects	Count of Requests	Money requested for expenditure by year			Total requested
				2008	2009	2010	
Grant	1.2	1	4	0	187.859	35.472	223.331
Grant	2.3	1	4	0	351.578	0	351.578
Grant	3.1	3	12	0	1.335.580	684.429	2.020.009
Grant	3.2	9	42	0	4.298.501	2.727.956	7.026.457
Grant	5.1	3	12	0	1.695.169	649.249	2.344.418
Strategic	1.5	2	8	1.562.085	7.642.884	1.322.267	10.527.236
Strategic	3.1	5	21	1.158.999	9.580.492	1.802.213	12.541.704
Strategic	3.3	1	4	159.757	421.679	0	581.436
Strategic	5.2	3	13	200.659	8.706.270	326.123	9.233.052
Strategic	6.1	3	12	232.276	4.671.672	595.757	5.499.705
Strategic	6.3	2	8	823.482	3.125.411	268.156	4.217.049
	1.2	1	4	0	187.859	35.472	223.331
	1.5	2	8	1.562.085	7.642.884	1.322.267	10.527.236
	2.3	1	4	0	351.578	0	351.578
	3.1	8	33	1.158.999	10.916.072	2.486.641	14.561.713
	3.2	9	42	0	4.298.501	2.727.956	7.026.457
	3.3	1	4	159.757	421.679	0	581.436
	5.1	3	12	0	1.695.169	649.249	2.344.418
	5.2	3	13	200.659	8.706.270	326.123	9.233.052
	6.1	3	12	232.276	4.671.672	595.757	5.499.705
	6.3	2	8	823.482	3.125.411	268.156	4.217.049
Grant		**17**	**74**	**0**	**7.868.687**	**4.097.106**	**11.965.792**
Strategic		**16**	**66**	**4.137.257**	**34.148.409**	**4.314.515**	**42.600.181**
Total		**33**	**140**	**4.137.257**	**42.017.096**	**8.411.621**	**54.565.974**

Source: MA SOP HRD data and own database /own calculations

To establish how much of the budgets allocated to projects that had requested a reimbursement (noting that not all projects requested a reimbursement) had been drawn down we matched the data on reimbursement requests with data regarding budget breakdowns

presented earlier in this report – this gave us a common base figure of 382 projects. Table 29 shows – aggregated at KAI level – the total funding granted to those 382 projects and allows for comparison with requests for re-imbursement.

Table 29: Reimbursements requested (LEI) until 09.07.2010 compared to expenditure planned according to budget breakdowns 2008 – 2010 – total values by KAI[68]

KAI	Count of Projects	Publ Fund request total	Public funds contracted (shares) for 2008-2010	*Requested as share of granted*
1.1	11	6.431.383	135.536.593	*5,0%*
1.2	13	8.657.096	113.494.214	*8,0%*
1.3	19	9.697.426	109.831.513	*9,0%*
1.4	8	5.206.121	65.340.931	*8,0%*
1.5	26	50.744.329	259.497.878	*20,0%*
2.1	35	12.761.137	88.399.415	*14,0%*
2.2	15	5.556.537	62.268.448	*9,0%*
2.3	25	8.074.187	43.117.090	*19,0%*
3.1	44	40.225.020	170.376.853	*24,0%*
3.2	60	22.792.127	70.841.064	*32,0%*
3.3	24	8.049.802	61.462.798	*13,0%*
4.1	10	2.429.508	50.857.887	*5,0%*
4.2	5	1.897.436	29.935.718	*6,0%*
5.1	25	8.689.071	30.459.939	*29,0%*
5.2	24	24.216.882	107.580.695	*23,0%*
6.1	18	13.924.100	102.157.316	*14,0%*
6.2	10	8.644.758	91.997.366	*9,0%*
6.3	10	12.075.524	81.165.741	*15,0%*
	382	**250.072.442**	**1.674.321.459**	***14,9%***

Source: MA SOP HRD data and own database /own calculations

In that respect the best (blue) and the good (green) performing KAI (with the exception of KAI 1.2) are mainly the same as those in which projects who have submitted more reimbursement requests are located. This:

- confirms the assessment that those projects are good performers as not only have they submitted more requests for reimbursement than others but they are also performing well against their planned expenditure; and

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[68] The grouping is done by a visual check only – red is the group clearly below the average or total, green is the group in an approximate interval of ±25% around the average and clearly above the average is the blue group

- also puts into perspective the apparently good performance of those KAI in general - a rough comparison/analysis shows that this is mainly due to the upward-push provided by these particular projects to the respective KAI.

Table 30 compares the performance of strategic vs. regular grant projects and shows, once again, that regular grant projects are performing better:

Table 30: Reimbursements requested (LEI) until 09.07.2010 and expenditure planned according to budget breakdowns 2008 – 2010 – total values by type of project

Type	Count of Projects	Public Fund request total	Public funds contracted (shares) for 2008-2010	*Requested as share of granted*
grant	239	68.860.765	277.636.457	*25,0%*
strategic	143	181.211.677	1.396.685.001	*13,0%*
	382	**250.072.442**	**1.674.321.459**	**14,9%**

Source: MA SOP HRD data and own database /own calculations

But reimbursement requested and expenditure declared by beneficiaries does not, in itself, signify avoidance of automatic decommitment. For this to happen the requests have to be checked and confirmed and integrated into expenditure declarations / payment applications and sent to the Commission via the Certifying Authority. As an indicator for checks and approvals we can use the status of requests for reimbursement – when these are marked as being paid, they have to have been contracted before.[69] Table 31 shows respective requests by KAI.

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[69] In fact a lot of requests we received have been given the status 'paid' without explicit associated information about financial and technical reports being checked and approved.

Table 31: Reimbursement requests (LEI) to end June 2010 (status 'paid') and expenditure planned according to budget breakdowns 2008 – 2010, Total values by KAI[70]

KAI	Count of Projects	Publ Fund request total	Public funds contracted (shares) for 2008-2010	Requested as share of granted
1.2	5	1.622.381	22.289.721	7,0%
1.3	4	2.647.970	26.638.423	10,0%
1.4	2	1.161.425	18.663.372	6,0%
1.5	20	32.565.815	197.531.693	16,0%
2.1	22	7.512.677	56.212.931	13,0%
2.2	4	709.046	8.535.721	8,0%
2.3	18	5.593.944	26.055.655	21,0%
3.1	34	23.680.437	157.930.673	15,0%
3.2	41	14.731.850	43.838.039	34,0%
3.3	13	3.170.343	20.750.762	15,0%
4.1	2	203.195	1.293.460	16,0%
4.2	2	890.224	14.489.159	6,0%
5.1	16	4.606.014	18.720.254	25,0%
5.2	12	15.770.385	92.761.919	17,0%
6.1	8	4.575.579	38.857.676	12,0%
6.2	4	1.795.230	27.711.839	6,0%
6.3	5	6.685.358	43.760.561	15,0%
	212	127.921.873	816.041.857	15,7%

Source: MA SOP HRD data and own database /own calculations

When filtering the reimbursement requests by their status we find that just 379 are marked as 'paid'[71] on behalf of just 212 projects. The overall rate does not change much (increases from 14.9% to 15.7%) but there are some changes in the ranking groups. From the lowest performing group (red) KAI 4.1 moves up to the medium-level performance group (green). The 'medium' group members don't move but the KAI 1.5, 3.1 and 5.2 fall out of the 'best performers' and join the 'medium' group.

As such, the comparison of reimbursement requests to actual public funds granted can be seen as a simple and quite stable estimator for financial forecasting purposes. We note however that the fact that some KAI have a better overall performance than others appears to be associated with a particularly strong level of performance amongst certain projects within

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[70] The grouping is done by a visual check only – red is the group clearly below the average or total, green is the group in an approximate interval of ±25% around the average and clearly above the average is the blue group

[71] 'Paid' occurs in two different spellings: platit and plătit – just one more example of lacking standardisation and unnecessary redundancy in the use of standard terms (key-lists or catalogues of terms) that can lead to inconsistencies when analysing data and as such has to be recognised as a risk in financial management and forecasting.

those KAI and should not, on the face of it, be taken as an indicator of the performance of the KAI overall i.e., there can be no assumption that more or other projects operating under those KAI will perform equally well.

3.5 Conclusions - Efficiency

In this section of the report we present specific Conclusions and Recommendations in relation to the efficiency of various aspects of the system.

Table 32: Conclusions and Recommendations – Efficiency Criterion[72]

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
	15	*In and of itself the application, evaluation and selection system is both standard and rational* and is supported by significant technical and administrative backup within the system as well as services externally contracted into the system i.e., on paper it looks like a fairly standard system.	N/a		
	16	*Over time, a range of difficulties* (e.g., delays in processing, lack of communication with applicants for long periods during the process) *negatively impacted on the system*. These difficulties appear to be associated with a range of factors (e.g., staff shortages at the MA and the fact that two IBs that were to be put in place through public tender were never secured) but more particularly with the fact that the *MA chose to pull almost all decision-making onto itself and, in certain instances, duplicated tasks already carried out by the IBs*.	Undertake an objective and externally conducted strategic review of the role of the MASOPHRD in the management of SOPHRD with a view to enhancing strategic programme management focus and capacity, maximising the use of available resources (to include IBs, TA etc.) and ultimately building in forward planning that ensures the efficacy and integrity of the system.	MASOPHRD	M

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[72] The table below and the following presenting Conclusions and Recommendations, we included also the "target" for the recommendations (i.e., institution or organization responsible for implementing the recommendation) and time (short, medium, long) in which should implement the recommended changes. Generally, the recommendations to be implemented in the short term implementation involve a range of up to three months after completion of the report. Medium-term recommendations should be implemented in six to nine months to complete the report and recommendations on long term should be implemented within one year, although in some cases, the "long term" can extends even every two to three years (for example, if the recommendations refer to the next programming period).

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
1.2.1 *Application, Evaluation, Selection*	17	Ongoing changes in approach and policy over time mean that t*he system and accompanying supports can be confusing* (even if the corrections are meant to improve the situation) and suggest the need for a more thorough approach to forward planning.	Remove the (artificial) distinction between 'Strategic' and 'Grant' projects from all further calls for proposals (and in all monitoring and other processes) and simply indicate an upper and lower limit for proposals. In parallel with the competitive tendering approach, operate a non-competitive negotiation process for large scale, strategically important projects (i.e., between the MA and key government departments and agencies).		
	18	Based on an analysis of the output of the evaluation and selection system we conclude that *the system is inefficient when measured on the basis of overall effort and investment against output* - these inefficiencies have contributed to a relatively low success rate and will impact on absorption capacity.		MASOPHRD, Monitoring Committee SOPHRD	M
	19	Within the system, *monitoring is inappropriately associated with and tied to the reimbursement request process rendering the system less efficient and effective than it should otherwise be* with a view to informing pro-active programme management.	Introduce a structured monitoring system that operates independently of the reimbursement system and that is designed to provide ongoing (at quarterly or half-yearly intervals) 'intelligence' to programme managers regarding output, results, performance, expenditure patterns, targeting etc.	MASOPHRD	S

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
1.2.1 *Monitoring & Payments*	20	***The payment request and monitoring systems are heavily bureaucratic and excessively control oriented*** and present real challenges to promoters including, for example, the significant amount of paperwork required and conflicting advice from officials and official bodies regarding eligibility and other matters, and, more fundamentally, delays in accessing payment / reimbursement.	As above, separate the monitoring and payment request systems. Review and simplify the payment request system and ensure consistency in the advice provided to project promoters and consistency in the interpretation of rules and regulations by the various authorities (see also Overarching Conclusions and Recommendations in Chapter 5).	MASOPHRD	M
	21	***There is a number of technical deficiencies, gaps and lack of coherence in the monitoring system as it operated during the reference period for the evaluation*** resulting in a fragmented approach which, together with the general insufficiency of the monitoring system, we conclude to be s***ymptomatic of an overall lack of a more strategically focused approach to programme management strategy***.	Ensure adequate training for staff. Develop strict protocols concerning the management and manipulation of data and ensure a standardised approach and the elimination of 'personalised' approaches. Construct a single file for each priejct within the system covering the entire life-cycle of the project.	MASOPHRD IBs	M

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
1.2.1 Financial Forecasting	22	*The system is not designed or set up to facilitate comprehensive financial forecast*. In that regard the lack of what we would regard as a more regular and comprehensive monitoring system that gathers data in respect of pre-defined intervals and allows for robust forecasting is a matter of some concern. Sound forecasting enables risk management (in terms, for example, of spend rate and spread). The gaps that exist in the current monitoring system inject greater levels of overall risk into the system in that regard.	Introduce more tightly defined monitoring and, in particular, the systematic collection of information that is relevant for the forecasting exercise. This includes the need for more careful plausibility and coherence checking of data (in particular of dates) throughout the system – as above, introduce a structured monitoring system that operates independently of the reimbursement system.	MASOPHRD	S
		Strategic projects appear to have bigger problems and longer delays in reporting their financial status than the smaller grant projects - considering the financial (and policy-related) weight that strategic projects are meant to have we conclude that this is an issue of concern.	Remove the artificial distinction between strategic and grant type projects throughout the system (e.g., from application to approval to monitoring etc.). The current differentiated treatment is superfluous and adds an unnecessary layer of administration and complexity to an already overly-complex system.	MASOPHRD	S

Evaluation Question	Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
	The low rate of reimbursement requests compared to the value of commitments threatens the N+ situation (c. 25% of projects have not made a reimbursement request). There is no risk of de-commitment in respect of 2010 as the programme advances cover the appropriation for 2007 but *the low rate of certified expenditure through the reimbursement process is a threat to the 2011 allocation* - we emphasise here that automatic de-commitment is avoided not by approval of funding but by fully processed requests for reimbursement.	Introduce a dedicated project officer with responsibility for a specific number of projects – the project officer should be responsible for removing barriers to progress, encouraging progress and ensuring spending and activity targets are met. As above, with a view to achieving strategic goals, drawing down available funding and simplifying the process a parallel system of negotiated allocation of funding to strategically important projects should be introduced.	MASOPHRD	S

4. EFFECTIVENESS

4.1 Introduction

The ToR requires the evaluation to establish the effectiveness of a range of aspects of the SOP HRD. The specific evaluation questions arising in this regard are as follows:

- To what extent are the information and publicity activities regarding grant/financing opportunities from SOP HRD and the role of the EU in financing SOP HRD effective?

- To what extent are the help-desk activities organized at the level of MA SOP HRD and IO SOP HRD and the information events and sessions targeted for potential and actual SOP HRD beneficiaries effective?

- To what extent is the process of evaluation and selection of the grant proposals received effective?

- To what extent does project monitoring provide the necessary information for the monitoring of the whole programme?

- To what extent does the programme monitoring system answer to the specific reporting needs of SOP HRD?

- To what extent do the SOP HRD beneficiaries clearly understand the SOP HRD monitoring indicators?

- To what extent did the beneficiaries take the SOP HRD themes and horizontal objectives into account when preparing applications/calls for proposals and when implementing projects?

- What are the internal and/or external factors/characteristics that influenced/influence/will influence SOP HRD implementation? In what context did these factors appear and evolve? What is the economic forecast for these factors and what are the recommendations to address the internal and external factors in question?

We note that many of the issues discussed below are intertwined with issues of relevance and efficiency already addressed in the preceding chapters. In that regard there is an inevitable element of overlap and cross-reference between preceding discussion and comment and the response to the evaluation questions referring specifically to the effectiveness criterion as set out above.

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4.2 Sub-Task 1.3.1

(a) To what extent are the information and advertisement activities regarding grant/financing opportunities from SOP HRD and the role of EU in financing SOP HRD effective? And (b) To what extent are the help-desk type of activities organized at the level of MA SOP HRD and IO SOP HRD and the information events and sessions targeted for potential and actual SOP HRD beneficiaries effective?

4.2.1 Introduction

The measurement of the overall effectiveness of SOP HRD I&P measures to include all of the items referenced above, involved: engagement through interviews with the MA and IBs to discuss and explore issues arising in relation to the SOP HRD information and publicity measures; engagement with other stakeholders and in particular with contracted projects through Focus Group sessions to take on board their views; online surveys of contracted projects and unsuccessful applicants to establish, from a promoter perspective, the relative success of the SOP HRD information and publicity measures; and an omnibus survey of a representative sample of the general public to establish levels of awareness of the SOP HRD and related issues.

This allowed us to conduct a thorough analysis of the activities in question and to ultimately evaluate the achievements of the various means and mechanisms designed to promote the SOP HRD and the broader involvement of the EU.   However, prior to presenting the view from the 'field' we first present in summary form the nature and types of activities in question under the respective headings with a view to establishing what was planned, what was produced and how this was achieved (see Annex 13 for background to the establishment of the I&P functions).

The <u>tools to be used</u> in pursuit of the specific objectives[73] of the SOP HRD Communication Plan (CP) are set out below:

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[73] i.e., granting access for potential beneficiaries to POS DRU financing opportunities; information dissemination; support activities; information support for the beneficiaries in implementing their projects, including awareness raising on their responsibility to promote ESF financial support; raise awareness of general public on SOP HRD financing opportunities and on the visibility of EU support for Romanian regional development and economic and social cohesion; transparency of POS DRU implementation; provision of accurate and detailed information (eligibility criteria; selection procedures and criteria; beneficiaries; national, regional and local info points); coherence with other MA and ACIS communication activities on structural instruments.

Table 33: Tools to be used in Pursuit of the Communication Plan (CP) by Target Group

Tools to be used in Pursuit of the CP by Target Group				
Target Groups	**Access to financing opportunities**	**Information support**	**Awareness raising and visibility**	**Transparency**
General public			publicity campaigns mass media relations TV and radio broadcasting	publicity campaigns mass media relations TV and radio broadcasting
Potential beneficiaries	web site events, incl. caravans, conferences, work shops help desk partnership activities		web site events, incl. caravans, conferences, work shops help desk partnership activities	web site events, incl. caravans, conferences, work shops help desk Partnership activities
Beneficiaries		Web site Guidelines help desk Networks		web site guidelines help desk networks

No I&P activities were financed through the programme in 2007 (the OP was approved in late November 2007) and relatively few in 2008 and 2009[74] although various activities were engaged in that were supported through residual Phare funding that was available for this purpose. I&P events that were rolled out over the course of 2007 included: the ESF launch conference *Invest in People: the Role of the European Social Fund in Human Recourses Development*; organisation of eight local events promoting ESF to local and central public administration representatives, business organisations and representatives of civil society (NGOs) and others; organisation of *The Social Enterprises in a Dynamic Economy – from Non-profit Organizations to Social Enterprises* conference; organisation of training sessions for potential applicants/beneficiaries under SOP HRD; the organisation of the photo exhibition titled *50 Years of ESF*; and the development of information and promotional materials including the ESF web-page.

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[74] The TA Contracts under KAI 7.2 to support the I&P measures were: "Establishing a high-speed fibre optic Internet connection for the SOP HRD" service contract supported the MA and the 11 IBs by providing high-speed, broadband-type Internet (2008); The "National public information campaign for promoting the SOP HRD" service contract (2008); and The "National annual conference on SOP HRD implementation in Romania - 2009" service contract (2009).

During 2008 an emphasis was placed on supporting the submission of quality applications and the development of quality projects and, as such, the MA and the IBs organised several training sessions (using TA support) for potential applicants and for beneficiaries. The principal topics/themes of the seminars were: project cycle management, planning and project organization; project monitoring, financial reporting, auditing, pre-financing and reimbursement claims; public procurement; and quality control. In addition, various national press conferences and communication seminars for mass-media representatives were held to heighten the visibility of the EU, the Programme and the Fund (ESF)[75].

As detailed in Annex 14 and above, a significant amount of activity occurred during 2008 with the support of Phare Technical Assistance projects. Actions targeted at media personnel, project promoters and the general public were executed and the response rate / level of engagement appear to have been substantial. The information and publicity activities undertaken in 2008 increased awareness of SOP HRD financing opportunities and emphasised transparency in the use of the funds. Help desk facilities were set up and a State Aid scheme and de-minimis scheme launch conference was organized for the potential beneficiaries in the eight development regions[76]. Data indicates that support for potential beneficiaries proved to be effective and may have contributed to the 6% increase in the proportion of strategic projects submitted following the call launched on the 8th of July and a significant increase in the overall value of the funds requested (noting, as discussed in the previous chapter that there was also a very high incidence of project rejection).[77]

During 2009 a conference was held (*Organisation of a National Conference on SOP HRD Implementation*) at which the 353 attendees were presented with information on the programming documents, the status of contracted projects as well as the level of progress made in implementing the programme as a whole. During 2009 a second awareness raising campaign was carried out. In addition, the authorities put a call centre in place (The Blue Line) to help respond to questions and issues raised by potential beneficiaries (see Annex 14 for further detail). According to the AIR 2009, the I&P measures implemented during that year led to

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[75] e.g., the Annual Conference on the SOP HRD held on 23rd December 2008

[76] A detailed list of relevant activities in 2008 and 2009 is provided at Annex 14

[77] According to the AIR 2008

awareness raising on SOP HRD financing opportunities, an increase in the quality of project proposals and enhanced project implementation.   We note again that this activity was supported by the Phare TA project and that there has been relatively limited support for activities using the TA available under SOPHRD.

4.2.2 Findings

In order to try to establish some sort of baseline for the present evaluation we looked at the results of earlier opinion polls that were conducted (i.e., a poll conducted by Gallup and another condcted as part of Euro barometer 66 in 2006) to establish, *inter alia*, the level of awareness of the SOPHRD and the ESF.   We also studied the Ex-ante evaluation of SOP HRD and the results of the communication activities conducted in 2007.   The broad conclusions we draw from our research in that regard are that:

- the perception of EU funds use is positive;
- access to EU funds is considered to be difficult due to bureaucracy and lack of co-financing;
- access to EU funding is not considered to be transparent; and
- the funding is associated with fraud and corruption mostly at public administration level.

The original primary research also found that the information level on post accession funds is low and those who are better informed tended to be public administration personnel and NGOs. Potential beneficiaries did not typically distinguish between pre- and post-accession funds.   In that regard it is notable that the Ex-ante evaluation of SOP HRD underlines that the CP should principally address the social partners from industry and actors in rural areas.

In order to gauge the current level of awareness amongst the general public regarding the SOP HRD and related matters we conducted an Omnibus Survey[78] (see Annex 14 for questions) the key results of which are set out below.   Of the 1,240 respondents:

- 56% (n=694) said their level of awareness of EU funding supports to Romania is poor or very poor; 16% (n=198) said their level of awareness is good or very good;
- 75% (n=930) said they are not very well informed about EU funding supports to

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[78] The Survey was carried out July 26th - August 12th at 97 locations and involved face-to-face engagement with 1,240 people constituting a representative sample of the population aged 14+ years old.

Romania whereas 15% (n=186) said they are well informed and 3% (n=37) said they are very well informed;

- 31% (n=383) of respondents said they could name a specific EU fund currently being used to support development in Romania and, of them, the most commonly referred to fund was the European Fund for Agriculture and Rural Development (34%, n=130) followed by the ERDF (17%, n=65) and the ESF (5%, n=19);

- 26% (n= 320) of all respondents said they had heard of SOPHRD when asked a direct question to that effect – the vast majority of these respondents (80%, n=256) said they heard of the OP through a television advertisement, 5% (n=15) said they heard through the official ESF website and 3% (n=8) through radio;

- 28% (n=90) of the 320 respondents who said they had heard of SOPHRD said they would know where to look if they wished to apply for funding and the biggest group amongst these said they would seek assistance at 'City Hall / Prefecture' (33%, n=31), a further 12% (n=11) said they would look to a Regional Development Agency and 9% (n=9) said they would look to a consultancy firm for advice.

The results of the Omnibus survey suggest that, overall, there is a relatively limited level of awareness of the Structural Funds amongst the general public with the ESF scoring at the lower end of the scale - only 19 (1.5%) of the 1,240 people surveyed identified the fund and, in turn, SOPHRD registered with only 90 people (7% of total surveyed). Overall it appears that the medium of television presented the most effective means through which the general public learned of the programme. None of the respondents identified the MA, the IBs or the ESF Website as a source to approach if they were interested in applying for funding. As noted elsewhere in this report, this may be associated with the complexity and number of the systems and structures at play and the difficulties potential applicants may have in identifying the appropriate authority (as referenced in the focus group sessions with the Contracted Project Promoters).

As part of our survey work we asked contracted promoters and unsuccessful applicants how they were first made aware of the programme and the availability of funding, what they found to be the most useful I&P resources and how satisfied they were overall with the relevant measures. Their responses are set out below:

Table 34: How Contracted Project Promoters & Unsuccessful Applicants first became aware of the Availability of Funding under SOPHRD?

How Contracted Project Promoters first became aware of the availability of funding under SOPHRD		
	Contracted Project Promoters %	*Unsuccessful Applicants %*
ESF website	57.1	31.5
Attendance at information seminar	25.9	31.5
Word of Mouth	8.9	13.7
Other	7.7	21.9
Advertisement in newspaper	0.3	1.4

The importance of the ESF website is highlighted above as a means of communicating detail on the availability of funding as is the importance of the information seminars. For the unsuccessful applicants both of these means are also important (31.5% in each case) although 'word-of-mouth' is more significant in that instance (c. 14%) than amongst the contracted projects (c. 9%).

Table 35: Overall rates of satisfaction with I&P amongst Contracted Project Promoters & Unsuccessful Applicants

Overall rates of satisfaction with I&P amongst Contracted Project Promoters & Unsuccessful Applicants		
	Contracted Project Promoters %	*Unsuccessful Applicants %*
Very Satisfied	10.0	1.4
Satisfied	54.7	51.4
Somewhat Satisfied	28.0	31.4
Dissatisfied	5.2	11.4
Very Dissatisfied	2.1	4.3

The survey results show a generally positive view of the I&P activities as a whole with a particular emphasis on the usefulness of the ESF Website and Information Seminars. During our Focus Group Sessions with a sample of contracted project promoters in each of the eight development regions we also discussed the utility of I&P resources. In that regard the general assessment of the official ESF website (www.fseromania.ro) was positive although some of those we met said there was room for improvement, particularly as regards the structure of the site which, according to the beneficiaries in question, was difficult to navigate and not very user-

friendly. Apart from the website the most useful information/communication tools were considered to be the various types of information events organised at regional level including Regional Call launches and county information caravans. These events were directed at various target groups (potential applicants, beneficiaries, mass media, general public) depending on their purpose (launching calls, information sessions, training, etc.) and were generally considered to be useful albeit they provided only basic information – in that regard many of those attending the focus group sessions said that answers to questions tended to be 'textbook' in nature and provided little additional information and, importantly, little beneficial interpretation of sometimes complicated rules and procedures.

Table 36: Views of Contracted Project Promoters and Unsuccessful Applicants on the Most Useful Supports on Making an Application

Views of Contracted Project Promoters and Unsuccessful Applicants on the Most Useful Supports on Making an Application		
	Contracted Project Promoters	*Unsuccessful Applicants*
Most useful type of support	*%*	*%*
Applicant Guidelines	51.5	39.7
Information Seminars	27.8	24.7
Help-Desk Advice	16.3	26.0
General Information and Publicity	2.7	2.7
Other (please specify)	1.8	6.8

Table 37: Satisfaction Ratings of Contracted Project Promoters and Unsuccessful Applicants Regarding The Applicant Guides

Satisfaction Ratings of Contracted Project Promoters and Unsuccessful Applicants Regarding The Applicant Guides		
	Contracted Project Promoters	*Unsuccessful Applicants*
Applicant Guides	*%*	*%*
Satisfied	48.5	36.8
Somewhat Satisfied	35.5	42.6
Very Satisfied	8.4	1.5
Dissatisfied	6.9	10.3

Generally speaking, respondents found the Applicant Guides and Information Seminars to be most helpful in assisting them to write and construct an application and, in line with this finding, the specific satisfaction rating for the Applicant Guides is high. Interestingly (given that they were ultimately unsuccessful) the Unsuccessful Applicants found the Help Desk facilities to be more helpful than did the Contracted Project Promoters; however, as shown below, when asked specifically about their level of satisfaction with the Help Desk the unsuccessful applicants were more critical than their successful counterparts. The relatively lower rate of satisfaction amongst Contracted Project Promoters may also be associated, as discussed with them during focus group sessions, with their perception of the poor quality of assistance provided once they actually operationalised their projects.

It is also worth noting that during the focus group sessions the contracted project promoters attending were more critical of the Applicant Guides and particularly the fact that they were subject to ongoing change through the various Corrigenda that issued (as noted in the previous chapter). However, generally speaking, the Focus Group participants said that the Applicant Guide improved over the time and did provide adequate orientation and guidance although that guidance tended, of its nature, to be too general and insufficiently detailed in the face of the complexity of the system the beneficiaries have to engage with[79].

Regarding the Corrigenda to the Applicant Guides, beneficiaries said that although they made positive clarifications there were far too many of them and they issued far too frequently. In some instances they issued close to the closing date for particular calls for propsals having the effect of changing the deadline or introducing substantial modifications (e.g., nondisclosure of applicant identity, partnership agreement, budget, costs) and this caused significant difficulties for applicants. Furthermore the beneficiaries noted that there were no links provided to show where the Corrigenda impacted on the Applicant Guide. Retroactive amendments to the Guide also caused difficulties amongst the beneficiaries particularly with regard to monitoring and

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[79] We note that a survey was conducted under TA in 2010 referencing the quality of the Applicant Guide and that MA and IBs met to discuss its revision. A revised and improved version covering General Conditions issued in July 2010.

auditing issues. Finally, in respect of this issue, the beneficiaries noted that the FAQ on the ESF website were not regularly updated in accordance with the changes made.

Table 38: Satisfaction Ratings of the Contracted Project Promoters & Unsuccessful Applicants Regarding the Help-Desk Facility

Satisfaction Ratings of the Contracted Project Promoters & Unsuccessful Applicants Regarding the Help-Desk Facility %		
	Contracted Project Promoters	**Unsuccessful Applicants**
Very Satisfied	10.8	1.6
Satisfied	34.4	15.9
Somewhat Satisfied	27.1	36.5
Dissatisfied	17.5	34.9
Very Dissatisfied	10.2	11.1

The overall satisfaction ratings in respect of the Help Desk based on the survey results are relatively positive although noticably less positive than satisfaction levels regarding other I&P functions (and noticeably less positive on the part of Unsuccessful Applicants); however, the focus group respondents were deeply critical of the Help Desk services provided. They said the services provided are too general in nature and that insufficient, inadequate and sometimes unclear guidance is provided – it appears that the principal mode of response from the Help Desks is to copy and paste relevant sections from the Applicant Guide, providing no further interpretation or guidance. From the beneficiaries' perspective, questions can arise that are particular to their project(s) and that, in their view, require a customised reply that was not forthcoming (e.g. in relation to eligibility, target groups and costs)[80]. In that regard the question of the provision of specific guidance-driven Technical Support arose in the focus group discussions and in the interviews with stakeholders and IBs. The responsible MA staff also noted the potential for this type of support given the limited human resources available at that level (as noted above, at MA level there were only three officers responsible for co-ordinating all national and regional I&P activities as well as all Help-Desk activities across the programme during the period in question) although they were careful to caution against the concept of a full consultancy model that may possibly be seen to interfere with the objectivity and independence of the application process.

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[80] For balance, we note that the existing procedures expressly limit the type and nature of advice that may be provided to promoters with a view to ensuring equal treatment for all.

It is worth noting in that regard that the focus group participants were most critical about the Help-desk in the context of ongoing project implementation where very particular questions and issues arise concerning various aspects of project implementation (e.g., opening the project bank account, pre-financing calculation, procurement, contractual amendments etc). Many of those attending the focus group sessions were either unaware of the Blue Line services and others were broadly unhappy with the services provided on the basis that the system did not provide additional, tailored responses to specific questions. We also note that there are several Handbooks produced by MA SOP HRD that are published on the official website, some of them in draft form. The participants at the focus groups sometimes questioned their correctness and accuracy but nonetheless said there is a need for good quality products of this type and perhaps a website based forum related to the implementation of SOP HRD.

Table 39: Satisfaction rating amongst Contracted Project Promoters And Unsuccessful Applicants: Application Form

Satisfaction rating amongst Contracted Project Promoters And Unsuccessful Applicants: Application Form		
	Contracted Project Promoters %	**Unsuccessful Applicants &**
Satisfied	58.1	41.2
Somewhat Satisfied	27.4	39.7
Very Satisfied	10.8	4.4
Dissatisfied	3.3	8.8
Very Dissatisfied	0.3	5.9

Regarding the Application Form itself, there was general (in fact almost unanimous) agreement that the online application system was positive as was the guarding of the identity of applicants. This was confirmed through our survey work (as above) and also confirmed through interviews and focus groups. Nonetheless, certain improvements were suggested by focus group participants (e.g., better instructions / guidance for completing the various sections, increasing the number of permissible characters for certain descriptive aspects, detailed notes on budgeting etc.).

Table 40: Satisfaction Levels of Contracted Project Promoters and Unsuccessful Applicants with the Accessibility of All I&P Events, Support and Materials with regard to People with Disabilities?

Satisfaction Levels of Contracted Project Promoters and Unsuccessful Applicants with the Accessibility of All I&P Events, Support and Materials with regard to People with Disabilities?		
	Contracted Project Promoters %	**Unsuccessful Applicants %**
Very Satisfied	45.7	35.2
Satisfied	48.4	55.6
Somewhat Satisfied	2.8	3.7
Dissatisfied	1.2	3.7
Very Dissatisfied	2.0	1.9

As shown above, respondents to the survey were largely satisfied with the accessibility of the I&P efforts overall although disability representatives that we met over the course of the evaluation said there needed to be significant improvement in accessibility of venues in which seminars and information events are held.

Finally we note that whereas the RIBs are involved in contributing to the drafting of the CP, there is a clear separation of functions between the MA and the IBs in respect of I&P measures. It appears that although the IBs are subject to indicators set up under what is known as the Agreement for Delegation, they have no discretionary I&P budget themselves i.e, the information and awareness-raising budget is controlled at national level and, as such, the IBs are not in a position to pro-actively fund I&P initiatives and materials themselves (e.g., announcements in the newspapers, purchase of banners, leaflets, dossiers or brochures for information sessions) although they may apply for funding under the Technical Assistance KAI, 7.2. The IBs were complementary about the quality of the I&P materials centrally produced but say they have no control over the volume produced and are often left with no resources or materials with which to actively promote the programme at regional level.

In our view the significant I&P effort raised interest amongst the target group(s). Although the general level of capacity and competence vis-à-vis the ESF and project applications / implementation increased over time there is a need to enhance I&P and particularly help-desk type activities and to increase the nature, quality and frequency of contact and communication

with prospective and actual promoters. We elaborate further on this in the conclusions set out at the end of this chapter.

4.3 Sub-Task 1.3.2

To what extent is the process of evaluation and selection of the proposals for funding effective?

The evaluation of the effectiveness of the process of evaluation and selection involves an assessment of whether or not the right process was put in place (as against efficiency, which measures whether things were done optimally within the given set of resources). Effectiveness goes beyond the relationship between input and outputs and takes into account the outcomes of the process when set against aims and objectives.

The analysis of the effectiveness of the evaluation and selection process therefore takes into account the issue of efficiency as discussed in the previous chapter as well as some of the material already presented in Chapter 1 (e.g., description of the key actions engaged in by contracted projects (e.g. education and training) and the key target groups of contracted projects (e.g., the employed, unemployed and others)) as well as material presented in Chapter 2 regarding the contribution of the monitoring returns from the projects to the objectives of the programme. It also takes into account the whole range of views on the subject as expressed in the interviews, focus group meetings and surveys conducted over the course of the evaluation.

4.3.1 Findings

The appraisal and selection of projects has gone through various phases with changes in the composition of the evaluation committees, the methodology adopted and the system used. Initially, grant projects were submitted and due to be evaluated based on a roll-on / first-come first-served procedure although due to the high volume of projects submitted grant projects were ultimately evaluated in batches and the submission date was taken into consideration when ultimately selected projects were being ranked.

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For both grant and strategic type projects there was a three-step evaluation process (that followed the initial check for administrative conformity) as follows: eligibility of project and applicant; technical and financial check; and eligibility of the applicant organisation and partners. The evaluation was based on a given, approved methodology and evaluation grids.

In February 2008 the MA published a request seeking the services of independent evaluators for all KAI. The evaluators were ultimately selected on the basis of their evaluation experience in relevant areas such as education, VET, active employment measure and social inclusion. Some, but relatively little, training was provided to them (e.g. training was provided on the approved methodology and the Applicant guidelines). The evaluation grids were quite detailed for each aspect of the evaluation task but particularly so for the technical and financial areas.

For each call for proposals there was an evaluation report produced with three accompanying tables as follows:

- list with project proposals selected for financing and whose total requested budgets were within the financial allocation for the call;
- list with project proposals on the reserve list – projects that had scored over the minimum 65 score in respect of KAI where the available financial allocation for the respective call was exhausted;
- list with projects rejected in either of the three stages.

The evaluation report went to the MA for approval after which all applicants were informed of the outcome of the exercise. Applicants who had submitted applications that were rejected were entitled to appeal.

As previously noted, the vast majority of those we engaged with over the course of the evaluation believed that the application process was fair. Project promoters were particularly positive regarding the online application (the model currently in use) and they generally regarded it to be well structured and clear. Furthermore there was unanimity regarding the decision to anonymise the application forms as that ensured objectivity and a fair and equal playing field for all applicants:

- 91%[81] of <u>contracted project promoters</u> believe that the application process was both open and transparent and slightly more than 93%[82] believe that the appraisal of applications was conducted in a fair and balanced manner;

- 77% (n=47) of the 61 <u>unsuccessful applicants</u> responding believe that the application process was both open and transparent whereas only c.37% (n=15) of 41 respondents said that the appraisal of applications was conducted in a fair and balanced manner.

Contracted promoters were also happy with the appraisal of projects. Noting that the majority of unsuccessful applicants did not believe the appraisal of their projects to be carried out in a fair and balanced manner, we also asked that group if they were satisfied with the feedback they received following the assessment of their applications for funding i.e, feedback regarding the merits or otherwise of the project plan, structure, management etc. Almost 44% (n=29) of the 66 respondents said they were unhappy with the feedback they received and a further 30% (n=20) said they were very unhappy with the feedback received on their applications for funding. During the course of the focus group sessions with contracted projects some of those present said that even for successful applications it would be useful to get evaluator feedback so as to address any issues identified that may have down-the-line consequences.

Table 41: Use of professional external support by contracted project promoters and unsuccessful applicants in writing applications for funding

Use of professional external support by contracted project promoters and unsuccessful applicants in writing applications for funding		
%		
	Contracted Project Promoters	**Unsuccessful Applicants**
Always used external support	4.2	12,7
Often used external support	7.2	12.7
In Some Cases used external support	13.2	15.2
Rarely used external support	11.7	11.4
Never used external support	63.7	48.1

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[81] Interestingly the highest rate of satisfaction (97.4%) with the application process is under PA6 (Promoting Social Inclusion) and the lowest rate (80.0%) is in respect of PA4 (Modernisation of the PES) where all of the funding is targeted on a single organisation.

[82] In this instance a 100% satisfaction rating is given in respect of PA4 and all of the other PAs register broadly similar high rates of satisfaction.

Typically, neither group of respondents made extensive use of external support to develop project applications although the practice was more common amongst unsuccessful applicants. It is difficult to know how exactly to interpret this other than to suggest, possibly, that ultimately successful applicants had more in-house capacity and focus and/or that the external support brought in to assist in the writing of proposals was not always equipped for the task. Further analysis of the data at PA level shows that with regard to the contracted project promoters external support was not used whatsoever under PA4 (noting that this PA is focused on a single organisation – the PES) whereas under PA3 (Increasing the adaptability of workers and enterprises) external support was always used in 8.3% of cases and in 8.3% of cases again, such support was often used. So, among the contracted project promoters there was some disparity in practice although, overall, the use of external support was limited.

Table 42: Did a significant time between making an application and ultimately contracting have any negative consequences for contracted project promoters?

Did a significant time between making an application and ultimately contracting have any negative consequences for contracted project promoters? %							
	PA 1	**PA 2**	**PA 3**	**PA 4**	**PA 5**	**PA 6**	**Total across the OP %**
Yes	45,3	56,9	46,7	50,0	50,0	47,2	49,2
No	54,7	43,1	53,3	50,0	50,0	52,8	50,8

As demonstrated in the previous chapter, there was often a significant time-lag between the submission of an application and its ultimate approval and a further time-lag before the contracting stage. Based on our survey of contracted projects we know that the average time-lag between application and approval following evaluation for the contracted projects was 27 weeks across all PAs and, as such, we asked promoters if this caused any particular problems for them in implementing their projects. As shown in Table 42 above, in almost 50% of cases the time-lag did have negative consequences. This issue also arose at the focus group sessions and promoters referenced a range of problems regarding, for example, loss of personnel, changed circumstances for members of the target group or changed financial situation of the promoter and/or partners due to new commitments.

A range of issues arise regarding the time-lag between application and approval following evaluation / selection. On the one hand as demonstrated above, the system or approach changed

from time to time, most notably in removing the evaluation function from the IBs and the introduction of independent evaluators. In our interviews with IBs they were generally of the view that this was an unnecessary change and many said that the rate of appeals from disappointed applicants increased following the change from IB-based to 'independent' evaluation. However, it also appears that the evaluation aspect of the process was not the cause of the significant delays as demonstrated above – rather the delays arose at the level of the MA and its capacity to process the recommendations of the evaluators (regardless of whether these were inside or outside of the system) and arrive at a final selection decision (this impulse/tendency to centralise all decision making is also commented on elsewhere in this report).

Turning to the outcomes produced through the evaluation and selection process we note comments made in the Commission Systems Audit undertaken in 2009 where the auditors note the very high rejection rate of applications (albeit under one Call (23)) and what they describe as excessively bureaucratic requirements such as the non-disclosure of beneficiary identity which, they claim, "favours mistakes from the side of the beneficiaries and can lead to the rejection of projects of potentially high quality". The auditors recommend that the MA remove unnecessary bureaucratic requirements so that 'quality' can prevail over 'form'.

Our analysis confirms the high rate of rejection of proposals across the system. In fact, Table 43 below shows a success rate to the contracting stage of only 38.3% (taking into account the value of all 617 contracts signed up to 23.04.2010 as set against the value of funding made available through the 77 calls for proposals) across the programme until 23.04.2010 (i.e., committing 38.3% of the total value of funds launched, noting significant differences between and amongst the various KAI). The data in Table 43 is developed from data held in the relational-database of information on implementation that we set up for the evaluation.

Table 43: Budget and Calls[83] by KAI, Success Rate to Contracting and Estimation of No. of Calls Now Required to Absorb Available Budget

KAI	Public Funding [EUR]	Count of distinct calls	Allocated budget by calls [EUR]	Average budget by calls per KAI [EUR]	Minimum calls needed	Remai-ning calls	Rate of absorption of call by contracting*	Corrected calls needed	Corrected remaining calls
I	II	III	IV	V = IV/III	VI = II/V	VII = VI-III	VIII	IX = VI/VIII	X = IX-III
1.1	170.957.951	4	111.845.741	27.961.435	6,1	2,1	55,5%	11	7
1.2	122.112.822	4	134.484.408	33.621.102	3,6	-0,4	33,3%	11	7
1.3	191.155.516	4	206.051.518	51.512.879	3,7	-0,3	27,5%	13	9
1.4	172.365.231	4	125.589.745	31.397.436	5,5	1,5	28,6%	19	15
1.5	335.197.294	6	139.188.512	23.198.085	14,4	8,4	201,1%	7	1
2.1	201.127.040	5	131.844.028	26.368.806	7,6	2,6	29,0%	26	21
2.2	214.535.465	4	171.945.136	42.986.284	5,0	1,0	15,9%	31	27
2.3	575.734.679	4	231.363.299	57.840.825	10,0	6,0	11,6%	86	82
3.1	162.470.458	3	98.162.416	32.720.805	5,0	2,0	46,1%	11	8
3.2	269.515.210	5	161.990.608	32.398.122	8,3	3,3	41,2%	20	15
3.3	87.670.743	4	64.056.674	16.014.169	5,5	1,5	63,4%	9	5
4.1	151.962.277	4	82.756.605	20.689.151	7,3	3,3	18,9%	39	35
4.2	83.579.442	4	48.311.249	12.077.812	6,9	2,9	27,2%	25	21
5.1	186.613.442	4	157.567.568	39.391.892	4,7	0,7	10,1%	46	42
5.2	356.742.602	5	290.260.747	58.052.149	6,1	1,1	26,5%	23	18
6.1	420.570.625	4	264.078.340	66.019.585	6,4	2,4	18,3%	35	31
6.2	93.524.254	3	45.434.727	15.144.909	6,2	3,2	75,0%	8	5
6.3	73.177.863	3	39.330.242	13.110.081	5,6	2,6	128,7%	4	1
6.4	56.735.244	3	45.039.005	15.013.002	3,8	0,8	1,0%	396	393
	3.925.748.158	77	2.549.300.569	33.107.800	118,6	41,6	38,3%	310	233

* The absorption-rate takes into account all 617 contracts signed up to 23.04.2010 and compares the sum of public-funding to the financial volume of the respective call

Table 43 presents a simple comparison of the calls made up to end 2009 grouped by KAI. The table shows funding allocated per KAI (total public in EUR) and, within that, funding allocated to calls within the KAI (EUR), a calculation of the average 'size' of calls and a calculation of how many such calls would be needed for full absorption of available budget if each call was 100% committed. We then show **the actual level of contracting achieved up to 23.04.2010** and show the calculation of the absorption rate to that stage compared to call volume. Based on this 'success rate' we calculate the number of calls that would be needed to absorb the available

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[83] The number of calls launched in the reference period is 98 including three groups of grant-calls (calls no 25, 26 and 30 for KAI 3.1, 3.2 and 5.1 respectively) each of which was regionalised to 8 technically independent but topically identical calls. We have summarised these into one call each (24 to 3), thus reducing the original number of 98 calls to 77 distinct calls.

funding. A summary analysis of Table 43 and the tables provided at Annex 15[84] shows the following:

- A total of seventy-seven (77) calls were launched with a value in excess of 2.549 bln Euro (>10 billion lei)[85]. Calls were made across all KAI with an average value per call of >130 million lei with the modal number of calls per KAI being four (4). The largest financial volume was launched under KAI 5.2 (>290 meuro / c.1.139 blei) and the smallest was under KAI 6.3 (just > 39meuro / c.152 mlei);

- Annex 15 shows a total of 5,989 applications and their status at the end of December 2009[86] across the KAI with significant variation in the number of actual applications per KAI. For example, under KAI 3.2 a total of 1,275 applications were made valued at more than 4.655 billion lei or 744% of what was on offer (626 million lei). Under KAI 6.2 a total of 202 applications were made valued at 2.383 billion lei or 1,358% of the 175.4 million lei on offer. Overall the 5,989 applications received were valued at about 34.6 billion lei or 345.18% of the available budget (just over 10 billion lei) across the 77 calls.

- Of the 5,989 applications received, 3,130 (>52% of the total number received) applications with a value in excess of 16 billion lei were rejected. Another 1,023 applications (17% of total) were still in the evaluation / assessment stage. Of the total 5,989 applications across all KAI a total of 475 (c. 8%) made it through the selection process but were not yet contracted (valued at 2.737 billion lei). Ninety-nine (99) projects with a value of about 220 million lei were placed on a reserve list.

- Finally, of the 5,989 applications submitted a total of 508 (c. 8.3% of total) were contracted before the end of 2009 with a total value of about 2.431 billion lei representing about 7% of the value of all applications.[87]

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[84] Annex 15 presents a more detailed table / spreadsheet that provides the number of applications made per KAI and the financial volume / value of the applications according to their status (e.g., initial application stage, following assessment, and contractual stage) up to end-2009.

[85] To compare: The overall budget available for PA 1 to 6 is nearly 4 bln Euro.

[86] The cut-off date for data exported from Action Web for the evaluation

[87] This highlights some inconsistency between Action Web and the Contracting Directorate's table of contracts. According to the latter the number of contracts signed to end- 2009 was 520 with a total funding of 2.644.097.680 – this indicates problems in the updating of Action Web with later project stages that are not really managed via Action Web. To avoid such incoherence and inconsistencies a clear cut between Action Web data and data on projects as they move through further stages of the process beyond evaluation, selection & rejection should be made.

Annex 15 presents a spreadsheet that details the number of applications made per KAI and application type (i.e., grant, state aid or strategic) and the financial volume / value of the applications according to their status (e.g., initial application stage, following assessment, and contractual stage) to the end of 2009. A summary analysis of the tables shows that:

- calls with a total value of 1.161 billion lei and an average value of c. 31 million lei were launched in respect of grant-aided projects;

- calls with a total value of 527 million lei and an average value of c.86 million lei were launched for state aid type projects; and

- calls with a total value of 8.336 billion lei and an average value of c.154 million lei were launched for strategic projects.

Further analysis of the data shows the following:

- A total of 2,228 applications were received under the calls for ***grant-aided projects*** with a total value of just over 3 billion lei or 266% of the available budget advertised through the calls. The 1,593 (71%) rejected grant-type applications had a total value of almost 2 billion lei (or just under 66% of the total value of all grant-aid type applications). Some 109 projects passed the assessment stage and were selected but not yet contracted (c. 4%) with a total value of just over 142 million lei (or 4% of the value of all applications). Seventy-five projects were put on a reserve list and ultimately 308 grant-type projects valued at c.369 million lei were contracted. *This represents about 14% of all grant-type applications made and 12% of the value of all such applications*.

- A total of 785 applications were received under the six calls for ***state-aid type projects*** with a total value of slightly more than 607 million lei or 115.22% of the available budget advertised. Some 114 applications (14% of total) were rejected during evaluation with a total value of just over 74 million lei. A further 166 applications (21%) are selected but not progressed further at end-2009 and their total value is just over 121 million lei representing c.20% of the value of all applications. Eleven (n=11) applications valued at c.8.4 million lei are on a reserve list and, to date and based on the data available to us, there were ***no state-aid type projects contracted at end-2009***.

- A total of 2,976 applications were received under the calls for ***strategic projects*** with a total value of almost 31 billion lei or 371% of the available budget across the calls. Some

344 applications (c.12%) valued at almost 3.5 billion lei were submitted electronically and were not processed any further. A further 794 projects (c.27% of all applications) with a value of almost 8.7 billion lei were still in evaluation/assessment and 1,423 (c.24% of total) applications were rejected with a total value of c.14 billion lei. Thirteen (13) projects valued at c.121 million lei were on a reserve list and, finally, 200 projects (c.7% of all strategic applications) valued at just over 2 billion lei (c. 8% of the value of all strategic applications) were contracted.

In order to get a sense of the impact of the relatively low rates of absorption that have been achieved to date based on the relatively low rate of projects contracted to date, we performed a number of calculations that demonstrate the scale and depth of the implementation issues facing the managers of the SOP HRD and which raise questions regarding the application, evaluation and selection processes as follows:

- to date, the overall success rate in terms of funds absorbed when projects contracted until end of April 2010 are taken into account for the 77 calls is c.38.3% - at that rate of success it would require a total of 310 calls (another 233 calls or three times as many calls as have issued so far) to absorb all the available SOP HRD funding until the end of the programming period – from our perspective this appears to be an unrealistic and, most probably, an impossible task.

The above analysis of the data to end-2009 suggests the following:

- there is a considerable level of interest amongst prospective promoters in the funds available through the SOP HRD – this is a positive indicator and suggests, at the least, a well organized awareness raising effort;
- there has been a considerable amount of time and effort put into the system and in responding to the system on the part of all stakeholders (including, for example, applicants, IBs and the MA);

however

- it is apparent given the relatively limited output to date (as demonstrated through low levels of approval and contracting when set against the quantum of applications in numerical and financial terms and the high level of rejection) that there are serious issues

arising in respect of the effectiveness of the system – so much effort by so many for such little return.

Notwithstanding the fact that applicants (both successful and unsuccessful) believed the application process to be fair and that many believed the subsequent evaluation and selection process to be fair and transparent, a number of issues arise regarding the process itself.

First, and as noted elsewhere in this report, the distinction drawn between Strategic & Grant projects is an artificial one. The general view from amongst those we engaged with over the course of the evaluation is that there is no real difference between the two types of projects in terms of strategic content – some are simply bigger than others and operate in two or more regions (and that may actually mean two neighbouring counties across regional borders in many instances). In that regard the organisation of calls, the receipt of applications and the assessment of applications on that basis is, in our view, an artificial one and involves an unncessary level of administrative complexity in that regard.

Second, given the scale of the overall effort (to include the entire apparatus of the programme and the time input by all applicants) and the limited return from the system in terms of contracted and/or contracted and approved projects coupled with the threat this poses to overall rates of absorption, we believe that the total reliance on open calls for proposals with specific limits on the value of those proposals is ineffective, particularly in an environment where the managers of the programme (at all levels) and the prospective applicants to the programme are facing a very steep learning curve.

In our view there is a need for significant change in the application/evaluation/ selection processes with a view to achieving strategic focus, enhancing drawdown and ultimately deriving necessary outcomes for the development of human capital in Romania. This is elaborated on in the conclusions set out at the end of this chapter.

4.4 Sub-Task 1.3.3

(a) An analysis of the way in which the internal monitoring system at project level provides the necessary information for the monitoring of the programme as a whole; (b) To what extent is the programme monitoring system answering to the specific reporting needs of SOP HRD?

And (c) To what extent does the SOP HRD beneficiaries understand clearly and uniformly the SOP HRD monitoring indicators?

4.4.1 Introduction

To address this sub-task we focused on compliance and coherence checks regarding the two layers of monitoring and reporting in question (i.e., at overall system level and at the level of beneficiaries) and complemented this with additional information raised through focus group meetings with project promoters as well as information gleaned from interviews with stakeholders and with monitoring and reporting staff from the MA /IB and, finally, with responses to relevant questions posed through our survey of contracted project promoters.

As referenced earlier in this report, we note a clear level of interaction between the response to the questions above and responses provided to other questions already addressed under the Relevance and Efficiency criteria.

4.4.2 Findings

In relation to the way in which *the internal monitoring system at project level provides the necessary information for the monitoring of the programme* as a whole we found that projects tend to gather a significant amount of data. For example, project promoters are required to gather data pertaining to a wide range of characteristics of participants in interventions of one sort or another (ref. Annex 11 of the Guide - Registru grup tinta beneficiari.xls) and are required to provide this for on-site inspection and to submit it as one of the many requirements associated with a reimbursement request. In that respect the promoters gather data on the age, gender, previous education status and other characteristics of participants as well as identifying information like name and contact coordinates including county and locality.

What these data are missing however is any information on entry or exit date of participants and also anything about the achievements of participants (or, for example, reasons for drop out). The lack of data regarding start or end / entry or exit dates, coverage periods, status changes etc. is a general weakness in all the data collection systems – particularly so in respect of the internal tables at MA level that are used mainly for contract and financial control. We note that such

information is of the highest importance for any regular and comprehensive progress reporting; however, as previously noted, the MA is aware of this issue and has taken steps during 2010 to address the gaps identified through 'Instruction 30' and the ongoing development of an effective MIS.

A striking example of the above issue can be seen through the 'centralizator' table of indicators: this table has a column for the approval date for the underlying technical and financial report ('Data aprobarii RTF') although this is a redundant piece of information in the context of monitoring aggregated indicator values at KAI or OP level; on the other hand, the table contains no indication of the period covered by the reports despite the fact that such information is indispensable to the appropriate use of the data in question.

Despite the fact that projects generate and provide fairly rich data, at programme level the output and result indicators are reported on without explicit reference to this richer data. It appears that this richer participant data is principally used for complying with requirements of the AIR and Annex XXIII and to be compiled using the Anexa 3 'centralizator anexa 23.xls' and not for regular update and programme management purposes.

Within the templates for the 'Baza de date indicatori' table an 'Action Category' is introduced as a sub-category to each KAI although this is not referenced anywhere else and, as such, it is not clear how these 'actions' are assigned to projects (i.e., what criterion/criteria are used to do so) nor is it made clear what further use is to be made of them. Fourteen categories have been assigned to 19 KAI in that respect – in most cases (14 KAI) there is just one action category per KAI and in 5 cases there are two.

Table 44: Action Categories

1	Acces de piata muncii (used 4 times)
2	Cercetare post-doctorala
3	Dezvoltarea capacitatii reprezentantilor societatii civile
4	Dezvoltarea retelelor si parteneriatelor cu reprezentantii societatii civile
5	Formare profesionala continua (used 5 times)
6	Implementarea economiei sociale
7	Invatamant pre-universitar

8	Invatamant superior
9	Masuri corective de parasire timpurie a scolii
10	Masuri preventive de parasire timpurie a scolii
11	Programe doctorale
12	Serviciul Public de Ocupare (applies to 2 KAI under PA4)
13	Sustenabilitate zone rurale
14	Tranzitia de la scoala la locul de munca

Although apparently not used elsewhere these categories obviously represent an attempt to condense or categorise information that otherwise overarches individual KAI.

Instead, what is actually in use is a system of 270 indicators delivered with the Centralizator table (updated to 30.06.2010) according to types of activities (the list of indicators and their assignments is in Annex 16) as follows:

- Focussed on individual participants (with further breakdown to include sub-categories of women & Roma);
- Focussed on organisations;
- Focussed on systems.

Table 45 shows 270 indicators distributed in a fairly unbalanced manner across the KAI (from 7 to 23 indicators depending on the KAI):

Table 45 - Number of Input, Output and Result indicators defined at OP or FDI level (supplementary indicators)

KAI	Input	Output	Result	ALL
1.1	5	8	8	**21**
1.2		4	7	**11**
1.3		7	5	**12**
1.4		7	7	**14**
1.5	1	3	8	**12**
2.1	1	6	4	**11**
2.2	2	6	5	**13**
2.3	1	6	5	**12**

KAI	Input	Output	Result	ALL
3.1	4	6	1	**11**
3.2	5	12	4	**21**
3.3	4	1	4	**9**
4.1	1	5	8	**14**
4.2	1	3	6	**10**
5.1	4	6	12	**22**
5.2	4	11	8	**23**
6.1		9	6	**15**
6.2		11	10	**21**
6.3		4	7	**11**
6.4		4	3	**7**
	33	**119**	**118**	**270**

The major subsets of 123 indicators refer to support for individuals, followed by 45 that refer to systems development and 18 that refer to support for organisations:

Table 46: Number of indicators referring to support for individuals by KAI

FiKai	Input	Output	Result	ALL
1.1		5	1	**6**
1.2		1	1	**2**
1.3		7	3	**10**
1.4		2	2	**4**
1.5		2	1	**3**
2.1		4	2	**6**
2.2		6	3	**9**
2.3		5	1	**6**
3.1	1	6		**7**
3.2		7	1	**8**
4.2		2	1	**3**
5.1		6	8	**14**
5.2		11	4	**15**
6.1		7	2	**9**
6.2		10	6	**16**
6.3		3	2	**5**
	1	**84**	**38**	**123**

The analysis of that 'centralizator' table with reference to input and output indicators shows the following overall rates of achievement:

- For support of individuals, 390[88] projects reporting - the outcome is 12.8% or in respect of indicators with reference to women, 18.4%.

- The overall achievement rate for indicators referring to support /development of systems is much smaller at 0.2%[89] with 212[90] projects serving the respective indicators.

- Finally, indicators referring to supporting organisations (79 projects serving to these indicators) register at 0.3%.

Unfortunately the information above does not throw much light on the reality, for a number of reasons as follows:

- Only 419 projects out of 520 contracted to the end of 2009 are included (the number of unreported cases in aggregate reported by OI CENTRU cannot be estimated);

- Some of the projects in the basic table we received from the MA were contracted after 31.12.2009 and, as such, we must assume that these are included to some extent in the aggregates provided – we made appropriate corrections where this was apparent;

- The data have no clear reference period;

- The output and result indicators have no specified milestones but have to be achieved 'at some point' over the lifetime of the projects. Thus the interpretation of any achievement rate before the end of a project is purely speculative as it might be that, for example, the output achievement will be realised only at the end of the project due to the nature of the activity in question;

- Not all indicators have been categorised – many do not fit into the above scheme (e.g. transnational partners involved in activities).

Thus the currently available indicator tables provide a less than ideal source for assessment of the programme.

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[88] The actual number is higher but indeterminable as OI CENTRU delivered only aggregate figures for KAI 3.1 and 3.2.

[89] In the original table a lot of the projects in question have individual achievement rates of 100% but the absolute figures are often just '1' – we already mentioned elsewhere in this report, that the breakdown of programme level indicators to single projects can be very misleading

[90] The actual number is higher but indeterminable as we were provided only with aggregate figures in respect of KAI 3.1 and 3.2 (OI Centru).

As such, we found that the internal monitoring at project level is capable of providing data to inform the monitoring system at programme level; however, as discussed earlier in this report, there are issues with the functioning of the programme monitoring system in place as monitoring is enmeshed with and subservient to financial control rather than existing in parallel with it and serving a different purpose i.e., a programme management and programme steering function.

Under the heading of Relevance we addressed the extent to which the contracted projects contribute to the general and specific objectives of the programme and in that regard we discussed some of the issues arising in respect of *the monitoring system and its capacity to meet the reporting needs of the programme*. In that regard we noted that the monitoring system is linked to the reimbursement and financial control system and, as such, does not operate as what we would regard a conventional monitoring system in that, for example:

- The monitoring data collected through the reimbursement exercise are not locked into a given time-period (e.g., quarterly or half-yearly). They cover the period of time to which the reimbursement request refers and, as such, they cover project-initiated periods of time related to cash-flow requirements at project level. In that sense they are not amenable to regular, standardised and comprehensive aggregation linked to a given period of time to facilitate monitoring or reporting;

- Because of this the quality of the reporting on activity, output or results is less than optimal (noting that as there are no impact indicators, this type or level of reporting is simply not possible).

- It is also the case that relevant information is not necessarily registered in electronic format although it might be available in paper format (e.g. the period covered by a Financial and Technical Report that accompanies the request for re-imbursement).

This lack of synchronisation is a general problem (and is linked to the obvious lack of engagement with dates and reporting periods that we already stressed above). It refers not only to the technical reports but also to financial reporting and other (e.g. internal) data collection. This deficit not only impedes the attainment of a fully fledged, indicator-based documentation and reporting on KAI/SOP level but is also an obstacle to more effective financial forecasting.

The system clearly lacks efficacy and based on the observations made here and elsewhere in this report our view is that it may be appropriate to establish a second strain of obligatory reporting

that is not triggered by the case by case cash-flow needs of project operators based on the project calendar or to the financial control strictures, but strictly linked to overall reporting needs at programme level. To do this, there would be a need to clearly define the periods in question in terms of start and cut-off date and also a need for a clear deadline for submission taking into consideration the adequate buffer time that would be needed for plausibility and other checks as necessary. We return to this issue in the conclusions section below.

The reporting requirements at OP level are defined within the Structural Funds regulations, namely the ESF regulation and the related Annex XXIII of COMMISSION REGULATION (EC) No 1828/2006 (Implementing Regulation) specifying 'Data on participants in ESF operations by priority'. Notwithstanding the comments above regarding the overall approach to the monitoring function we can confirm that the list of data to be delivered on participants is accurately designed to comply with the aforementioned Annex XXIII and that corresponding output and results tables referring to indicators defined within the OP and FDI – with all the provisos we have regarding their current utility - were provided to us by the MA for integration within the evaluation database. Likewise the general information about projects is adequate with respect to meeting the summarising Code Categories that the Commission requests with regard to AIR /FIR (based on Part C of Annex II of the MA regulation).

Although there is no formal requirement to collect data to establish the regional (county based) allocation of activities and funds with a view to undertaking an analysis of the impact of the dispersed investment and its relationship to different regional priorities and challenges, we are of the view that such information is critical. However, it is not currently available through the system and creates significant lacunae in programme management intelligence. In our survey of contracted projects, 222 respondents representing about 10.6% of the contracted funds to date provided us with data on their location that allowed us to present the regional distribution of projects as set out in Table 47 – this type of data needs to be collected and collated systematically to inform policy and programme management:

Table 47 - Clear regionalised assignment of projects

Region	Count of Projects	Sum Of Eligible Cost
North-East	36	57.768.032
East	36	42.344.124
South-Muntenia	19	24.660.613
South-West Oltenia	27	32.477.172
West	24	27.964.127
North-West	15	13.340.620
Centre	36	47.120.906
Bucharest-Ilfov	29	44.179.879
	222	**289.855.473**

Source: Survey of contracted projects – data provided by projects through our survey is matched with contract data received from the MA.

In relation to data management itself we found that whereas the 'content columns' for projects referring to individuals are in place, the structure of the data to be reported itself is often poorly defined. For example, the proper management of (annual) carry-over of participants between reporting periods is something that arises at each level of provision and processing of data; however, we found that this is not always correctly understood and managed - in certain instances, participants appearing in one report do not appear in the next even though they may still be involved in the intervention. In those instances, the understanding appears to be that each report provides information on changes on a stand-alone basis when compared to the previous report submitted rather than the carry-over (cumulative) situation on an ongoing basis.

It is also the case that the structure of reporting runs the risk of double, or multiple counting of participants due to the fact that target groups and indicators are defined in an extraordinarily complex manner. Taking into consideration multiple aspects of discrimination or disadvantage on the labour market might work fine for reporting on the level of a single project but it can quickly lead to confusion when working on the basis of aggregate data. In that regard we note that the indicator definitions for the SOP HRD have a level of complexity and of variety throughout the key areas of intervention that make such misunderstandings very likely to occur.

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For example, <u>in ActionWeb there are 184 target group definitions at KAI level in combination</u> <u>with 19 KAI (+2 KAI for TA not included here) leading to an effective cross-tabulation of 724</u> <u>combinations</u> (i.e., 724 real combinations based on Actionweb data noting that not all KAI (19) cover all target groups (184)). Moreover, as many indicator definitions are very similar and as they are typically stated first as absolute figures and later in the form of percentages, there is an additional risk of confusion. We note that the issue here is a question of 'how', rather than 'what' data is collected. In that regard we are of the view that it would be possible to turn the system around with relative ease to ensure more effective management and analysis as the required data is present and is collected but, as already noted, collected and collated in a less than systematic and useful manner.

Considering that applicants may apply for funding under several KAI this suggests that the staff of the beneficiary organisations who are responsible for project monitoring and reporting as well as their counterparts in the IBs need to be skilled and adequately trained to manage the degree of complexity involved. The situation is made even more complex based on the fact that applicants may themselves define up to five indicators / target values for output and results alike[91].

As part of our survey work *we asked project promoters a range of questions regarding the indicator system* to establish their perspectives in that regard. The results are presented in summary form in Table 48 below:

Table 48: Views of the Contracted Project Promoters Regarding the Indicator System

Views of the Contracted Project Promoters Regarding The Indicator System %							
	PA 1	**PA 2**	**PA 3**	**PA 4**	**PA 5**	**PA 6**	**Total across the OP %**
How well do you understand the indicator system for the KAI under which you made a successful application for funding?							
Very Well	50.0	33.8	37.0	20.0	31.8	21.6	36.7
Adequately	42,3	63,2	48,9	80.0	59.1	62.2	53.7

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[91] Some 83% of the contracted project promoters surveyed said they had submitted a reimbursement request (which includes engagement with the monitoring exercise) and, of them, c.33% said the process was challenging. During the focus group sessions the participants elaborated on their concerns in this regard referencing the very heavy amount of paperwork that must be produced and reproduced and the level of checking that they are subject to.

Views of the Contracted Project Promoters Regarding The Indicator System %							
	PA 1	**PA 2**	**PA 3**	**PA 4**	**PA 5**	**PA 6**	**Total across the OP %**
Not Very Well	7,7	2,9	14,1	0,0	9,1	16,2	9,6
Does your project's monitoring system generate data that adequately responds to the relevant programme or KAI level indicators?							
Yes	92,6%	98,4%	93,8%	100,0%	97,5%	96,9%	95,5%
No	7,4%	1,6%	6,3%	0,0%	2,5%	3,1%	4,5%
Did you define your own, non-programme level indicators as part of the application process?							
Yes	72.6%	60.6%	68.7%	80.0%	70.0%	76.5%	69.1%
No	27,4%	39,4%	31,3%	20,0%	30,0%	23,5%	30,9%
Does your project's monitoring system generate data that adequately responds to indicators you defined yourself as part of the application process?							
Yes	90,0%	100,0%	100,0%	100,0%	100,0%	92,0%	96,3%
No	10.0%	.0%	.0%	.0%	.0%	8.0%	3.7%
In your view, what are the most important indicator types?							
Programme Level (which were defined in the Action web)	91,2%	89,1%	90,7%	100,0%	92,7%	79,4%	89,6%
Self-defined	7,4%	9,4%	9,3%	0,0%	4,9%	20,6%	9,4%
Neither	1,5%	1,6%	0,0%	0,0%	2,4%	0,0%	1,0%

Based on the above responses it can be seen that although more than a third of promoters (c.37%) say they understand the indicators system very well, almost 54% say they possess an adequate understanding whereas almost 10% admit to not understanding it very well at all. Given that 83% of promoters have already made a reimbursement request, this is a not a particularly convincing level of response. That said, promoters are fairly emphatic (c. 96%) regarding the degree to which their project monitoring system can meet the indicator requirements. Referring to self-defined indicators the above results show that 69% took up the option do this (as invited to do through the application process) although, somewhat worryingly, slightly more than 9% believe that self-defined indicators are more important than programme level indicators suggesting a level of disconnect between the strategic intent of the programming approach under the ESF and the views of that sub-group at least.

In addition to the overarching issues we have identified regarding synchronicity of data, 'privatisation' of data and the unhelpful links between control and monitoring, there are other technical issues that we wish to highlight as follows. First, in relation to the series of data sets we received from the MA and IBs. Part of the information was directly exported from the Action Web database and other parts were maintained in EXCEL tables by the respective directorates or more generally by 'units' of the MA. The Action Web tables covered the following headings:

- Applicants;

- Applications/Projects;

- Calls;

- Specific benchmarks for projects and related indicators;

- Budget breakdowns for applications.

The MA/IB tables were related to:

- Contracts;

- Budget breakdowns of contracts;

- Requests for reimbursement;

- Payment requests;

- Technical progress of implementation.

The ActionWeb tables are coherent although, as previously referenced, some technical issues arise in relation to the way certain data is stored, as in the lack of predefined key-lists referring to localities of project implementation. One issue that required a lot of work for the evaluation team concerns the lack of control of applicant data - with each application an applicant could enter a new record for its organisation. When trying to set up, for example, an analysis of the allocation of funds by applicants this presents a real impediment to analysis and also, for example, creates problems for creating the lists of addressees for fieldwork (e.g. Focus groups) or surveys. For the purposes of this evaluation we needed to check 3,871 records that included many dummy records apparently entered for training purposes (but not indicated as such) but also a significant number of records where one promoter had multiple records. We finally reduced that number to 2,730 unique identities (organisations) although this required a significant amount of time investment - different spellings and abbreviations, and the use of Romanian and / or Latin characters also hampered our work.

In relation to the MA tables provided the issue of 'privatisation' as referenced in the previous chapter arises. The main problems we found – and we found them (to different extent) in all files provided – were:

- Lack of data type conformity – i.e. cells formatted for numbers or dates filled with text: number or date entered as text by either formatting or use of the wrong separators or by entry of additional blanks. This is difficult to detect but has consequences, for example, for the accurate calculation of totals. As a result we had to check literally each cell of data that we intended to use in our database to avoid conflicts at import.

- Within tables, fields that referred to otherwise predefined data (such as KAI codes or the complex contract Ids) were not usually entered from a key-list (using the option to define data-restrictions based on lists) but re-entered manually with (sometimes intentional) modifications (e.g. introducing additional blanks to make a code more readable or, on the other hand, spelling errors).

- As a result a lot of information that should only be stored once within the system and then used as a reference list was re-entered again and again in different tables raising the risk of incoherence and incompatibility in the data

- References to projects in a given table were made based on different criteria – either the project ID (ActionWeb) or the contract number was used

- Some specific data belonging to a specific dossier was not stored in a single table but could be found elsewhere – e.g. the contract codes are not to be found in the contract table (which refers to the project codes generated by ActionWeb) but in the list of requests for payment, and certain information from the request for re-imbursement was found in the table of payment requests instead

- Within tables control-sum checking columns are not always used, and so on.

These are just some of the issues we found in relation to the data management. These can have a profound effect on the accuracy and reliability of data and the reports constructed on the basis of that data and present a real issue for the overall efficacy of the system[92].

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[92] We have provided the MA with a technical report separate to the evaluation proper that details technical issues arising.

4.2.4 Sub-Task 1.3.4

- To what extent do the beneficiaries take into account the SOP HRD themes and horizontal objectives when preparing applications/calls for proposals and when implementing projects?

Introduction

The extent to which beneficiaries took the SOP HRD themes and horizontal objectives into account is dependent on a range of factors that include, for example, the level of guidance provided by the MA/IBs in that regard, the emphasis given to these in application materials and the relative weighting given to responses by prospective promoters in the selection process. We are not aware of there being an existing standardised approach to monitoring these horizontal priorities although we note on the basis of our engagement with the IBs that the horizontal principles are subject to the monitoring regime and are checked through on-site visits and other means.

Findings

Based on the assumption that the degree to which project promoters were likely to observe the spirit of the horizontal priorities would be likely to be influenced by the degree of emphasis given to the horizontal priorities within the programming and related documentation, we reviewed a range of documents and other materials to include: Composition of the Monitoring Committee of SOP HRD; Applicant guides (2008 & 2009); Application Form - Annex 4; The Selection grid; Annual Implementation Reports; Semester Implementation Reports; Technical Implementation Reports; MA and IB web pages; and Training provided to beneficiaries.

Based on this review we found that the Horizontal Priorities are well represented and presented throughout the programme implementation. For example, representatives of relevant agencies and organisations are represented on the SOP HRD Monitoring Committee, such as (e.g., National Agency for the Roma Population, Civil Society Development Foundation, National Agency for Equal opportunities between Women and Men). Likewise we found that in the Applicant Guides (grants and strategic projects) the principle of equal opportunities is heavily emphasised and for "Other horizontal themes" the applicants are required to demonstrate the clear contribution of the project to at least one of the horizontal objectives (sustainable

development, innovation and ITC, active ageing, inter-regional / trans-national approach), each of which is clearly defined.

Annex 4 of the Application Form makes it clear to applicants that the will be graded in accordance with relevant horizontal objectives. The AIRs contain specific chapters dedicated to "Equal Opportunities" and "horizontal themes" and information referring to horizontal issues per KAI is provided. Horizontal objectives form part of the content of training on project implementation provided to beneficiaries during 2009.

As such we found that the beneficiaries had been well informed by the authorities on the importance of the horizontal priorities in the OP.

Table 49: Responses by Contracted Project Promoters Regarding the Horizontal Themes and Objectives of SOPHRD

Responses by Contracted Project Promoters Regarding the Horizontal Themes and Objectives of SOPHRD %							
	PA 1	PA 2	PA 3	PA 4	PA 5	PA 6	Total within OP %
How well did your project proposal reflect the horizontal themes and objectives of SOPHRD?							
Very Well	66,2%	56,5%	65,2%	80,0%	56,8%	63,9%	62,6%
Adequately	32,5%	43,5%	34,8%	20,0%	43,2%	36,1%	37,1%
Not Very Well	1,3%	0,0%	0,0%	0,0%	0,0%	0,0%	0,3%
How well are the SOPHRD horizontal themes and objectives reflected in your project during implementation?							
Very Well	61,0%	48,4%	63,6%	80,0%	55,6%	61,1%	58,8%
Adequately	36,4%	51,6%	35,2%	20,0%	44,4%	38,9%	40,3%
Not Very Well	2,6%	0,0%	1,1%	0,0%	0,0%	0,0%	1,0%
Does your project focus on particular horizontal themes and objectives?							
Yes	60.0%	52.7%	64.2%	80.0%	63.2%	77,4%	62,5%
No	40,0%	47,3%	35,8%	20,0%	36,8%	22,6%	37,5%
If your project focuses on particular horizontal themes and objectives, please specify							
Equal Opportunities	28,6%	71,4%	43,1%	50,0%	58,3%	66,7%	49,7%
Sustainable Development	26,2%	7,1%	21,6%	0,0%	20,8%	16,7%	19,1%
Innovation and	28,6%	14,3%	23,5%	50,0%	16,7%	4,2%	20,2%

Responses by Contracted Project Promoters Regarding the Horizontal Themes and Objectives of SOPHRD %							
	PA 1	PA 2	PA 3	PA 4	PA 5	PA 6	Total within OP %
ICT							
Active Ageing	0,0%	0,0%	0,0%	0,0%	0,0%	4,2%	0,6%
Transnationality	9,5%	7,1%	7,8%	0,0%	0,0%	4,2%	6,4%
Interregional Approach	7,1%	0,0%	3,9%	0,0%	4,2%	4,2%	4,0%

As part of our survey of beneficiaries we asked a number of questions regarding the horizontal themes and objectives of SOPHRD and the responses are detailed in Table 49 above.

The results are fairly uniform across the PAs and indicate that in about 60% of cases project promoters said their project application and implementation reflect the horizontal priorities very well. In just over 62% of cases the promoters said their project focuses on a particular horizontal objective and in those instances the following are emphasised across the OP:

- Equality opportunities: 50%
- Innovation & ICT: 20% &
- Sustainable Development: 19%

There are notable variations across the PAs in this regard with, for example, Equal Opportunities registering at 71% under PA2 and at 67% under PA6 but only c.28% under PA1. During our engagement with project promoters during the focus group sessions the participants said they observed the relevant horizontal objectives although in some cases participants referred to a more 'formal' than embedded engagement with them.

4.2.5 Sub-Task 1.3.5

What are the internal and/or external factors/characteristics that have influenced/influence/will continue to influence SOP HRD implementation?

The response to this question effectively takes into account all of the material presented in the report to this point as well as other issues that we have been made aware of over the course of the evaluation, particularly through our interviews and focus group sessions.

There is a wide range of both internal and external factors that have influenced the implementation of SOPHRD in the past, continue to influence it now and will influence the implementation of the programme in the future. For reasons primarily associated with the volume of the evaluation report we present these issues as a simple list below and in more detailed tablular form in Annex 17 noting that all of the issues mentioned are of particular importance in the context of the SOPHRD and merit perhaps more space than is possible to afford them in the current report.

For clarity we note that we interpret 'internal' to mean within the control of the management of the programme itself and 'external' to mean the opposite (i.e., outside the direct control of the management of the OP).

In that regard the key *Internal* issues that have influenced, continue to influence and will influence the implementation of SOPHRD are as follows:

- The existence of what we refer to as a conceptual gap within the MA regarding the Programme Management - the MA micro-manages the programme and in so doing appears to us to neglect the strategic intent of the programme for which it has primary responsibility;

- The above refernced tendency to micro-manage is accompanied by a control fixation that appears to stifle activity and achievement within the programme – the MA is ultimately responsible not only for accounting for expenditure incurred but for programme performance and the over-emphasis on control impacts on overall performance and the MA's capacity to facilitate, promote and nurture achievement.

- Communication is poor throughout the system both in terms of the level and type of communication between the MA and the IBs, between the MA and the monitoring Committee and between the relevant authorities and project promoters.

- Other internal issues related to and possibly underpinning the above include: (i) the relative inexperience of the team at the MA in dealing with the ESF and programme sof this level of scale and complexity; (ii) the very heavy level of bureaucracy that appears to be characteristic of much of the Romanian public administration; and (iii) a general lack

of focus on pro-active problem-solving (the system tends to be more reactive) and what appears to be an inherent lack of trust between the various actors within the system.

The key *External* issues that have influenced, continue to influence and will influence the implementation of SOPHRD are as follows:

- The global economic crisis and the impact it has had on public finances, on unemployment, poverty and other issue and the associated impact on the capacity of the state to address issues arising to include ensuring adequate levels of service in education and training;

- The pervasive culture of suspicion that appears to exist in the Romania public administration regarding possible corruption, political favouritism and related issues. The degree, depth and regularity of changes in the composition of management within the administration following elections also introduces uncertainty and impacts on continuity and the development of core competencies;

- A general lack of co-ordination appears to exist wherein different agents of the state (e.g., Audit Authorities, MA) appear to provide conflicting advice that can impact on performance – this is compounded by legislative complexity and incoherence.

- The absence of an integrated strategy for the development of human capital is a significant lack in the context of the implementation of the SOPHRD – the programme is 'operational' by definition an requires a strong policy framework within which to operate. That framework is not adequately present;

- The capacity of promoters appears to be limited and their experience in dealing with a programme and projects of the scale and complexity associated with the ESF is limited. This clearly impacts on performance although the experience gained during the current programming period should be of benefit in the future.

4.5 Conclusions and Recommendations; Effectiveness

In this section we present specific Conclusions and Recommendations (Table 50) associated with the findings set out above.

![EU and Romania logos]

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Table 50: Conclusions and Recommendations – Effectiveness Criterion[93]

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
1.3.1	25	The awareness raising campaigns and the subsequent launches of calls for proposals supported with Phare funding during the reference period for the evaluation generated significant interest in the programme and a significant number of applications for funding. The information events were generally well regarded although, based on our surveys and focus gorup work, they could be more interactive and the officials should be more willing and better placed to interpret guidelines where particular issues arise for applicants and beneficiaries. There is a particular need to enhance I&P measures in rural areas where the existing social and administrative infrastructure is less well developed than in urban areas. The RIBs have no direct control over the I&P budget as this is managed centrally through the MA - this lack of direct control would appear to have impeded their capacity to promote the SOPHRD in the respective regions.	Using the available TA budget the MA should tender for the establishment of a National Technical Support Unit to work it and the IBs to generally enhance the level and nature of communication with and support to prospective applicants and successful promoters (e.g., online newsletter, workshops, thematic seminars, identification of emerging issues, developing case studies and identifying good practice, promotion of innovation etc.) Devolve budgets and responsibilities (including budgets and responsibilities for I&P) to the IBs for relevant relevant PAs / KAI - see below for more detail.	MASOPHRD IBs	M
	26	The general assessment of the official ESF website			

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[93] In the table below and the following tables presenting Conclusions and Recommendations, we also included the "target" of the recommendations proposed (institution or organisation responsible for the implementation of recommendations) and the time-frame (short/medium/long) within which recommended changes should be made. Generally speaking recommendations to be implemented in the short-term should be implemented within three months of finalisation of the report. Recommendations for the medium-term should be implemented within six-nine months of the finalisation of the report. Recommendations for the long-terms should be implemented within a year, although in certain instances the 'long-term' may reach into a two-three year time-frame (e.g. where recommendations are made that build towards the next SOPHRD programming period).

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
		(www.fseromania.ro) was positive although there is room for improvement, particularly as regards the structure of the site which can be difficult to navigate. There is also a need to generally update and improve the content and, in particular, to update FAQ in real time.	Subject the official website to ongoing review, improvement and update.	MASOPHRD	**Ongoing**
	27	The quality and utility of the Applicant Guide appear to have improved over time although the frequency of the Corrigenda that issued from call to call caused confusion and other problems for applicants and is indicative of the more reactive rather than strategically planned approach to implementaiton observed elsewhere in this report. The relationship between the Applicant Guides (application phase) and the contracting and monitoring phase (Beneficiary's Manual, instructions, etc.) can be less than coherent causing confusion and other problems (e.g., during audit) for beneficiaries. We recognise that the Guide is intended to provide guidance and cannot cover all eventualities and that the frequent changes have impacted on its utility. On the other hand we also recognise that it would be impossible to cover all eventualities with any Guide-type document and that beneficiaries must also understand that basic fact.	Review the Applicant Guides (noting that such an exercise was undertaken during 2010) subsequent to and in the context of the overall strategic review of the role of the MA as recommended elsewhere in this report with a view to ensuring the on-the-ground utility of as well as consistency in the guidance and advice provided to promoters.	MASOPHRD	M
	28	The Help-desk facility was less than optimum. Responses to queries tended to be text-book in nature involving a cut and paste exercise that provided limited, if any, further interpretation of issues arising for applicants but more particularly for ultimately contracted projects. There is a clear need to enhance help-desk and other supports to	Using the available TA budget the MA should tender for the establishment of a National Technical Support Unit to work it and the IBs to generally enhance the level and nature of communication with and support to prospective applicants and successful promoters (e.g., online newsletter, workshops, thematic seminars, identification of emerging issues,		M

Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
		applicants and contracted projects using, for example, worked examples, newsletters, supportive on-site visits and so on	developing case studies and identifying good practice, promotion of innovation etc.)	MASOPHRD	
	29	Based on the results of our Omnibus survey, we conclude that there is a relatively limited level of awareness of the Structural Funds amongst the general public with the ESF scoring at the lower end of the scale (only 19 (1.5%) of the 1,240 people surveyed) and, in turn, the SOPHRD registered with only 90 people (7% of total surveyed). According to the results of our Omnibus Survey, the use of the medium of television for publicity purposes appears to be the most effective way of reaching and informing the general public of the availability and purpose of the SI in Romania.	Ensure ongoing information campaigns to inform prospective promoters and the general public of the availability of funding, its purpose and the routes and means through which it can be accessed.	MASOPHRD	Ongoing
1.3.2	30	Based on our research we can conclude that: the application process under SOPHRD was fair; the online application system is positively regarded and is thought to be well structured and clear; there is general agreement that the decision to anonymise the application forms ensured objectivity and a fair and equal playing field for all applicants; generally speaking applicants were happy with the appraisal of their projects although a significant proportion of unsuccessful applicants were unhappy with the quality of the feedback they received on the assessment of their applications.	N/a		
	31	Despite the general level of satisfaction with the fairness of the process as outlined above, the evaluation and selection			

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Evaluation Question		Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
		processes were ineffective: there were serious time-lags in the process (from application to evaluation to selection (and on to contracting)) that in 50% of cases had negative consequences for project promoters with the most significant delays arising at the level of MA	Review the application, selection and contracting processes as part of the above-recommended strategic review of the MA and its roles and functions.	MASOPHRD IBs	M
	32	The distinction drawn between Strategic & Grant projects is an artificial one that introduces an unnecessary level of complexity into an already complex system.	Remove the distinction between Strategic & Grant projects throughout the system.	MASOPHRD	S
	33	The sole reliance on open calls for proposals with specific limits on the value of those proposals is ineffective and threatens the capacity to draw down the available funding.	Subsequent open / competitive calls for proposals should be be launched with a minimum project value and maximum value project value to be determined subject to review.	MASOPHRD	S
			In parallel with the competitive process there should be a parallel negotiated / non-competitive process to support large-scale, strategic projects.	MASOPHRD, relevant Ministries and Agencies	*M*
1.3.3		Taking the monitoring system as it currently stands or on its own terms, we conclude that there is a range of technical deficiencies that impact on its reliability and accuracy (e.g., participants not carried over from one period to another even where they are still in training, risk of double or multiple counting of participants due to the complexity of the definitions attached to target groups, further complexity added with the possibility of self-defined indicators, lack of	Staff should be trained in the appropriate use of databases and associated technology. Protocols should be developed and enforced in relation to the proper management, maintenance and filing of data.	MASOPHRD	S

Evaluation Question	Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
	data-type conformity in databases etc.)		IBs	
	Regarding the level of understanding of the indicator system amongst beneficiaries we conclude that the indicator system is not particularly well understood at beneficiary level, which is unsurprising given the level of complexity in the system; however, we also conlcude that the current system at project level is too complex and serves to create confusion amongst its users.	In line the up-skilling of staff in relation to indicators and the review of the indicators system as proposed under the Relevance heading as well as the development of a stand-alone monitoring system as recommended elsewhere, the importance and functioning of the system should be explained to the promoters and training provided as required.	MASOPHRD IBs	M - L
	The internal monitoring system at project level provides a significant amount of detailed data appropriate for aggregation through an effective monitoring system at programme level. There are certain gaps in the data collected at project level that diminishes the value of the data overall from a monitoring perspective (e.g., on the entry or exit dates for participants in courses or programmes, on the achievements of participants, on reasons for drop out). However, we conclude that, overall, the internal monitoring at project level is capable of providing data to inform the monitoring system at programme level albeit ythat this data is not currently utilised, systematically gathered and collated / categorised or reported at programme level. This deficit not only impedes the attainment of a more fully-fledged, indicator-based documentation and reporting at KAI/SOP level but is also an obstacle to more effective	Develop a new monitoring system at given intervals that is independent of the reimbursement system. Serious thought and planning should be given to the development of the system and all of the technical issues identified in this report (and in the accompanying technical report) should be addressed. The Monitoring system should be developed with the objective of providing valuable, ongoing data and information to the programme managers (to include the Monitoring Committee members) and to allow for appropriate corrective action to be taken as required – care needs to be taken to make the system as simple as possible and to ensure that data is not collected for its own sake.	MASOPHRD	M

Evaluation Question	Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
	financial forecasting. The potential effectiveness of the monitoring system is compromised because it is subservient to the control system (as described earlier in this report).			
1.3.4	The beneficiaries have been well informed by the authorities on the importance of the horizontal priorities in the OP and the priorities are well represented and presented throughout the programme implementation (e.g., ESF website, Applicant Guides, Manuals for Beneficiaries) and representatives of agencies and organisations associated with the promotion of one or more of the principles are represented on the SOP HRD Monitoring Committee. In the majority of cases the contracted promoters observe the horizontal objectives in the implementation of their projects (although there is a significant minority who say that the horizontal objectives are not particularly well observed). There are notable variations across the PAs with regard to the type of priorities that are pronounced and observed – given that certain of the priorities are, in effect, 'principles' that should underpin all human resource development type interventions, such variation suggests a level of misunderstanding of the objectives / principles or that in certain instances the engagement with the objectives is more formal than active.	The MA, together with the IBs, should develop an awareness raising campaign specifically focused on the importance of the horizontal priorities that explains their intent, provides examples of good practice and that generally supports project promoters in delivering on the spirit and intent of the priorities.	MASOPHRD IBs	S - M
1.3.5	The implementation of the SOPHRD has been and continues to be subject to wide range of variables and influences.			

Evaluation Question	Conclusions	Recommendations	Targeted At	Timeframe (S, M, L)
M	Some of these are under the direct control of the programme managers (e.g., processes, system, design, utilisation of existing resources, decision-making), others lie outside of their immediate control (e.g., legislation, culture, staffing quotas) and others still are outside of the direct control of all of the actors in Romania (e.g., severity of the global economic and banking crises). Notwithstanding the range and scale of the factors in play, the MA has considerable influence on how efficiently and effectively the implementation of the OP is carried out. The critical issue for the MA in this respect is its own understanding of its strategic function as that understanding has informed and will continue to inform the manner in which tasks are managed and the structures set up to manage those tasks.

In that regard we conclude that the focus of the MA to end-2009 has been dominated by a control consciousness that has impeded the maximisation of the resources available under SOPHRD. We further conclude that this is allied to a misunderstanding of the strategic role to be played by the MA and that unless the MA adopts a more strategic, implementation focus based on the development of capacity, capability, trust and partnership within the system, this will have a negative effect on the capacity to drawdown the available funding and on the overall effectives of the programme. | The MA should undertake an externally facilitated strategic review of its functions (in consultation with the Monitoring Committee) with a view to achieving a greater level of strategic focus and better management of the aims and objectives of the SOPHRD. | MASOPHRD,

Monitoring Committee SOPHRD | M |

5. OVERALL CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this final chapter we present Overarching Conclusions and Recommendations arising from the research we have undertaken in respect of the Interim Evaluation of SOPHRD. We also make brief, closing comment.

The conclusions and recommendations presented in the preceding chapters are extensive and, in line with the Terms of Reference (ToR) for the evaluation and the three criteria governing those ToR (Relevance, Efficiency & Effectiveness). They cover a wide range of aspects of the programme ranging, for example, from the strategic focus of the programme to the approach to the management of resources, the interaction with potential and actual beneficiaries and on to more technical issues such as the design of indicators. In that regard the conclusions and recommendations touch on issues of content, system, structure and process.

Many of the conclusions and recommendations that we arrive at below are consonant with the sentiment of a statement by the Romanian Government (17th August 2010) in which it identifies the absorption of structural and cohesion funds as a top priority. To achieve the targeted 90% absorption of the available funds the Government acknowledges that it will require "the establishment of a new system" to manage the complex, modern, transparent and effective use of public funds. This will require changes in the legal, institutional and procedural frameworks as well as a "profound change of mentality". The main measures envisaged by the Government to accelerate the process include: simplification of guidelines for applicants; more flexible criteria; reduced documentary requirements; increases in pre-financing; improvements in the public procurement legislation. This 'sea-change' will be achieved, the statement continues, through the realisation of the following key strategic directions:

- Optimizing procedures for access to funding and project implementation (e.g., clear and consistent guidelines and procedures);
- Strengthening the administrative capacity (e.g., continuous training of staff, contracting technical assistance for key support functions)

- Improving the procurement process through, for example, legislative change and better guidance;

- Identifying and correcting provisions of various laws affecting the smooth implementation of operational programmes and projects funded by them;

- Enhanced financial allocations for the areas of intervention that generate rapid socio-economic impact and in respect of which there is strong interest from potential beneficiaries;

- Identification of mechanisms and tools to facilitate access to financing for public and private beneficiaries;

- Provision of general and specific training for potential applicants and grant recipients;

- Improving cooperation and communication between all stakeholders;

- Maintaining a constructive dialogue with the EC;

- Clarifying and standardizing the requirements and control practices of audit and control bodies.

As is evident in the conclusions and recommendations presented to date and as will be evident in the section below, the results of our research point towards many of the same types of issues in relation to SOPHRD.

5.2 Overarching Conclusions and Recommendations

In this section we present Overarching Conclusions and Recommendations that are grounded in the research undertaken for the evaluation. Some of these are summarily indicated in the context of the conclusions and recommendations presented under the respective evaluation criteria headings (i.e., Relevance, Efficiency & Effectiveness) and are elaborated on here. Others are presented here for the first time. All of these conclusions and recommendations overarch the individual criteria and are primarily located in the strategic rather than the operational realm and all refer to issues that must be prioritized and dealt with to ensure overall coherence in the implementation of the programme. All of the overarching conclusions and recommendations arise as a result of the research for and findings of the evaluation as a whole and are presented in tabular form below with an indication of the authorities responsible for the implementation of the recommendations and

the timeframe within which recommendations should be implemented. A very brief indication of the findings that underpin the conclusions in question is also provided in each case: