



UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI



Instrumente Structurale
2007 - 2013

2 Forecast of use of funds without additional measures

In this chapter, we describe first the situation as it was at the time of the start of this evaluation. This status will be followed by an analysis of the forecast for the absorption of the funds based on the current status of the programme till the end of 2015 (the closure date of the programme). For all simulations in the current report an explicit assumption that payments are equal to certification with a lag of one quarter has been made. It is based on an expert consensus that was reached during a steering committee for the project, held on 11.06.2012

2.1 Current allocation

The status of all seven Romanian Operational Programmes at 31 December 2011, published by the Ministry of European Affairs on its website at 7th February 2012, shows delays in programmes' implementation and there is a probability of de-commitment of funds due to the N+2/N+3 rule for each of them.

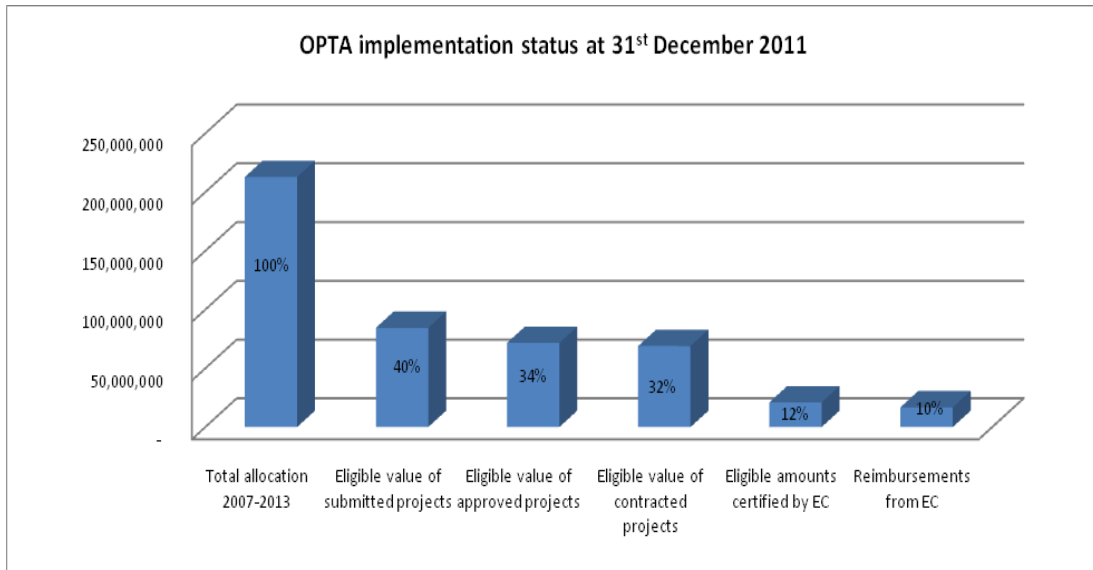
The state of play for OPTA as per 31 December 2011 shows low absorption figures: Whereas 32 % of the programme commitments have been contracted, only 12.13% have been paid out to the beneficiaries (pre-financing payments included) - this figure being below the average of all Romanian Operational Programmes, which was 15.08% at end of 2011. The amounts reimbursed by the EC represent 9.83% of the total available allocation for OPTA 2007-2013 at end of 2011 – this figure being above the 5.55% average of all Romanian Operational Programmes. 5

On 31 December 2011, 85% of the submitted projects for OPTA financing were approved and of the approved projects 95% were contracted. The ERDF value of the submitted projects represented over 40% of the OPTA EU allocation 2007-2013, but the ERDF value of contracted projects represented 34% of the OPTA EU allocation and ERDF value of contracted projects is 32% of OPTA EU allocation. Comparing data for approved and contracted projects is obviously the Managing Authority has sufficient capacity to contract the approved projects.

⁵ Website of Ministry of European Affairs, <http://www.fonduri-ue.ro>, (7 Feb 2012)

OPTA implementation status at 31 December 2011 was as following:

Figure 2 OPTA implementation status at 31st December 2011

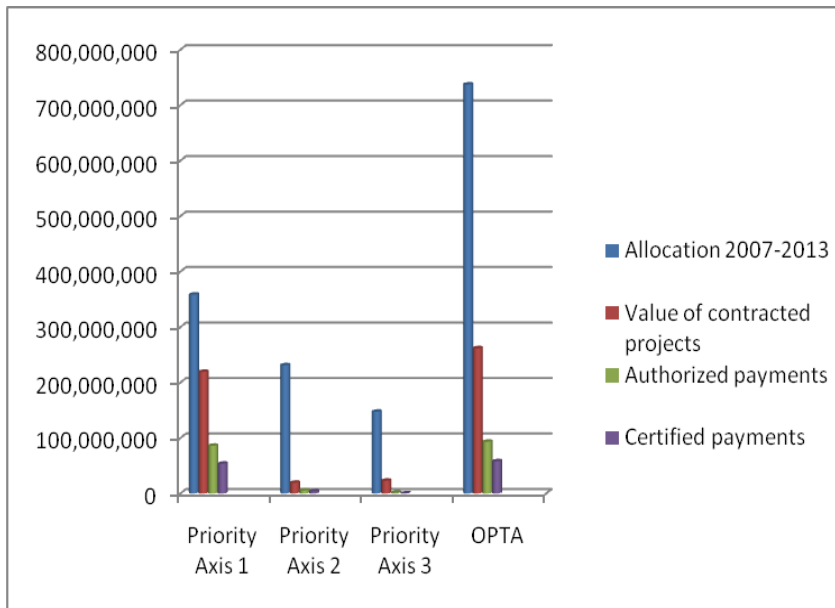


Source: Website of Ministry of European Affairs, 7th Feb 2012, OPs implementation status at 31st Dec 2011

At priority axes level the status varied both between axes and between KAIs within each axis. For a more accurate presentation along present report, the following charts are based on the information collected into the working-sheet Flash-Sheet of Lothar+.

While PA1 shows progress both in terms of submitted, approved and contracted projects, as well as in terms of eligible amounts certified by MA, PA2 and PA3 are left behind, registering only limited progress.

Figure 3 OPTA implementation status by Priority Axis at 31 December 2011 (amounts in RON)

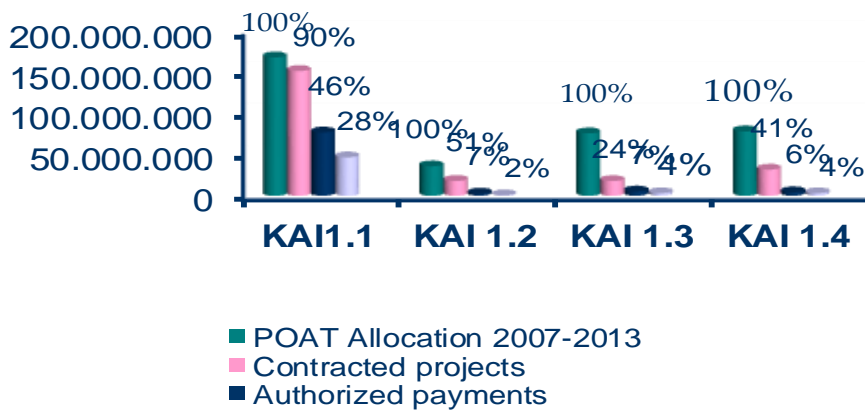


Source: Lothar+, filled in with data from SMIS – cut of 31 December 2011

Going deeply, at Key Area of Intervention level of each Priority Axis, the situation is shown per each PA in the charts below.

For PA1 the most important contribution in terms of contracting and spending is generated by KAI 1.1 and the lowest is generated by KAI 1.4. In terms of spending is no significant progress on each KAI of PA1 except KAI 1.1.

Figure 4 Priority Axis 1 – Support for the implementation of the structural instruments and coordination of programmes – Implementation Status at 31 December 2011 (RON)



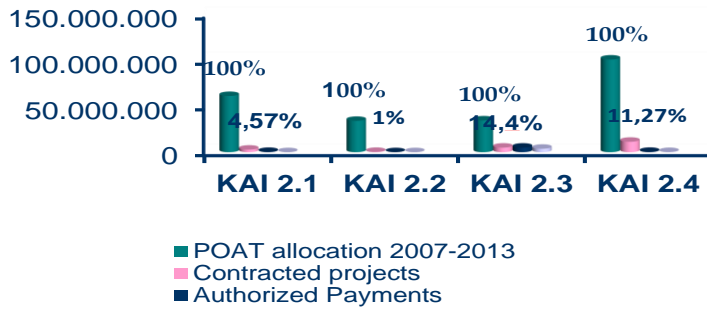
Source: Lothar+, filled in with data from SMIS – cut of 31 December 2011

For PA 2 and PA 3 the situation is even more complicated as the lack of progress, with certain variation, is general for both axes and the KAIs.

While for PA1 the number of beneficiaries is higher and more diversified, for these 2 priority axes, with the exception of KAI 2.4, there are only two beneficiaries, both part of ACIS structure.

Under PA2, the status of KAI 2.1 and KAI 2.2 is critical in both terms of contracting and spending and acceptable under KAI 2.3 and KAI 2.4.

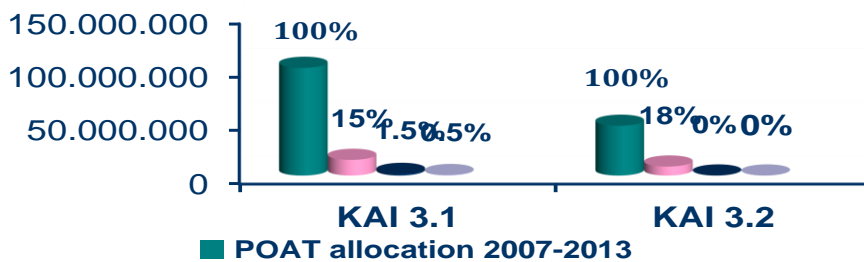
Figure 5 Priority Axis 2- Continued development and support for SMIS functioning – Implementation status at 31 December 2011 (RON)



Source: Lothar+, filled in with data from SMIS – cut of 31 December 2011

Within PA3, the implementations status of KAI 3.1 is better in comparison with KAI 3.2 where the first project was contracted in 2011.

Figure 6 Priority Axis 3- Dissemination of information and promotion of SI – Implementation Status at 31 December 2011 (RON)



Source: Lothar+, filled in with data from SMIS – cut of 31 December 2011

Comparing the figures presented into the Monitoring Committee of 29 November 2011 as for OPTA implementation status, used to assess the initial situation for the Inception Report, with data collected from SMIS into the Flash-sheet of Lothar+, we can appreciate the trend is similar.



UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI



Instrumente Structurale
2007 - 2013

The values referred to are in RON, as taken from SMIS and the exchange rate used to convert the EU allocations was 4.331 RON/Euro as taken from the Framework Document for Implementing OPTA 2007 – 2013, version 2011.

2.2 Forecast of the absorption of the funds based on the current situation (as of 31.12.2011)

The forecast of the absorption of the OPTA funds was performed through the LOTHAR+ tool, which was specifically developed for this project. By 'current situation' is meant the data up to 31.12.2011, as this is the latest date, for which detailed project-level data is available. However, the team also presents additional calculations, based on some adjustments, made to the model to reflect the most recent data up to the end of May 2012. Wherever appropriate for analytical purposes, references to these more updated calculations have been made in the text of the report as well.

A detailed description of all the different scenarios made through LOTHAR+ is given in Annex 1. Taking into account the changes in the top-up rules, applied to OPTA, an 80% EU funding for the projects contracted before 31.12.2011 has been assumed. For the baseline and the projects in the pipeline, expected to be contracted between 01.01.2012 and 31.03.2013, co-financing rate is set at 95%. Afterwards it is set at 85% (both for the baseline and projects after Q1 2013). LOTHAR+ incorporates also possibilities for scenario analysis with different top-ups.

The main result generated by LOTHAR+, based on data up to 31.12.2011, is that with the exception of KAI 1.1, all other key areas of intervention contribute to larger danger of de-commitment in 2012 and after 2012. KAI 1.1 is not at danger of de-commitment, while KAI 1.2 contributes increases the risk of de-commitment under OPTA in 2011 and 2012, but afterwards, certifications under this KAI are expected to exceed the committed funds..

At OPTA level currently there are no risks of de-commitment in 2012, but risks amplify enormously afterwards. Data up to end-2011 also gave strong indications of danger of de-commitment already in 2012. In the first five months of 2012, however, there has been a significant pick-up in certification and contracting and, taking into account these recent trends, there is no more danger of de-commitment in 2012. Higher certification in the beginning of 2012 is partially also due to certification pace delay, as payment claims to the Commission were suspended in the second half of 2011. The OPTA MA expects that at the end of the programming period the certification will be equal to the payments, as there are generally no irregularities.

⁶ The contribution of each level of intervention to the danger of decommitment is calculated as the difference of certification and commitments with a lag, according to the N+3/2 rule, plus pre-financing. Commitments for 2007 are re-allocated across the remaining six years. Throughout the report, the N+3/2 rule (advance excluded) is calculated from commitments with a delay of 3/2 years, taking into account pre-financing as well.

Table 4 Contribution to the danger of de-commitment (In RON) based on data up to end-2011

	OPTA	PA_1	PA_2	PA_3	KAI_1.1
Dec-11	32 535 510	39 679 928	-2 527 387	-4 617 030	40 199 626
Dec-12	-20 699 735	33 609 642	-26 270 664	-28 038 713	48 146 791
Dec-13	-218 182 481	-43 537 293	-103 002 380	-71 642 808	25 590 832
Dec-14	-319 906 809	-78 757 281	-145 812 647	-95 336 881	13 769 036
Dec-15	-507 498 980	-159 466 462	-213 264 266	-134 768 253	-24 710 778
Based on adjustments as of May 2012					
	OPTA	PA_1	PA_2	PA_3	KAI_1.1
Dec-11	32 535 510	39 679 928	-2 527 387	-4 617 030	40 199 626
Dec-12	9 367 726	59 228 288	-23 349 978	-26 510 584	69 816 689
Dec-13	-163 373 566	7 689 921	-100 201 442	-70 862 045	72 755 209
Dec-14	-244 589 246	-6 306 914	-143 019 655	-95 262 677	80 566 955
Dec-15	-425 482 863	-80 120 215	-210 434 653	-134 927 995	49 104 716

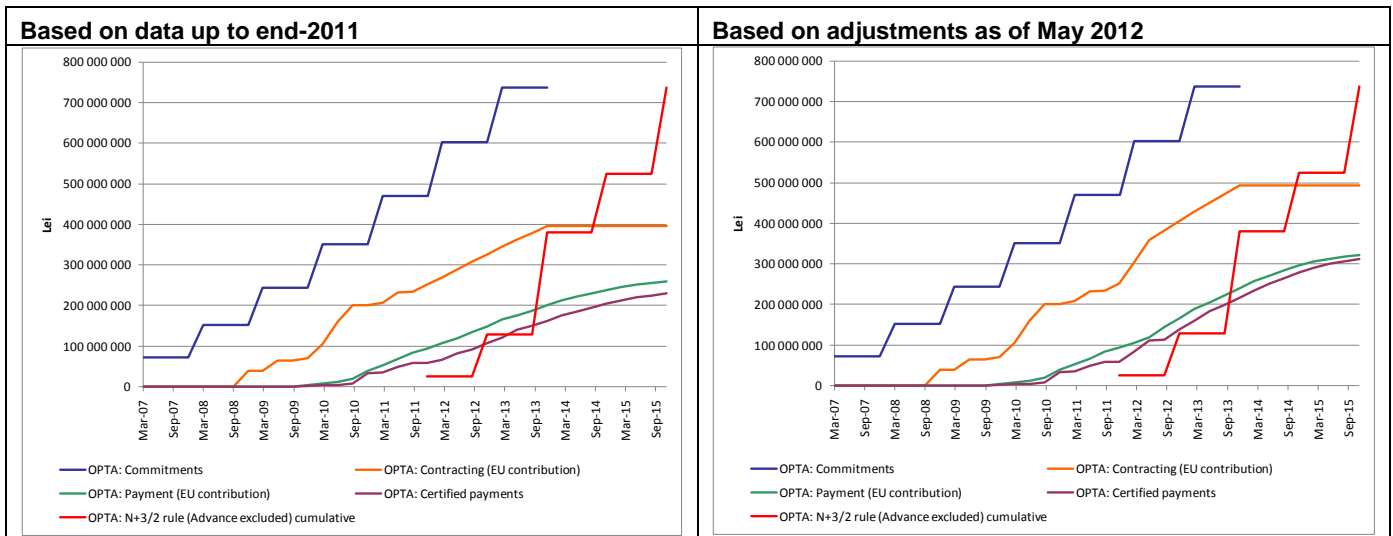
In terms of amount of funds, the most funds at danger of de-commitment are in KAI 2.4 and 3.1 (above 90-100 mln. RON). KAI 1.1 is by far the best performing KAI and, according to the latest adjustments it is even going to have a negative contribution to the danger of de-commitment of the programme, meaning that certification under this KAI will exceed commitments in all years up to 2015. The baseline scenario, assuming preservation of the current contracting rate, shows that if the same pace of absorption is kept and taking into account the first five months of 2012, around 425 mln. RON are in danger of de-commitment in end-2015.

Table 5 Contribution to the danger of de-commitment by KAIs in RON

Based on data up to end-2011										
	KAI_1.1	KAI_1.2	KAI_1.3	KAI_1.4	KAI_2.1	KAI_2.2	KAI_2.3	KAI_2.4	KAI_3.1	KAI_3.2
Dec-11	40 199 626	-266 572	447 790	-700 916	-2 663 650	-2 378 850	2 785 344	-270 231	-3 357 985	-1 259 046
Dec-12	48 146 791	-4 506 992	-4 886 055	-5 144 101	-8 723 673	-7 758 672	-1 375 495	-8 412 824	-18 840 992	-9 197 721
Dec-13	25 590 832	-7 807 104	-31 505 394	-29 815 628	-29 863 719	-19 101 148	-14 347 360	-39 690 153	-53 183 618	-18 459 190
Dec-14	13 769 036	-9 183 072	-42 225 955	-41 117 290	-40 391 526	-24 889 544	-21 011 219	-59 520 359	-72 093 240	-23 243 641
Dec-15	-24 710 778	-14 772 862	-59 566 019	-60 416 802	-57 409 832	-33 888 002	-30 917 410	-91 049 021	-100 437 318	-34 330 935
Based on adjustments as of May 2012										
	KAI_1.1	KAI_1.2	KAI_1.3	KAI_1.4	KAI_2.1	KAI_2.2	KAI_2.3	KAI_2.4	KAI_3.1	KAI_3.2
Dec-11	40 199 626	-266 572	447 790	-700 916	-2 663 650	-2 378 850	2 785 344	-270 231	-3 357 985	-1 259 046
Dec-12	39 816 689	-2 048 059	-4 308 904	-4 231 439	-10 366 089	-7 667 356	1 001 996	-6 318 530	-17 312 863	-9 197 721
Dec-13	72 755 209	-5 497 984	-30 432 521	-29 134 784	-31 976 872	-17 770 622	-11 969 869	-38 484 080	-51 655 488	-19 206 557
Dec-14	30 566 955	-8 506 412	-37 025 239	-41 342 218	-42 614 697	-23 198 638	-18 633 727	-58 572 593	-70 565 110	-24 697 567
Dec-15	49 104 716	-14 882 904	-53 067 443	-61 274 585	-59 633 003	-32 067 801	-28 539 919	-90 193 929	-98 909 188	-36 018 807

As seen in Fig. 7, the level of contracting is expected to surpass the most critical N+3/2 year – 2013, but it is close to the de-commitment line. The actual data show that contracting (up to 31.12.2011) is below the 2013 N+3/2 line. Moreover, contracting is below the commitment levels, which consequently leads to delays in payments and certification. Payments are expected to surpass the N+3/2 line in 2012, but not in 2013. The lag between payments and certification is increasing due to slowing down of certification in some periods of 2010 and 2011.

Figure 7 OPTA – EU commitments, contracting, payments, certification, and N+3/2 rule (based on data up to end-2011)



Clearly, despite recent acceleration in certification, it is still lagging behind and the process needs to pick up speed in order to avoid automatic de-commitment. Given the pick-up in certification in Jan-May 2012, there will be no de-commitments in 2012. However there are significant risks for the years beyond 2012.

3 Factors hindering the absorption capacity

3.1 Reasons for Low Absorption

In the various studies several reasons have been indicated for the low absorption capacity⁷:

- **Limited capacity** of the main beneficiaries to prepare TA procurement projects, due to lack of knowledge and low number of staff (work overloads).
- **Complicated public procurement procedures** at national level (including a complicated and time consuming complaint mechanism).
- An **immature consultancy market**, which sometimes provides low quality services leading to the OPTA beneficiaries reluctance to using technical assistance in solving their problems.
- **Time consuming approval and signing procedures** at the beneficiary level.
- **The economic austerity measures taken by the Government** discouraged the incurring of **specific TA and/or** staff expenditures.
- The **economic crisis**, which contributed to a lower number of projects and/or projects cancelled due to lack of financing.

According to the more updated information collected during the interviews the most important causes still generating blockages and low absorption are the public procurement procedures and the limited capacity of the beneficiaries. As for the time consuming approval and signing procedures it was indicated that this was mostly the case when the ACIS was under the responsibility of the Ministry of Finance. However, during interviews it was also indicated that delayed approvals by superiors still seems to have existed at beneficiary level (for example acceptance for endorsement by the secretary of state for SCD-initiated tendering documentation).

Another factor for the low level of absorption, identified during desk research and interviews, is the overestimation of funds allocation to OPTA in certain areas due to:

- Insufficient analysis of the legal framework needed for the implementation (e.g.: public procurement legislation).
- Overestimation of equipment needs.
- Underestimation of staff number and qualifications.
- Overestimation of costs of certain activities needed for reaching objectives (e.g. PA2).

While the desk research identified the first three elements as main factors for the overestimation, the interviews also pointed out at the fourth one; although the objectives of PA2 will be achieved there will still be an important part of funds unused.

Lastly an important element has been the institutional changes. The ACIS has been moving twice within one year. Firstly from the Ministry of Finance towards the General Secretariat of the Government and secondly towards the Ministry of European Affairs. This has been a time intensive process and has caused further delays in developing, submitting and implementing projects.

⁷OPTA Interim Evaluation Report (2010), Annual Implementation Report 2010 and Monitoring Committees documents



UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI



Instrumente Structurale
2007 - 2013

Measures have already been taken both at ACIS and at the Government level to increase absorption capacity for the OPTA and also for the other OPs. However it is important to say that certain legislative and structural measures will need more time to be implemented and therefore the impact during the current programming period will be less significant considering the duration of the project cycle.

Summary

The above data shows delay in programme implementation and is sign for a probability of de-commitment of funds. It is therefore expected, on basis of the current information, that if no additional measures are introduced - such as changes in the procurement system, sufficient and capable staff and potential additional activities or beneficiaries to the OPTA - the OPTA allocations will not be fully used in PA2 and PA3 and contribution to the increase of the pressure for automatic de-commitment is to be expected for PA2 and PA3 due to the N+2, N+3 rule. This risk will increase in 2013 when the commitments for 2010 and 2011 have to be certified.

3.2 Capacity of beneficiaries in PA2 and PA3: workload analysis

Q2. Is the beneficiaries' lack of capacity hindering planning and managing projects in PA2 and PA3? What are the beneficiary's tasks that may be externalized?

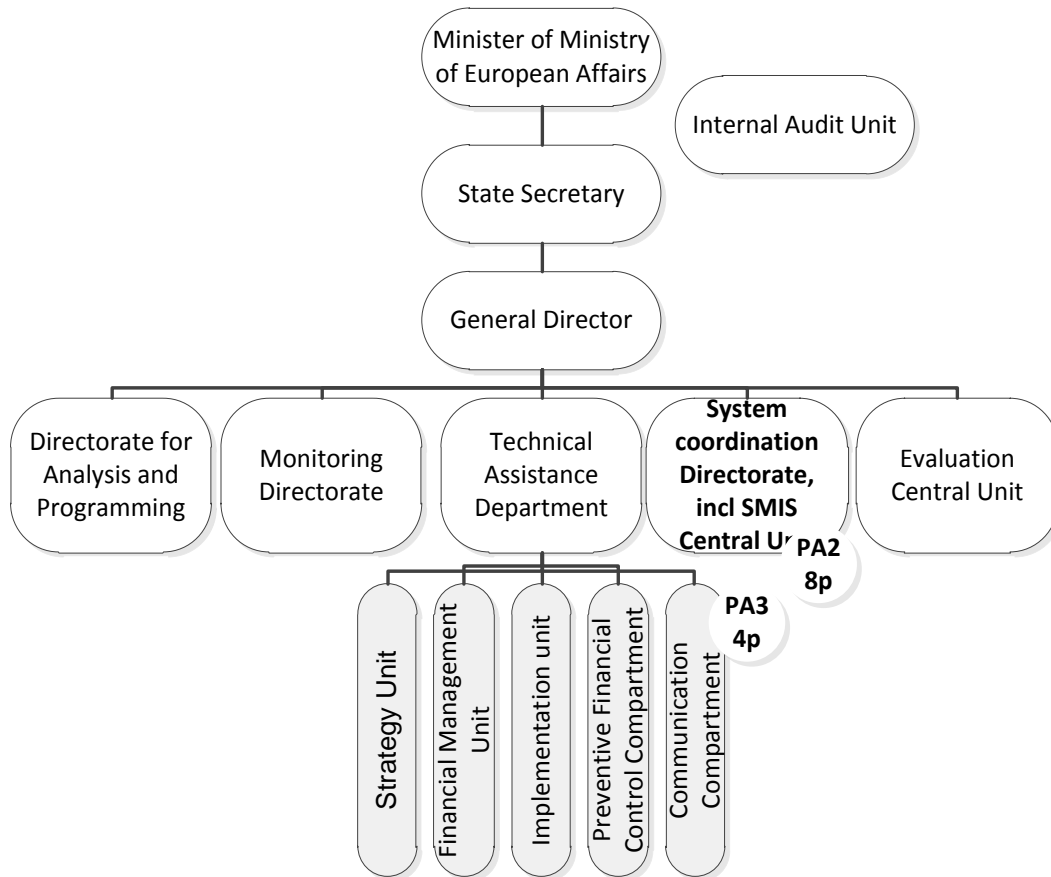
3.2.1 Findings of the analysis

Structures

According to OPTA, the main beneficiaries for PA2 and PA3 are part of the Authority for the Coordination of Structural Instruments (ACIS) structures:

- ✓ SMIS Coordination Service (SMIS CS) for PA2
- ✓ Information Compartment for Structural Instruments (ICIS) for PA3.

Figure 8 Organisational chart showing the position of the beneficiaries of PA2 and PA3 and the TAD/DTA (Managing Authority of OPTA) within the Ministry of European Affairs in Romania



Source: Ecorys on basis of Organisational charts provided by ACIS

As seen in figure 8 above, the two ACIS structures beneficiaries have a different status in ACIS General Directorate organizational chart:

- ✓ the SMIS Coordination Service is managed by a Chief of Unit and is part of the System Coordination Directorate, managed by a director, which is under the coordination of the general director of ACIS,
- ✓ the ICIS is part of the TAD which also includes the Implementation Service (IS) and the OPTA MA

The interviewees of ICIS and SMIS CS indicate that in terms of financing contracts execution the relations with the OPTA MA are clear, including the flows of documents that are officially exchanged between the two structures (the financing decisions, progress reports and reimbursement requests).

In terms of implementation through procurement contracts the situation is more complicated. The demarcation between the ACIS structures as beneficiaries and the IS for the responsibilities in managing the public procurement procedures and contracts for the implementation of the OPTA funded projects is not completely clear and no implementation agreement is in place for a formal delegation of responsibilities. Although a draft implementation agreement was proposed by TAD to beneficiaries in the past, negotiations were not finalised and therefore no agreement was reached on the content.

Hence, although the structures needed for the implementation are in place, the following elements are points for attention (see also section tools):

- ✓ the existence of a beneficiary structure (ICIS) under the same coordination with the OPTA MA,
- ✓ implementation responsibilities undertaken by a different structure than the beneficiary (IS) without a formal implementation agreement
- ✓ unclear delineation of implementation tasks between beneficiary and the IS

Human resources

The human resources, the most sensitive of the three capacity builders was analysed on three directions:

- ✓ number, resulting in volume of available working time for the amount of tasks to be performed (more projects),
- ✓ work efficiency resulting in better results for the same/less amount of work,
- ✓ areas for increasing capability and motivation for effectiveness and sustainability.

It is important to point out that the existing staff of the ICIS and SMIS units are not only responsible for the implementation of OPTA projects; this is a task which is additional to other ACIS tasks they have in the unit. In the case of SMIS unit, most of the tasks have to do with the main activity of this unit, which refers to ensuring the continuous and correct functioning of SMIS, as key requirement in the compliance of management and control systems for all OPs financed through structural instruments. As such, this is the only activity within ACIS coordinating role that is subject to audits from the Audit Authority and the EC.

ICIS has a total number of 4 positions allocated, of which one was occupied during the analysis and was not included in data collection process and one position has been suspended due to maternity leave of the occupier.

When looking at the total workload within the unit, it is found that the existing ICIS staff is considered to be insufficient for undertaking all current tasks assigned to the unit. This opinion is shared both by staff and the evaluator, seen the workload and tasks within the unit identified during the desk research, analysis of the filled questionnaire and the joint interview.

In SMIS CS, of the total number of 9 positions allocated to this unit, 8 are occupied while 1 is still vacant. Only 6 of the 8 occupied positions undertake OPTA beneficiary tasks according to both job descriptions responsibilities and to those received from superiors (head of unit and director).

For each of the two beneficiary units the administrative capacity for planning and implementing projects is limited by different factors due to specific staffing, organization and management. While in ICIS the highest limitation is staff insufficiency, the SMIS CS capacity is limited by several efficiency factors as well.

- ✓ ad hoc tasks which are essential to ACIS above mentioned SMIS-related obligations and which usually cannot be bypassed: helpdesk to SMIS users all over the country
- ✓ external tasks and requests regarding equipment setting up for new users, equipment users' responsibilities, equipment and/or software functioning claims, which lead to frequent external interruptions
- ✓ focus on current SMIS-related tasks at the expense of OPTA projects preparation and implementation,
- ✓ job descriptions insufficiently covering project management tasks and unclear tasks allocation.

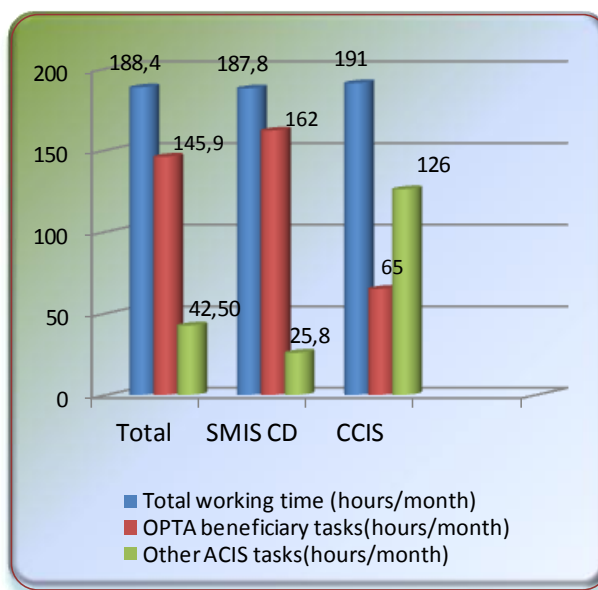
ICIS and SMIS CS staff have to prepare and implement a number of 34 projects and contracts included in the 2011-2014 updated pipeline:

- ✓ 21 for the SMIS Coordination Service with an average of 3.5 projects/contracts per person, and
- ✓ 13 for ICIS with an average of 4,3 projects/contracts per person for ICIS.

The average estimated monthly working time⁸ of the staff in the two ACIS structures is about 188.4 hours/month, (representing 11,30% overtime)⁹ with different proportions of OPTA tasks and other ACIS tasks in the two units:

- ✓ SMIS CS fulfils OPTA tasks for about 86% ¹⁰of the total working time, covering all OPTA eligible activities which have not been outsourced yet.
- ✓ ICIS staff only works in average 34% of the time for OPTA projects.

Figure 9 PA2/PA3 beneficiaries staff working time



Source: Ecorys questionnaire staff

According to time estimates for projects preparation and implementation tasks, running a project with one subsequent contract would cost around 0,25 – 0,5 FTE¹¹. However the time spent is dependent on the size of a project and the number of subsequent contracts and their size.

The 2011-2014 pipeline indicates more longer term and more complex projects and contracts for SMIS CS, which imply more time needed for project management and contracts monitoring (with important technical input) while in the ICIS there are several short time projects/contracts which need more time for preparation of tender dossiers but much less time for project management.

Therefore the number of staff working exclusively for the preparation and management of projects and contracts provided in the pipeline for the period 2011-2014 for the two units would indicate a minimum of 10,5 FTE for SMIS CS and of 3.25 FTE for ICIS.

⁸ Averages and percentages are calculated on the basis of the information provided by staff in questionnaires on time estimates for categories of projects tasks and other ACIS tasks

⁹ An average of 19.1 hours/month/person

¹⁰ It also covers the eligible activities established in OPTA which have not been outsourced yet, such as helpdesk.

¹¹ FTE: full time equivalent. Estimated based on the time duration of various project tasks provided by the respondents and presented in the detailed report in Annex 2.

Looking at the existing staff, percentages of OPTA tasks in their total working time and the overtime spent at work, the following calculations would indicate a need for additional 5,9 FTE for SMIS CS and of 2.35 FTE for ICIS.

However it is important to keep in mind that projects preparation and implementation is an uneven activity. Implementation of OPTA through projects generates a variation of workload in time according to the number, duration and complexity of the projects and the project cycle stages.

At the same time, it is important to take into consideration potential savings of working time through work efficiency increase by actions taken on those factors which have a direct impact on the staff workload. Among these factors, two of them are almost general for all the staff; e.g.: other priorities (urgent tasks on tight deadlines on all tasks to be performed) are present for most of the staff, while interruptions by superiors and colleagues are general. Most of the factors influence up to 25% of the working time of the staff, however in some cases this influence exceeds 25% and even 50% (other priorities).

Another relevant element to consider is the staff capacity to make decisions on their tasks which directly relates to the delegation of responsibilities by their superiors and hence to the number and amount of time needed for approvals.

In the SMIS CS, overall, staff perception is that up to 10 % of the decisions made by staff on their project management tasks are made by themselves while the difference is shared between their superiors (50% and more and other decision makers from outside their structure (up to 10%). In the ICIS, although the information provided by questionnaire indicate that staff make 50% of their decisions, this information was not confirmed during the joint interviews when the staff expressed dissatisfaction for not having sufficient freedom in making decisions, especially in their specific areas of expertise. It is also important to notice that the percentage of the external decision for this unit is higher which can be related to the high percentage of general ACIS communication responsibilities in the total tasks of staff in this unit.

As indicated in the methodological approach, an increased absorption capacity would need an improved administrative capacity for planning and implementing projects and therefore all three capacity builders (structure, human resources and tools) and their elements were analysed also by taking into consideration the perception of the staff who is directly involved in the process.

These perceptions, collected through questionnaires and validated through the joint interviews, brought important information regarding the most important causes of the reduced capacity:

- **for both units:**
 - ✓ staff perceive more issues in projects management than in projects planning: all staff faces problems in implementation and to lesser extent in planning.
 - ✓ human resources and systems and tools are the capacity builders for which both units identified issues, namely: insufficient and insufficiently used staff on the one hand and lack of beneficiary's procedures and manuals on the other hand.
- **in SMIS CS** the critical issues are generally perceived by staff as due to the following management factors:
 - ✓ for projects management unclear responsibilities and tasks allocations
 - ✓ for projects planning the lack of prioritization and insufficient vision selected (it should be mentioned that only one member of the staff outside the head of unit actively participated and contributed to project planning so far),
 - ✓ insufficient delegation due to lack of relevant knowledge (e.g. technical) and trust, staff needing to wait for approvals both at unit and at the directorate level,



UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI



Instrumente Structurale
2007 - 2013

- ✓ a vicious circle in terms of outsourcing: although there is a need for outsourcing to reduce workload (e.g. for, helpdesk, equipment maintenance or monitoring of procurement contracts) there is insufficient outsourcing due to lack of time to prepare the procurement dossiers and then due to delays in procurement launching once the dossiers are prepared,
 - ✓ main focus on performing the core activities regarding the functioning of SMIS: helpdesk, training, maintenance, small developments (reports, art4smis etc.), data correction etc.
 - ✓ performing most of the external requests as urgent tasks, including administrative tasks such as ACIS equipment inventory and requests for equipment supplies,
 - ✓ lack of procedures for managing outside ACIS, non-SMIS related complaints and requests (e.g. regarding equipment setting up for new users, equipment users' responsibilities, equipment and/or software functioning complaints) which leads to frequent external interruptions
- **in ICIS** the most important issues are related to the number and qualification of the staff which are seen as insufficient, the absence of important working tools such as procedures and manuals.

Looking at the human factors generating the staff capability and motivation to undertake the allocated tasks for projects planning and management, attention has been given to staff capability increase through addressing development needs in the related areas.

Although in terms of development needs in the areas required by the job, the level of skills and knowledge is considered satisfactory, there is a general awareness that there are important development needs mainly in project management and public procurement areas which are directly related to projects preparation and implementation tasks. It is however important that the development programmes are customised according to specific needs of each beneficiary and that the staff is supported in the use of the acquired knowledge and skills.

Staff motivation is also an important factor influencing the absorption capacity as it contributes to a low staff turnover and thus to a loss of skills, experience and capacities. The information collected during the analysis allowed for the identification of the most important motivation factors for the two beneficiaries' staff:

- ✓ salary increase according to performance, although this might be a difficult issue seen the limitation in the salary system for civil servants staff ,
- ✓ better working process management, including delegation,
- ✓ management by objectives.

Consequences in relation to the absorption capacity

Despite the possible time savings that can be made by improvement of the above mentioned issues, the capacity to absorb the remaining pipeline is not enough. Hence, for the remaining of the programming period, additional workload would need to be considered as a result of implementation of the new projects which are in the pipeline planned for the 2011-2015 and which would need about 8 times more working time on projects at the current work efficiency. The evaluator concludes, based on the outcomes of the capacity of the beneficiaries as it is now, that it will be impossible to absorb the projects present in the pipeline, without extra resources. The evaluators consider that in sourcing temporary contractual staff (e.g. freelancers/consultants)¹² would be an option to ensure that projects in the pipeline can be absorbed on relatively short notice.

¹² In the Netherlands freelancers/consultants are hired on a temporarily basis for specific needs.

The figures presented in section 4.1. show an estimation¹³ of FTE working time needed for the implementation of the projects and contracts in the pipeline which would require additional staff:

- ✓ **SMIS CS:** 5.90 FTE
- ✓ **ICIS:** 2.35 FTE.

However, before hiring new staff, this estimation should be considered together with specific time needs of the projects to be implemented, as presented in section 4.1 and with potential time savings achieved through better work process management; e.g.

- ✓ actions to reduce the negative influencing factors on workload,
- ✓ better tasks reallocations between existing staff along with job descriptions reviews, (see also section job descriptions).
- ✓ filling in suspended/vacant position

Possibilities for outsourcing

For the **ICIS** there is a need for outsourcing the activities of the Communication Plan, but not for the implementation of the plan as a whole. Furthermore, it would be useful to outsource the procurement activities, such as the preparation of the tender dossiers through a technical assistance project.

For the SMIS unit, outsourcing the current core SMIS-related activities would be critical for an increase in the unit's focus on project management. Interviewees mentioned that it would be very useful to outsource time-consuming activities, also with the view on reducing the workload. Activities that could be outsourced are:

- ✓ SMIS related activities such as helpdesk to SMIS users all over the country¹⁴, application maintenance, training, error correction. Helpdesk could be organized through a call centre or a hotline.
- ✓ the maintenance of equipment¹⁵
- ✓ preparation of terms of reference and procurement dossiers
- ✓ support in evaluation of tenders
- ✓ monitoring of procurement contracts.

For some activities, outsourcing is a bit more complicated, as for instance the monitoring of the SMIS functioning is very specialist work and the contractor should be familiar with the system and its applications.

Systems and tools

The documentary analysis identified a certain lack of consistency and/or correlations both between documents and/or between provisions of different sections of the same document.

The Organising and Functioning Regulation (ROF) provisions about the OPTA beneficiaries roles and responsibilities are very general and sometimes without clear correlations between them. The responsibilities are not complete and the functions flows between structures are missing.

There is a comprehensive OPTA MA procedures manual covering 2007-2013 OPTA implementation, which could be considered a detailed and useful tool at hand for the OPTA MA

¹³ The numbers refer to full time equivalent additional staff working exclusively for PA2/PA3 projects.

¹⁴ Procurement dossier prepared already for outsourcing

¹⁵ Partly already done, as a new contract was signed for new equipment which includes 5 years of maintenance,

staff as well as for the other ACIS structures involved in the implementation of OPTA as it also contains tasks and obligations for beneficiaries.

However, this document contains two main categories of inconsistencies and lack of clarity regarding PA2/PA3 OPTA Beneficiary's roles and responsibilities for the projects preparation and implementation:

- ✓ regarding the Beneficiary's accountability for the project implementation –there is some lack of coherence between the provisions of OPTA and the Financing Decision on the one hand and the provisions of the OPTA implementation procedures on the other hand regarding the accountability for projects preparation and financing contracts management;
- ✓ regarding projects implementation responsibilities - some of the provisions presented in several sections in the procedures, are not very clear or contradictory, leaving room for interpretation and/or overlaps; e.g.: responsibilities regarding preparation of financing applications, progress reports and payment claims¹⁶.

In practice, the relations between the project managers (from the beneficiary) and the contract managers, regarding the administrative management and technical management of the procurement contract are based on informal agreement. This means that the responsibilities are shared according to the IS contract manager requests. This is also done, as there is no clear instruction or manual for the beneficiary on these issues. The result is that the beneficiary has to learn by doing under the directions given by the IS and their superiors.

Another issue is that there are no provisions in the procedures regarding all documents flows. Thus, the beneficiary has to prepare project progress reports and reimbursement requests based on the contractors supporting documents which are received by the IS.

Also, the beneficiaries do not keep records of accounts for the projects which are done by the Financial Management Service within TAD, although they have this responsibility according to the financing decisions.

The evaluators conclude that these issues influence the efficiency of working, but more important, can contain risks for accountability and liability.

Hence, from this point of view it is important to improve the procedures and division of tasks regarding the procurement and also to formally regulate the relations between the beneficiary and the IS regarding the implementation responsibilities delegated to the IS (procurement procedures and contracts)

The tasks for the projects preparation and implementation are allocated to staff through job descriptions and instructions received from superior. Therefore, the content of the job descriptions of the positions in the two PA2/PA3 beneficiary units was looked at as a part of the integrated analysis with the view to identify the correlations between:

- ✓ responsibilities at different functions levels and how they are broken down at positions level,
- ✓ the positions goals and the allocated tasks set for achieving these goals,

The analysis performed shows a number of areas of improvement as identified by the evaluator:

- ✓ while ICIS positions could be identified in a TAD detailed organizational chart, no SCD chart could be found for the identification of SMIS CS jobs;

¹⁶ E.g. section E of the procedures (Projects preparation, public procurement and contract implementation): „For projects whose beneficiary is ACIS, or ACIS structures, the financing application, payment claim and progress report will be prepared by responsible staff nominated by the head of the Implementation Department according to the approved job description”



UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI



Instrumente Structurale
2007 - 2013

- ✓ the names of the positions in the job descriptions do not reflect the jobs' roles in the organization but the civil service functions, although in the TAD organizational chart for instance the positions in the ICIS are referred to as "Information responsible";
- ✓ even if there is a standard format for the job descriptions the content is differently understood among the units and positions. While the job descriptions of the ICIS positions are more detailed and with a similar content, in the SMIS CS they are more synthetic and the tasks allocations less clear in relation to the job goals;
- ✓ the roles and goals of the positions in the organization seem to be insufficiently understood and most of the job descriptions describe activities for the position goals;
- ✓ in several cases the specific requirements for the job seem to reflect the qualifications of the occupiers rather than the position needs for undertaking the allocated tasks;
- ✓ all the jobs include OPTA beneficiary responsibilities and other ACIS tasks in various proportions. In most cases the project manager roles are not specifically included and many of the projects preparation and implementation responsibilities are missing and/or different from one position to another. None of the job descriptions in SMIS CS includes tasks related to preparation of project proposals/financing applications and to projects administrative implementation (progress reports and payment claims) although staff is required to perform them. Most tasks refer to the technical activities and one common provision present in all job descriptions refers to the preparation of procurement dossiers.
- ✓ A better description of the roles, tasks and responsibilities in project preparation and – management would be benefited for the efficiency of working. The description needs alignment with the (improved) procedures and can be either introduced in the job description or in a separate instruction to the project managers

The use of the tools in practice

The above shows that there is *not a full correlation* between the projects preparation and implementation related tasks provided by ROF, OPTA implementation procedures and the job descriptions. The job descriptions do not cover all project related tasks.

The questionnaire shows that OPTA MA implementation procedures are not familiar to beneficiaries' staff or are considered to be exclusively TAD procedures and not relevant for them while a need for a beneficiary's procedures manual is generally acknowledged. The evaluators consider that the use of procedures should be promoted.

Despite of this and the fact that not all project management issues are covered in the job descriptions, the staff does undertake the necessary project management activities. They undertake the implementation tasks at the request and/or instructions of superiors and other relevant units (e.g. Implementation service, Financial Management Service). Thus, in practice, project proposals and financing application preparation as well as administrative implementation tasks (progress reports and payment claims) are undertaken by staff as part of their project manager role.

A number of improvement actions related to issues that need to be improved relating to structures, human resources and systems and tools were presented to staff for opinions and the answers below reflect their perceptions on potential solutions.

- ✓ Most of the answers refer to structures and human resources and most part of respondents would agree on project multifunctional teams (including financial and procurement experts. with clear tasks allocations and improved management.



UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI



Instrumente Structurale
2007 - 2013

- ✓ Currently, there is a PM in the beneficiary structure working with experts in other units without being part of a structured formal project team with clear responsibilities.
- ✓ Only half of them would see outsourcing as a potential solution but at the same time almost everybody sees human resources development in terms of number and skills as a general improvement need. In terms of systems & tools reviewing OPTA MA implementation procedures and developing a beneficiary' procedures manual should be accompanied by staff training in their use.

3.2.2 Conclusions and recommendations

Conclusions

Structures

The structures for the implementation of the OPTA PA2 and PA3 are in place. The division of tasks between the structures is, however, not always clearly set. This is especially the case in relation to the public procurement tasks, leading to unclear responsibilities and inefficiencies, but more important to dissipation of the legal accountability for the financing contract execution.

The involvement of the IS in the implementation of the beneficiaries' projects is done in the absence of formal document establishing responsibilities among the structures involved in the project implementation, while this would be needed in terms of sound management and accountability.

The existing of the IS within TAD organizational structure could lead to a number of dysfunctions, delays and/or difficulties in managing:

- ✓ additional flows introduced in the projects implementation processes
- ✓ potential conflicts of interests in managing MA and beneficiary roles within the same structure
- ✓ beneficiaries' accountability for projects implementation

Although the separation of functions within TAD is clear and is established by ROF, at the level of beneficiaries there is a need for a written agreement with all the structures involved.

Human resources

When looking at the capacity of the beneficiaries to absorb the projects in the project pipeline, it is clear that with the current available staff and the current workload, there is not enough capacity to prepare and implement those projects.

There are permanent staff shortages in ICIS and SMIS CS through temporary suspension of a position in ICIS and 1 vacant position and less efficient working process as related to the complexity of tasks in SMIS CS, along with temporary shortages generated by projects implementation needs.

Work efficiency will be directly influenced by actions taken to:

- ✓ reduce the amount of working time through process management,
- ✓ increase the staff capability and motivation



UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI



Instrumente Structurale
2007 - 2013

In order to ensure the increased capacity, in sourcing of temporary contractual staff such as consultants for specific projects and outsourcing of time consuming activities such as project preparation, preparation of procurement documents and monitoring of procurement contracts could be taken. The estimated time per project needed differs based on the size and duration of the project, the nature and complexity of the project and the number and size of subsequent contracts needed for the implementation of the project (see recommendations).

In terms of capability, the current level of skills and knowledge is perceived by staff as satisfactory. However important development needs are acknowledged mainly in project management, time management and public procurement, areas directly related to their project manager's role.

Motivation of staff is very important in order to prevent a high staff turnover, and thus, a loss of knowledge, skills and experience. A performance based salary system would contribute to the motivation, but might be difficult to consider due to the civil servants status of staff for which the payment system is regulated by law according to categories, functions and grades. However a financial incentive scheme would be a good motivating factor and it could be considered for funding from OPTA PA1.

Systems and tools

There is a comprehensive *OPTA MA procedures manual* covering 2007-2013 OPTA implementation, as a detailed and useful tool at hand for the OPTA MA staff as well as for the ACIS structures involved in the implementation of OPTA as part of it contains beneficiaries' tasks and responsibilities. Although the document was posted in the intranet is not familiar to beneficiaries' staff or is considered to be exclusively TAD's and not relevant for them.

On the other hand, the beneficiaries generally acknowledge the need for a detailed dedicated procedures manual for OPTA beneficiaries with clear roles, responsibilities and deadlines for project managers/teams along the whole project cycle.

There are some inconsistencies between different sections and/or between its provisions and what is actually done in relation to the PA2/PA3 OPTA Beneficiary's roles and responsibilities. There are also no clear delineations between IS and beneficiary's tasks in contracts implementation and the flow of tasks and documents is not complete for all stages of procurement contracts implementation.

Currently, in the absence of a beneficiary's manual (who is doing what and when?) and of working guides (how to do?) the project managers' responsibilities for implementation are undertaken according to instructions received from IS and from the superior in a "learning by doing process". This sometimes leads to delays and/or tensions among staff from IS and beneficiaries on "who is doing what" or "who is accountable". This is requiring improvements urgently, in order to work more efficiently, and, more importantly, to ensure the legal accountability for the financing contracts execution.

For SMIS CS there is also a need of procedures to manage outside non-SMIS related complaints and requests which currently are creating an important amount of interruptions and stress; e.g.: equipment setting up for new users, equipment and/or software functioning complaints, equipment users' responsibilities, requests for equipment supplies, ACIS equipment inventory.

Recommendations

This section presents actions recommended to be taken to address the issues identified through this analysis as the main causes for the reduced capacity of the PA2 and PA3 beneficiaries to plan and implement projects funded by OPTA. The recommendations are structured in 3 main subsections corresponding to the three capacity builders analysed during the process.

Capacity improvement through better structures

- The inconveniences created by the actual structures and their impact on the absorption capacity could be addressed either through structures redesign and/or through improving the work processes.
 - ✓ Our recommendations for the structure redesign would consider:
 - ✓ the Implementation Service organized as a separate unit/directorate, under direct coordination of the General Director of ACIS, and including the financial management tasks related to procurement contracts implementation
 - ✓ reorganizing the Financial Management Service remaining under TAD coordination to accommodate the MA needs,
 - ✓ organize the ICIS as a separate unit outside TAD, under direct coordination of the General Director of ACIS in order to avoid the conflict of interest situation by having the beneficiary in the same structure of the Managing Authority.
- In order to clarify the legal accountability of the beneficiaries for the financing contracts execution and the IS responsibilities for the procurement contracts, it is recommended to:
 - ✓ designate the Contracting Authority role for public procurement contracts to the beneficiary
 - ✓ delegate implementation responsibilities to the Implementation Service and the Financial Management Service through implementation agreements to clearly define the division of tasks and responsibilities relating to public procurement and contract management between the beneficiary and the Implementation Service.
- To better accommodate all OPTA beneficiaries' responsibilities, including the relations between involved structures in the process, it is important that the Organising and Functioning Regulation ROF provisions regarding ACIS structures' roles and attributions are further defined and elaborated
- In order to support the work division between the different structures, the following recommendations are made:
 - ✓ review the job descriptions in both **SMIS CS and ICIS** in order to match the structures' roles and to redefine the job goals for a more efficient and cleared allocation of tasks in terms of project management.

Capacity improvement through better human resources management

Seen the limited capacity of the current PA2/PA3 beneficiaries' staff to manage more OPTA projects, it is recommended to increase the capacity on short notice for both SMIS CS and ICIS.



UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI



Instrumente Structurale
2007 - 2013

This can be realised through hiring additional staff in these ACIS structures positions and through increasing outsourcing for the time consuming activities.

A first rough estimate is that for a project with one subsequent project around 0.25-0.5 FTE is needed and therefore, for the implementation of the projects in the 2011-2014 pipeline, the calculation shows a need of additional staff of 5,9 FTE for SMIS CS and 2.35 FTE for ICIS.

These numbers cover the vacant/suspended positions and therefore before hiring new staff, priority should be given to filling in suspended and vacant positions in both units and to reallocation of tasks between existing staff.

- ✓ Considering the large variation of projects in terms of size, duration, complexity and the timing of their phases, it is recommended that in sourcing of temporary contractual staff is considered, according to the remaining needs after outsourcing of the major tasks.

Increased outsourcing for time consuming activities:

- **for both units** – project management activities through TA projects such as:
 - ✓ preparation of terms of reference and procurement dossier,,
 - ✓ support in the evaluation of tenders
 - ✓ monitoring of procurement contracts implementation:
 - ✓ verification of contractors progress reports,
 - ✓ monitoring of technical activities and verification of deliverables
- **for ICIS** - implementation activities for the Communication Plan
- **for SMIS CS**: SMIS related activities such as helpdesk to SMIS users all over the country, application maintenance, training, error correction¹⁷ maintenance of ACIS equipment¹⁸. In our opinion for the helpdesk a call centre or a hotline could be a suitable solution.

Better work process management

The capacity to absorb OPTA projects on the longer term can be improved through work efficiency increase as a result of:

- for **both units**: prioritization of project management tasks and time allocation through task classification by importance and urgency
- for **SMIS CS**:
 - a more efficient division of tasks and responsibilities among positions and staff
 - internal specific procedures for non-SMIS related tasks (see systems& tools below).

Capability and motivation

Increased staff and management capability through:

- staff development programmes (training and coaching) tailored to the specific needs of the actual tasks performed.
- management development programmes could be organised, to support managers in developing the necessary skills to better organize work processes and staff.

¹⁷ Procurement dossier prepared already for outsourcing

¹⁸ Partly already done, as a new contract was signed for new equipment which includes 5 years of maintenance,

Increased staff motivation through:

- financial motivation: design of a financial incentive system to reward people who get good results in implementing projects as a way to boost absorption
- delegation of some management responsibilities to staff; this is also a way to increase the work efficiency. The delegation may consider specific tasks for which corresponding authority for decision making is given to staff. The selection of such tasks should be made by the manager together with the staff based on common understanding and trust regarding staff capability to undertake the responsibilities.

Capacity improvement through better working systems & tools

OPTA MA implementation procedures

As certain inconsistencies are found in the OPTA MA implementation procedures, it is recommended to:

- ✓ correct inconsistencies between different sections and/or between its provisions and what is actually done in relation to the PA2/PA3 OPTA Beneficiary's roles and responsibilities in the projects preparation and implementation;
- ✓ develop and complete insufficient or missing responsibilities and document flows for all stages of procurement contracts implementation;
- ✓ adjust the content of the financing contract/decision to comply with the actual rights and liabilities of both parties.

Beneficiary's procedures manual

In order to facilitate the division of tasks and proper project management, it is recommended to

- ✓ prepare a detailed Beneficiary's manual answering the questions "who is doing what, when and how" covering all project cycle stages and correlated with the OPTA MA implementation procedures and its dissemination to all beneficiary structures.
- ✓ train the beneficiary staff in the use of the manual including through concrete examples and exercises in the use of documents and formats.

SMIS CS internal procedures

- ✓ Outside non-SMIS related complaints and requests¹⁹ addressed to the SMIS unit leads to ad hoc work, having a very negative effect on the work efficiency due to work interruptions and stress. In order to reduce the outside complaints and the ad hoc way of working and increase work efficiency, it is recommended that procedures are prepared at ACIS level to set clear rules for managing them. These procedures should set rules, responsibilities and deadlines for collecting and registering the requests, prioritization according to importance, urgencies and frequencies, allocation of clear tasks and deadlines for their solving (who is doing what and when) according to types of issues, from the moment they reach the unit

The detailed report on workload Analysis report is presented in Annex 2.

¹⁹ E.g.: equipment setting up for new users, equipment and/or software functioning claims, equipment users' responsibilities, requests for equipment supplies, ACIS equipment inventory.

4 Possible projects for the project pipeline and adaptations needed

Q5. Are there new eligible costs, activities or applicants to add to those already eligible to increase absorption in PA1?

Q3. Are there programmable changes in eligible costs/activities/applicants/ target groups increasing demand/ absorption for PA2 and PA3? If yes, will they significantly change the likelihood to fully use PA2 and PA3 allocations by the end of the programming period?

4.1 New project ideas relevant for Romania and adaption needed for PA 1, 2 and 3

In the context of the Evaluation of the Technical Assistance Operational Programme for Romania 2007-2013, an initial set of potential project ideas that could eventually be implemented in Romania under OPTA has been identified and constructed with the support of international evaluators.

These project ideas have proved to work well in other parts of the European Union, were initially considered relevant for Romania and, therefore, there could be possibilities that, once they were adapted and tailored to the national context, could be implemented in the framework of the Romanian OPTA.

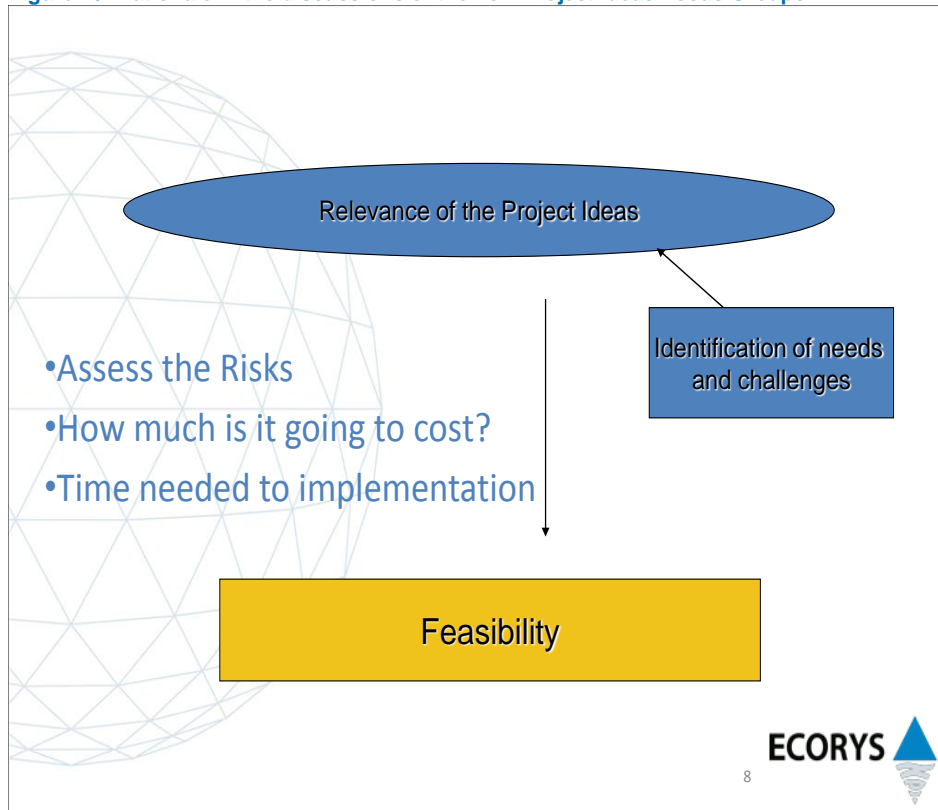
In this sense, the methodology for the evaluation included the celebration of two Focus Groups to discuss the relevance of the suggested project ideas, open the floor for new initiatives coming from participants, assess the feasibility and viability that such ideas could have in Romania, and discuss about the first budget allocations required for undertake the operations.

All these tasks were carried out in the framework of the Focus Groups with the final objective to confirm and fine tune the international experts initial findings and to ensure that the proposed solutions were as realistic and feasible as possible (in this or in future programming periods of the EU's Structural Funds).

Last but not least, it has to be stated that in the consultation with the European Commission it was clearly indicated that the OPTA should focus on the needs and problems and answering those needs. The OPTA should not search for solutions to spend the allocation just for the sake of increasing its absorption capacity. There should be a need for proposing the additional activities and beneficiaries. They should be added only if this helps to answer the needs, problems and objectives of the OPTA in Romania. Furthermore the European Commission indicated that the current working plan with potential projects for 2011-2015, the International Financial Institutions Scheme that just started and the Priority Action Plan are important issues to look at for increasing the absorption capacity.

In this way, the rationale used in the discussions was the following:

Figure 10: Rationale in the discussions of the new Project Ideas Focus Groups



4.1.1 The current situation and some new ideas – General suggestions

A) Projects ideas that represent a new development in Romania, are relevant, are feasible and are eligible under OPTA

After the consultation process was ended, and from the 33 project ideas that were presented to the representatives of different Operational Programmes and to the actors and stakeholders in the framework of the Focus Groups, a list of 17 potential new project ideas suitable for OPTA is presented further in the report.

Out of those 33 project ideas, some of them, even though they were considered relevant and they could confront some pressing needs in the country, they could not find a place within the scope of activity of OPTA as they did not match the objectives of the Programme and could not be considered either relevant or feasible to be accommodated in other more suitable Programmes. On the other hand, some other presented project ideas were considered either not relevant or were, in one or another way, already covered by the current project pipeline.

B) Project ideas that can be structured around five different typologies

From the new ideas for potential implementation in the Romanian context, the list of new ideas for potential implementation in the Romanian context can be structured around five different typologies.



UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI



Instrumente Structurale
2007 - 2013

1. *Project ideas that will establish four different thematic networks*

Mechanisms of coordination that serve as an exchange of experiences and for the dissemination of best practice funded by the Community funds in their fields of activity, as a useful engine for project generation, as an efficient platform for management, a powerful stakeholder in the relevant field and as the national representative in different European foray.

2. *Project ideas that will support a general enhancement of evaluation activities regarding cohesion policies*

An evaluation network to be placed at the cornerstone of the Structural Funds' instruments evaluation in the country. It will generate activity and will coordinate actions in all aspects of strategic and operational evaluation in Romania.

3. *Project ideas to support public procurement procedures and practice*

As procurement is considered one of the major challenges to be confronted for implementation and ultimately for absorption capacity, OPTA will place itself as a supporting instrument for launching new project ideas that will contribute to a better practice in the public procurement sphere.

4. *Project ideas that contribute to widening the scope of OPTA's support to communication activities*

Project ideas, which are intended to reinforce communication and dissemination of the Structural Funds in Romania by supporting tailor-made communication campaigns at local level, but also national wide communication and publicity actions involving mass media.

5. *Project ideas that deal with Innovation, RTD and competitiveness as key horizontal issues to support*

Growth and Jobs and their interaction with innovation, competitiveness and RTD are at the cornerstone of European's regional development policy. In this respect, the new project ideas list contains a number of actions related to this horizontal and important aspect of sustainable economic development.

C) Project ideas that need clear Ownership and Leadership to take them forward and achieve success

Champion institutions and bodies to take these project ideas forward and lead in their implementation and coordination need to commit and provide adequate resources. Even though OPTA can co-finance a substantial part of the activities included in each of the new projects, this commitment at all levels, from top management (or top political level) to technical level, has to be ensured.

In this sense, and as a way of example, for the sustainable development thematic network, the Ministry of Environment and Forests should lead the way, or the Ministry of Labour, Family and Social Protection should certainly play a crucial role in the establishment and development of the Thematic Network on Equal Opportunities.

D) Project ideas that demand a revision and enlargement in the scope of Key Area of intervention 1.1

The last point to underline on general remarks regarding the new proposals for the OPTA's pipeline comes with the fact that Key Area of Intervention 1.1 'Support to the management and implementation of Structural Instruments' is the real engine of the Programme and, with the new proposed ideas, it becomes even more important for absorption capacity and activity generation purposes.

In this sense, the scope of that Key Area of Intervention 1.1 should be expanded to bring it closer to its real dimension and importance as the real catalyser of activity in the Operational Programme. This will ensure a greater deal of coherence, transparency and clarity towards the potential beneficiaries.

The list of new project ideas as approved after the consultation process follows. The information has been structured around the three different Priority Axis of the Programme.

A complete list of project ideas with more comprehensive information can be found on Annex 3.

4.1.2 The current situation and some new ideas – Priority Axis 1

Current situation

The first priority axis of the Romanian OPTA has already an extensive list of activities, costs and beneficiaries and has already been enlarged with more beneficiaries. Basically all institutions dealing with Structural Instruments are eligible as potential beneficiaries.

Some new ideas

Table 6 New project ideas and target groups²⁰

Project title	Budget estimates [in euro]	Main features and characteristics	Target Groups
KA1.1			
Establishment of a co-ordination network between those responsible at national, regional and local level of integrating sustainable development aspects in the Structural Funds.	200 000 euro (estimation per year; ongoing network; the amount varies depending on the scope and intensity of the activities).	Useful tool to integrate environmental and sustainable horizontal aspects in the OP implementation. Also, powerful instrument to generate project ideas and to inform all sectoral policies with the horizontal principle of sustainable development. Possibility to set up different working groups regarding climate change or the Environmental Strategic Evaluation. Finally, the network acts	Regional and local authorities; Environmental organisation; Sustainable development main stakeholders.

²⁰ Information on beneficiaries and possible changes needed in eligibility costs can be found in annex 3

		as a platform that brings together the most relevant actors and stakeholders in this field and can eventually be used to represent the country in the European sphere on cohesion policy and sustainable development	
Urban Development thematic network.	200 000 euro (estimation per year; ongoing network; the amount varies depending on the scope and intensity of the activities).	This thematic network focuses on the urban dimension of the European Regional Development Fund co-financed Ops. It has proved very useful to design and promote urban development projects in different territories and to keep this fundamental feature of cohesion policy in the project portfolio. This becomes even more important with the fact that URBAN does not exist anymore. The network also brings together the relevant national government Ministries and agencies with the local government to discuss about urban development policies and also acts as the country representative for URBACT II.	Romanian Federation of Municipalities; Romanian Association of Communes; relevant Ministries at national level. Towns and cities should also be involved.
Network on equal opportunities between women and men and disadvantaged groups.	200 000 euro (estimation per year; ongoing network; the amount varies depending on the scope and intensity of the activities).	The network coordinates efforts for the accomplishment of a horizontal principle of paramount importance in Structural Funds implementation. It also goes in line with policy trends in the country and guarantees equal treatment in the EU funded activities. The ultimate objective is to promote an effective equal treatment and access to opportunities between men and women and disadvantaged groups. It acts as a platform that brings together all relevant actors and stakeholders on equal treatment and gender mainstreaming in the country. Finally, powerful instrument to generate project ideas and to inform all sectoral policies with the horizontal principle of equal treatment.	Organisations representing women's interests; institutes or associations; National School of Political and Administrative Studies (SNSPA).
Thematic Network for promoting innovation and RTD.	750 000 euro (estimation per year; ongoing	Useful tool to promote the concept of innovation as a key feature for achieving growth and jobs. This as a	Universities; Technological Centres;

	network; the amount varies depending on the scope and intensity of the activities).	network that would bring together all relevant actors on RTD and innovation. The network may implement various types of activities, e.g. regional network of agencies for Innovation - a study + pilot project of 1 year to run 1/several agencies within a RDA or an association of RDAs leading to a study proposing to propose the best type of organization for OPTA 2014-2020; or study to apply the smart specialization - to allow integration of this new concept integrated into a practical approach for Romania at 2014-2020 horizon.	Research Institutes; National Authority for Scientific Research (ANCS); RDAs; Local Authorities; ACIS_TAD.
Co-ordination of the Business Innovation Centres Network operating in Romania.	200 000 euro	This DG Regio's network BICs across Europe usually have a Co-ordination Unit or Secretariat to guarantee coherence and maximise results of this supporting Centres. It has proved to be useful and a success history. With a limited budget, tangible results and concrete coordination and dissemination activities can be carried out on this important field.	Chamber of Commerce; a Regional Development Agency, Federation of Entrepreneurs or a national body for innovation and/or support to the private sector development.
Study needs for upgrade of the procurement system.	100 000 euro	Study for upgrading the procurement system - on needs, institutions to be connected, institutional structures, changes and costs. The functional study should result in providing details on the details to be corrected and improved in the whole procurement system.	National School of Political and Administrative Studies (SNSPA); Universities
Upgrade of system for procurement [SEAP].	3 000 000 euro	The system should be upgraded significantly. The budget proposed for that improvement would cover all preparatory and implementation costs: from the functional analysis, through implementation to the tests of the new system, and further training of the Train-Of-Trainers.	n/a
A database on public procurement.	1 000 000 euro	Connected to SEAP - a database needs to be established that will interlink, use and be accessible to all involved in public procurement to exchange information and to tackle	n/a



		overlaps and conflicts of interest. The project would cover both, very important analysis and consultation process of many involved institutions as well as the costs of updating the structure and contents of the database.	
Training for staff of the procurement agency.	100 000 euro	Especially on the specialist topics such as ex-post verification. The training could be organised as an ongoing cycle of trainings which, in time, should cover checking of practical implementation of the first series through 2nd round of trainings [higher level] for trainees=participants in the 1st edition.	ANRMAP
Developing a better selection process and system / Setting up a pool of staff that can support in a flexible way different Managing Authorities and Intermediary Bodies.	200 000 euro	The public institutions [e.g. DLAF] could make benefit of an external assistance in development of improved system and methodologies for attracting and selecting optimum candidates for work in the MAs. The system should be based on the best adapted Romanian and international experiences. As a result, the system should lead to creation of the pool of staff who would/could be implemented in flexible manner by MAs and IBs.	Managing Authorities and Intermediary Bodies
Support for the timely delivery of indicators and covering the expenses of data collection for OP monitoring plus exchange of information and learning process from Italy.	500 000 euro	Improve the current systems for data collection and information flows to monitor OP's implementation. The first part of the analysis should cover analysis of the Italian experiences and practices in that respect. The analysis to be followed by the changes stemming from the results - to be implemented by the future Beneficiary.	ACIS
KA1.2			
Evaluation Network	1 500 000 euro (estimation per year; ongoing network; the amount varies depending on the	Useful tool for responding to the European Commission's high expectations on Programmes' evaluation. Also good tool to promote the culture of evaluation in the country and, finally, effective	Universities; Research Centres; National School of Political and Administrative Studies (SNSPA);

	scope and intensity of the activities).	instrument to be used for programming for the next period. The Evaluation Network will count with an Annual Work Plan and a wide array of activities will be carried out such as: needs assessment and a pilot project to develop training programmes addressed to the Evaluators of High Education, together with universities/ associations/ organizations of evaluators from EU with good practices in this field; grant scheme for evaluation activities improving/widening evaluation methodologies and practices.	various institutions in public administration; well known organizations of evaluators
KA1.4			
Inventory of tasks to be outsourced regarding Outsourcing of maintenance of IT systems inside the MA.	50 000 euro	Outsourcing the informal 'technical help-desk' and other administrative services would allow the team concentrating on developing concrete tasks. That outsourcing would cover the technical services to be provided throughout the ACIS; thus freeing resources of the SMIS Unit to develop that System further, according to the original pipeline.	ACIS

4.1.3 The current situation and some new ideas – Priority Axis 2

Current situation

For the second Priority Axis there is currently one main beneficiary, the Single Management and Information System (SMIS) Directorate. Under KAI 2.4 there are also some other beneficiaries (ACIS, MA for ACD OP; Regional Development Agencies: Bucharest-Ilfov, Centre, South-East and South; Regional Intermediate Bodies for HRD SOP: South-East, North-East, South-West, North-West and Centre) but so far only the SMIS CS has submitted projects.

Also here the difficulties with the procurement procedures are a major obstacle in the implementation of the programme. As the procurement of already planned actions is taking so much time, the situation has changed on the period when these projects can actually start. The low absorption capacity is furthermore caused by lack of prioritisation in those circumstances – the support on how to prioritise is needed. Outsourcing would be interesting option but currently there is no capacity in small SMIS unit to start the outsourcing process. The SMIS Central Unit has difficulties in prioritising their activities as filling the SMIS requires a lot of support and currently most of the work is done by the SMIS Central Unit itself. This has caused an overload of tasks.

Some new ideas

Table 7 new project ideas, target groups and beneficiaries

Project title	Budget estimates [in euro]	Main features and characteristics	Target Groups
KA2.1			
Creation of a tool for the managing of cash flows between Managing Authorities and the connection in between them.	250 000 euro	Analysis and eventual implementation of unified system for managing cash flows. That analysis should be concentrated on adding/correcting/ upgrading functionality of the SMIS. The analytical work to be led by/under leadership of the SMIS Unit, as the System should incorporate that functionality, at the end.	ACIS (SMIS Unit)
Introduction of the electronic signature.	2 500 000 euro	Analysis and implementation of the electronic signature technology (obligatory linked with the SMIS) among the MAs, including continuous training on using that technology.	ACIS (SMIS Unit)

4.1.4 The current situation and some new ideas – Priority Axis 3

The current situation

The lack of staff (2 of the 4 positions are suspended) and lack of skills are causing a serious delay in the absorption of the EU Funds. Furthermore the only beneficiary is the TAD (Information Communication). Only 2 projects have been approved. For both projects the target group is the Communication Unit.

Some new ideas

Table 8 New project ideas, target groups and beneficiaries

Project title	Budget estimates [in euro]	Main features and characteristics	Target Groups
KA3.1			
Tailored communication campaign in a selected territory.	100 000 euro	Communication campaigns to be designed according to the specific aspects of a given territory in the country (for instance, in a heavy industries region, focus on how Structural Funds are supporting economic development). The more tailored and targeted the communication campaign is, the more successful and effective will be. This "micro" communication activity is complementary to the one indicated below on mass media	Ministry of Regional Development and Tourism; RDAs; City Councils; Association of Communes of Romania (ACoR).
A competition to support the best ideas of promoting the EU Structural Instruments' results.	4 000 000 euro	This as a project on dissemination that is considered a success history in Poland. OPTA gets to involve the media (and thus attracting future interest), NGOs, self-governments, universities, etc. in promoting real-life results of Structural Funds implementation among the public. The individual projects would be defined by the public - thus responding to the information needs of the society = bottom-up approach.	Awarded media/NGOs/companies/self-governments/universities, etc. (it should be run like a grant scheme)
Outsourcing of activities from the Communication Plan	May be calculated once the decision is made which parts of the Communication Plan implementation would be outsourced.	A number of activities and actions stemming from the Communication Action Plan of OPTA can be considered to be outsourced and thus generate activity and absorption of funds. From the workload analysis, it becomes clear that in the current situation the capacity in terms of personnel to undertake further activity is insufficient. This project would have to be defined by ACIS and the division responsible for Communication.	ACIS

4.1.5 Summary

As it can be noticed from the section above, experiences from other Member States and discussions among stakeholders in Romania have resulted in the production of a concrete set of project ideas that: can be implemented in the near future in the framework of OPTA; can generate activity; can bring more target groups and beneficiaries to the Programme and, ultimately, should enable a boost up in the Programme's absorption capacity.

It is important to note that these ideas are:

- Considered relevant and useful towards the achievement of OPTA's overall and specific objectives.
- Received with interest by relevant stakeholders, potential beneficiaries and future owners.
- Feasible and eligible under the current Programme's structure.
- Applicable in this or in the future programming period.

These project ideas refer mainly to Priority Axis 1 - Support to the implementation of Structural Instruments and coordination of Programmes, to a lesser extent to Priority Axis 3 - Dissemination of information and promotion of Structural Instruments and, with to a quite limited extent, to Priority Axis 2 - Further development and support for the functioning of the Single Management Information System.

Finally, they are project ideas that will foster the project pipeline with respect to the establishment of new thematic networks, the reinforcement of the evaluation culture in Romania, the enhancement of the public procurement practice in the country, the widening of publicity activities and the acknowledgment of innovation and RTD as the truly engines for Growth and Jobs.

4.2 Overview of other possible activities, eligible costs and applicants for PA 1, 2 and 3

As described earlier in the report, based on the received documents on the Romanian OPTA and the interviews, the first inventory has been made of possible eligible activities, beneficiaries, target groups, costs that could potentially increase the absorption capacity of PA1, PA2 and PA3.

Some of the possible eligible activities, beneficiaries, target groups and costs have not been taken into account into the final list of projects, which could be implemented 'immediately' (for various reasons). However, they were interesting enough to be considered for implementation at a later stage, if possible, or within the next programming period.

Priority Axis 1 Possible new activities:

There is a potential for the following activities, which has actually also been indicated by the European Commission (and in functional reviews of the World Bank). It concerns measures addressing structural weaknesses in policy planning and policy design (an essential precondition for smoothing any investment project in Romania and also for the set up of the future programming period):

- ✓ Functional Review / upgrading of National Agency for Cadastre and Land Registration (KAI 1.2). The functional review has also been mentioned during interviews.
- ✓ Rationalisation of investments (KAI 1.1 and 1.2).
- ✓ Upgrading policy-planning capacity (KAI 1.2).
- ✓ Building capacity for economic analysis to support policy design (KAI 1.1).
- ✓ Support preparation of guidelines for EIA per type of project²¹. (KAI 1.1, 1.2 and 1.3).
- ✓ Reinforcing responsibility of utilities networks management (KAI 1.1).

However, for the above activities there should remain a clear link with the objectives of the OPTA (such as dealing with issues which are being covered by more than one OP).

In the interviews it was also suggested to include the preparation for the next programming period, such as ex ante evaluations for the programmes of 2014-2020 (KAI 1.2 or 1.3) and partnership approach.

Another suggestion/idea from the interviews is the cooperation with International Financial Institutions in order to outsource various services (e.g. studies needed for programming phase) overcoming in this way the procurement bottlenecks affecting PA1 implementation.

Priority Axis 2 Possible new activities:

The interviewees for possible new activities have made no major new suggestions. The below activities are maybe not new activities but are ideas for outsourcing activities based on thoughts from the evaluators:

- ✓ Outsourcing of the help-desk functions. An external IT-services company could be hired to fulfil the function of the internal help-desk within the Ministry on the hardware and software problems. The SMIS Central Unit currently provides those services. The activities could be outsourced, allowing the SMIS Central Unit the time for further development of the system. (KAI 2.2).
- ✓ Introduce e-learning solutions for training, including multimedia training courses, blended learning (mixed with classical) with open or restricted access to specific groups having specific learning needs. Inclusion of a hot-line concerning the SMIS use and functioning. (KAI 2.2).
- ✓ Assessment of the IT and communication needs among all institutions using the SMIS – also/especially on the regional level (broadband connection till December 2015, update of the computer/server equipment, update of the mobile communication equipment) (KAI 2.4).

Priority Axis 3 Possible new activities:

It seems that the priority is offering already quite some possibilities so no further activities would be needed.

²¹ The title of the measure was recently changed in order to address the need: Horizontal support on SEA/EIA

5 Forecast scenarios based on existing pipeline and additional project identified

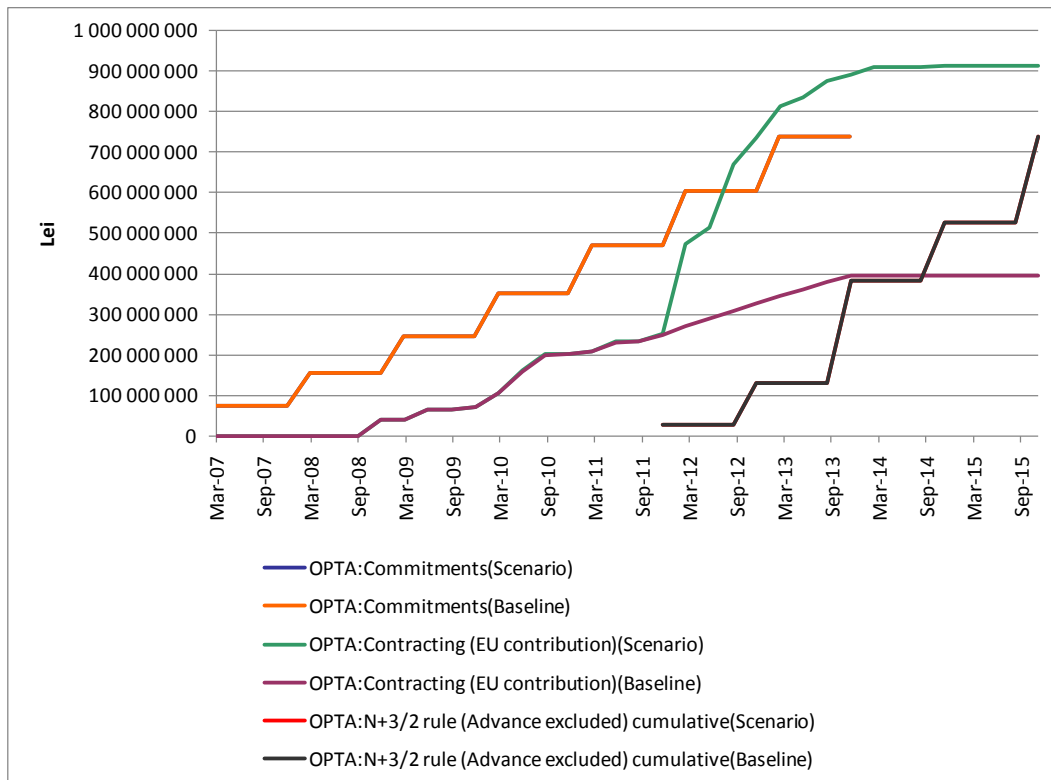
5.1 Forecast scenarios based on the existing pipeline

In chapter 2 we presented the “business as usual scenario”, based on the projects that have been contracted already and assuming preservation of the trend of contracting. Alternative scenarios may show the change in some main parameters (e.g. contracting and certification) with the adding of projects from the OPTA pipeline and the projects identified in the scope of this evaluation (project pipeline+). The text below describes some of the main results from the scenarios with and without the pipeline(+) projects.

Contracting:

The adding of all projects in the pipeline (as of 09.05) changes significantly the contracting forecasts and they could even go beyond OPTA’s commitments of 737 299 868.^{22 23}

Figure 11 OPTA – OPTA contracting (baseline and pipeline scenario) in RON (based on data up to end-2011)*



* Inclusion of information up to May 2012 does not change the picture considerably.

²² This figure is taken from: Government of Romania, Ministry of Public Finance, 2011, Framework-Documents for Implementing Operational Programme Technical Assistance 2007-2013.

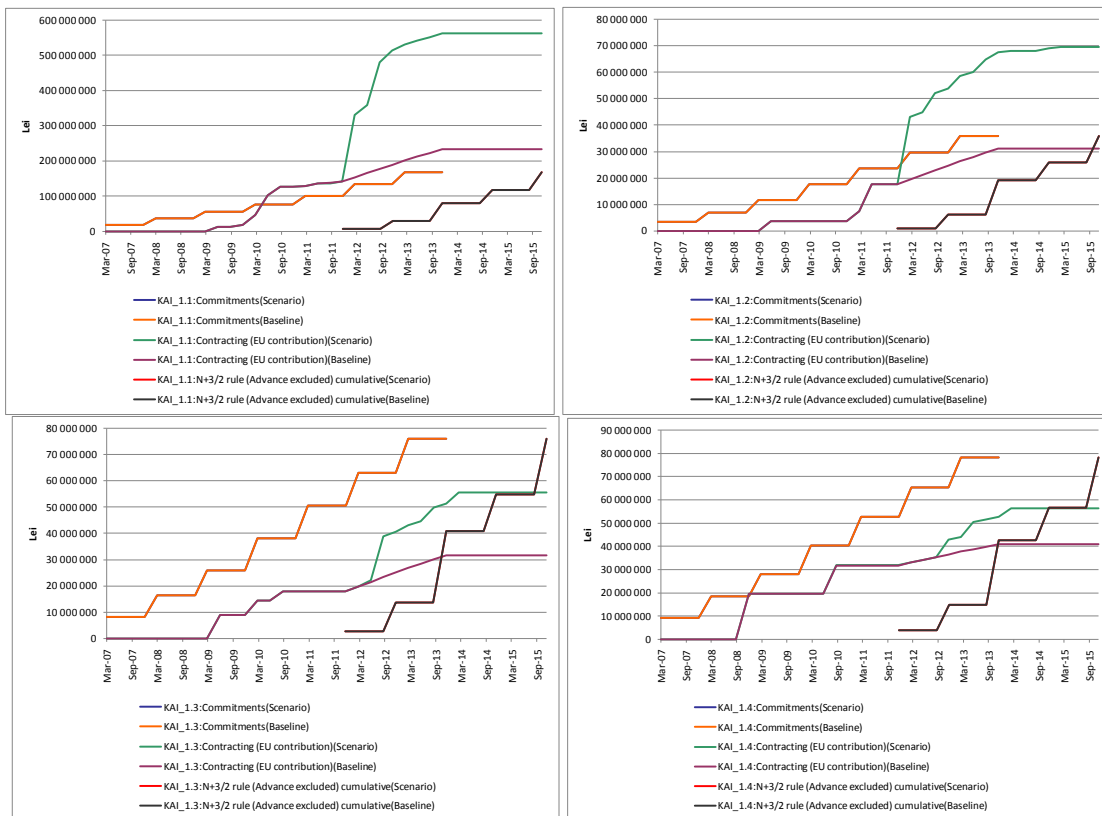
²³ Lothar allows for scenarios with commitments as well, in order to allow for reallocations

The graph above shows that, if all projects in the pipeline are contracted, by the end of 2013 it is possible to contract all commitments, which would not be possible under the baseline scenario. Of course, this is a very optimistic scenario, having in mind that this year (2012) need to be contracted more than twice as many EU funds (480 mln. RON) than in the period 2007-2011 (251 mln. RON).

The baseline scenario at the level of PA1 shows very good pace of contracting. The alternative scenario shows that, if all the projects in the pipeline are contracted, it would be more than double the actual commitments for PA1, which further suggests that reallocation would be needed. It should be noted, however, that this is mostly due to the increase in the contracting forecasts for KAI1.1 and to a slighter extent for KAI1.2.

Below are the graphs with contracting for all 4 KAIs in PA1. These figures are based on the data up to the end of 2011. There are no considerable changes in the conclusions, if most recent developments in the implementation of OPTA.

Figure 12 PA1 – KAI1-4 contracting (baseline and pipeline scenario) in RON (based on data up to end-2011)



According to the baseline scenario, for KAI 1.1 the contracting might need to be slowed down (by 12.2011 85% are already contracted), or funds need to be reallocated to this KAI, because the contracted amount is expected to be higher than the commitments. If over contracting is allowed by law, this might also be a possibility. If the pipeline is followed the contracted amounts will amount to 563 mln. RON with only 168 mln. commitments.

The situation with KAI1.2 is close to the KAI1.1 case – if all the projects in the pipeline are contracted that would be almost twice (69 mln. RON) the actual commitments of 36 mln. RON. At the same time contracting pace under KAI1.2 needs to be increased a little in order to reach the

commitments level, because by 12.2011 just below 50% of overall commitments for 2007-2013 are contracted.

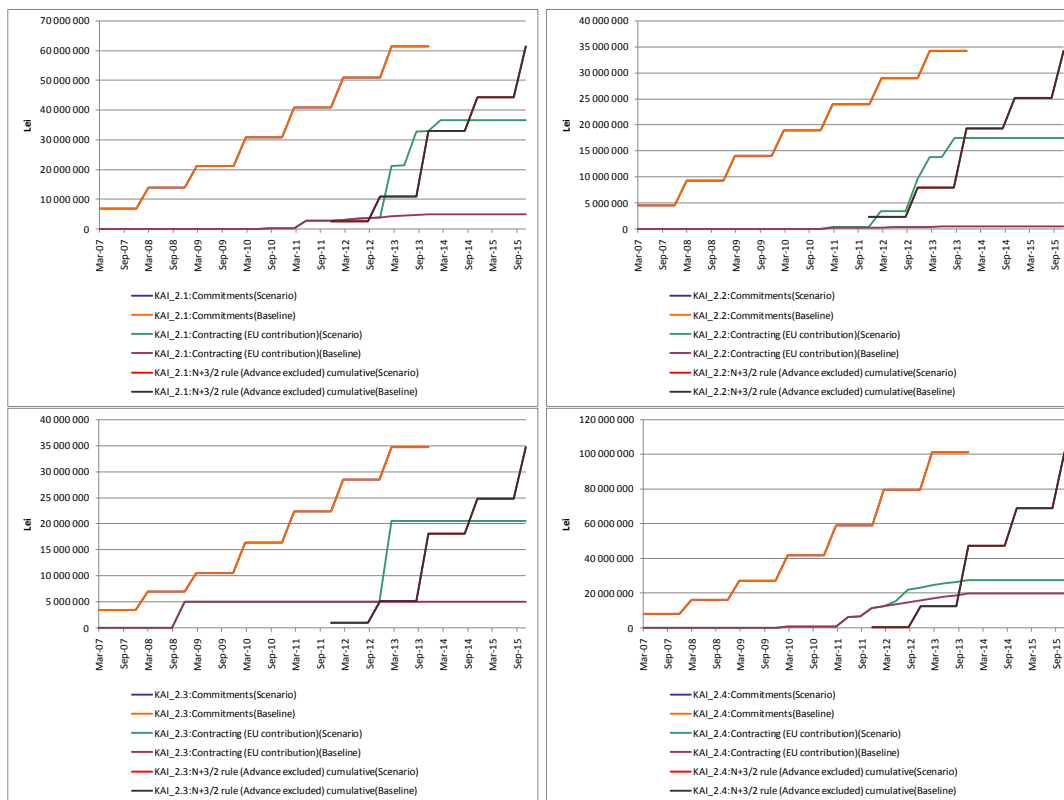
Contracting for KAI1.3 is expected to be lower than the commitments both for the baseline and for the alternative scenario with the pipeline included. The inclusion of the projects in the pipeline would allow contracting to get above the 2014 commitment, but would still be more than 20 mln. RON below all commitments for this KAI. As of 12.2011, 24% of the KAI1.3 cumulative commitments for 2007-2013 are contracted, which is lower than the other KAIs under PA1.

As shown on the graph above the case with KAI1.4 is practically the same as for KAI1.3 – contracting is not expected to reach the commitments with, or without the projects in the pipeline. The only difference is the slightly higher percentage of contracting as of 12.2011 – 41%.

The contracting forecasts for PA2 with and without the pipeline projects show that commitment levels are not expected to be reached. The baseline scenario shows contracting levels a little higher than the 2007 commitments and the alternative scenario with the pipeline shows contracting levels just below the 2010 commitments, i.e. less than half of the commitments are expected to be contracted.

Below are the graphs with contracting for all 4 KAIs in PA2.

Figure 13 PA2 – KAI1-4 contracting (baseline and pipeline scenario) in RON (based on data up to end-2011)



Contracting under KAI2.1 both with and without the pipeline projects is below the commitments of 61 mln. RON. The pipeline projects would lead to a significant improvement, having in mind that up to December 2011 only 4.6% of the cumulative commitments for 2007-2013 were contracted. However, even with the new projects expected to be contracted, contracting is expected to be at least 20 mln. RON short of the commitments.

The case with KAI2.2 resembles the KAI2.1 contracting. In spite of the significant expected improvement with the new pipeline projects contracting is not expected to reach even the 2010 commitments. This is not surprising having in mind that as of 31.12.2011 only 1% of the commitments for this KAI are contracted – the smallest percentage as compared to all other KAIs under the programme. Another problem here is that the contracting line is too close to the N+3/2 line, which means that the time for certification would be insufficient.

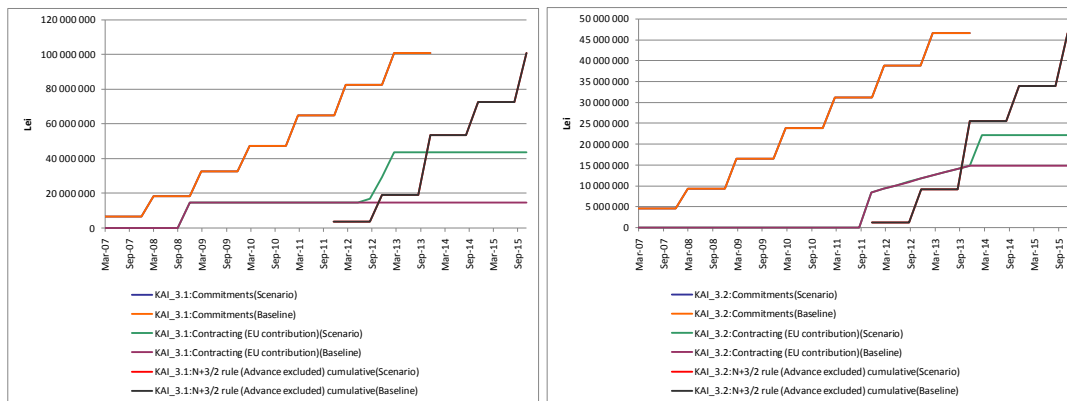
Similarly, contracting under KAI2.3 is not expected to reach the commitments. Even if all the projects in the pipeline are contracted, around 10 mln. RON of the commitments would not be contracted, despite the fact that KAI2.3 has the highest percentage for contracting as compared to the other KAIs under PA2 (14%).

The adding of the pipeline projects to the forecasts would lead to a relatively small improvement for KAI2.4, mostly due to the huge amount of the commitments for this KAI (more than 100 mln. RON). Contracting is expected to get close to the 2009 commitments, which means that more than 70 mln. RON might not get contracted.

The contracting forecasts for PA3 also show that the commitments are not expected to be contracted with and without the pipeline projects. Even after pipeline projects are included in the forecast, contracting would be approximately half of the commitments. This would mean a de-commitment of at least 70 mln. RON.

Below are the graphs with contracting for the 2 KAIs in PA3.

Figure 14 PA3 – KAI1-2 contracting (baseline and pipeline scenario) in RON (based on data up to end-2011)



For KAI3.1 there would be a significant (twice) improvement in the contacting, if the projects in the pipeline are contracted. This would still not be sufficient to contract all the commitments. As of 12.2011 only 14% of the commitments for KAI3.1 are contracted. Even if all the projects in the pipeline are contracted, more than 57 mln. RON would not be contracted.

The forecast for KAI3.2 is an interesting case, because it is the only KAI for which there is envisaged contracting, which would take place beyond the N+3/2 line. It is highly recommended that contracting be performed earlier, in order not to de-commit funds even before contracting. Even if all the envisaged contracting takes place, that would still mean that 24 mln. RON would be de-committed.

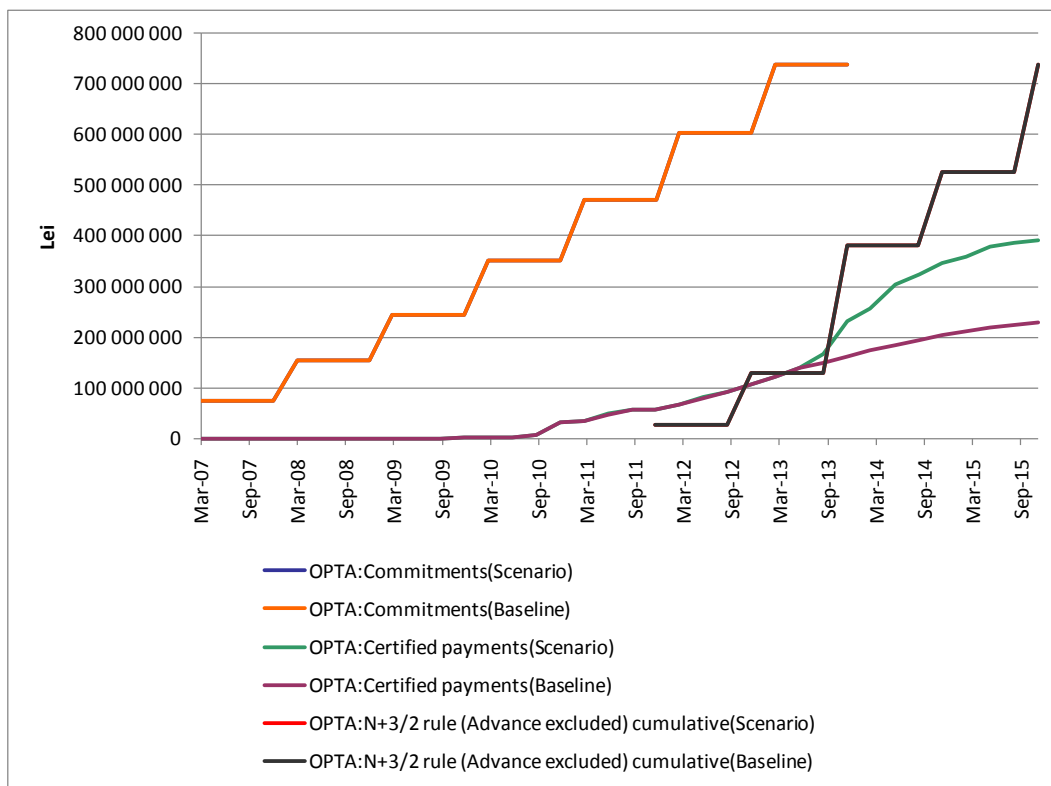
Making adjustments to take into account the latest developments in the implementation of OPTA does not alter the trends in contracting in the pipeline scenario greatly. The only more notable

changes are in KAIs 3.1 and 3.2, where higher contracting is projected and in KAI 1.1, where somewhat lower contracting is forecast.

Certification:

The adding of all projects in the pipeline (as of 09.05.2012) does not change as significantly the certification forecasts as the contracting forecasts described above. One of the reasons is that some time would be needed for the contracting of the projects in the pipeline to have influence on certification (due to the natural time-lag between contracting and certification). An important reason, however, is also the slow certification rate.

Figure 15 OPTA – OPTA certification (baseline and pipeline scenario) in RON (based on data up to end-2011)

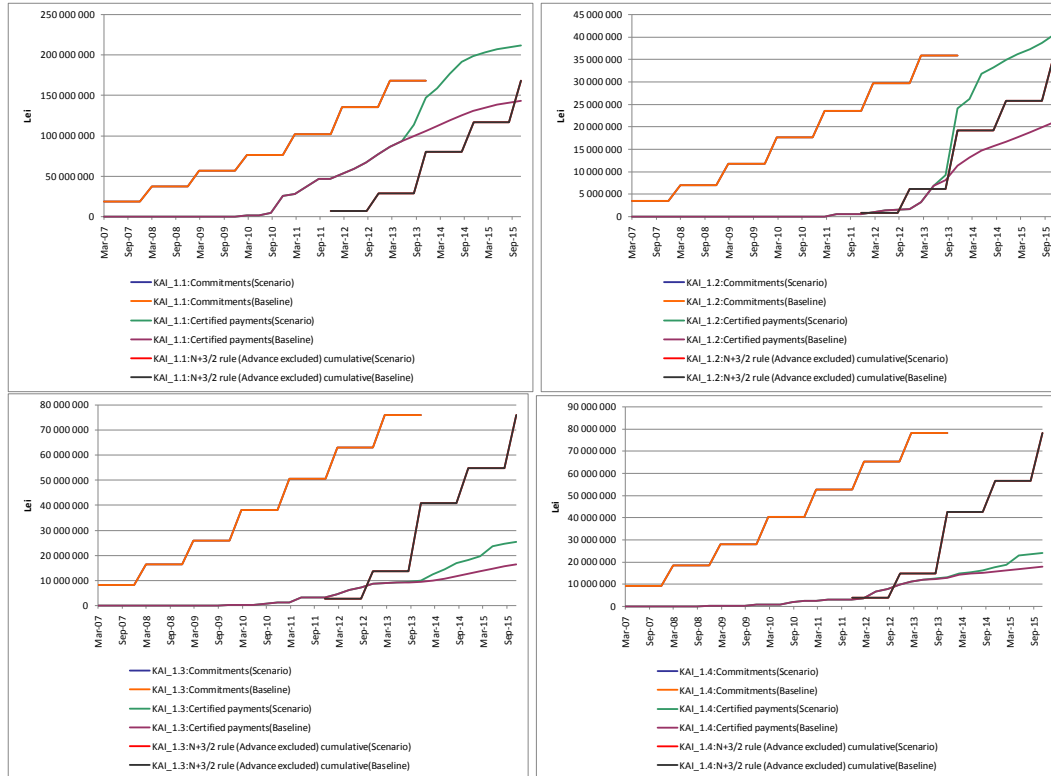


Thus, on the basis of the current analysis can be forecast that even after the pipeline projects are included, certification would be around 390 mln. RON (out of the 737 mln. RON commitments). The adding of the projects is expected to ensure 160 mln. RON more certification than the baseline scenario, but there is still some danger of de-commitment, most probably beyond in 2012 (if latest data is taken into account)

PA1 will contribute to lowering de-commitment danger in 2012 both under the baseline and the pipeline scenario. In the pipeline scenario this priority axis will have a considerable positive contribution to the higher absorption of EU funds under OPTA, if commitments are reallocated towards it. Given the latest developments in the first five months of 2012, certification under PA1 will exceed its current commitments by nearly 23 mln. RON by the end of 2015.

Below are the graphs with certification for all 4 KAIs in PA1.

Figure 16 PA1 – KAI1-4 certification (baseline and pipeline scenario) in RON (based on data up to end-2011)



KAI1.1 is by far the best performing KAI, with estimated excess of certification over current commitments, amounting to some 44 mln. RON in end-2015. Since certification is a function of contracting, which is very high for KAI1.1, the certification levels extend beyond the commitments and consequently the N+3/2 rule.

Under KAI1.2 in the pipeline projections certification will go beyond commitments since 2013 onwards by around 5-10 mln. RON.

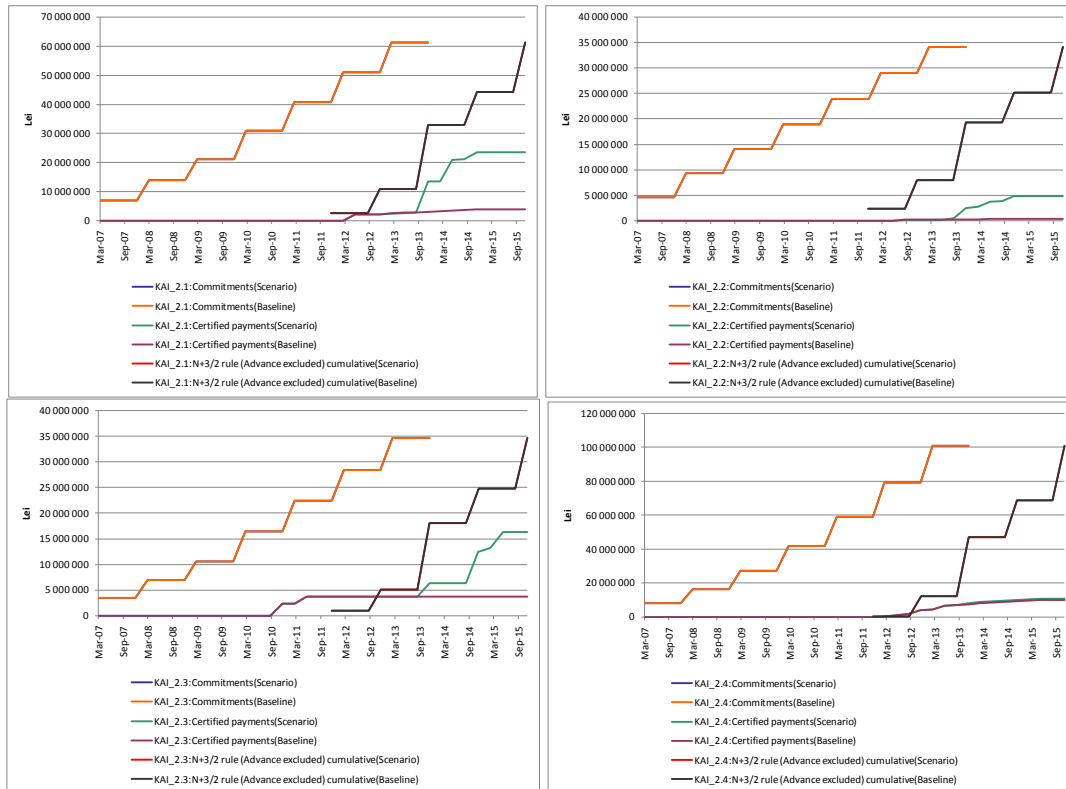
The case with KAI1.3 is worse than both 1.1 and 1.2. The funds contributing to de-commitment, based on the pipeline scenario, are more than 50 mln. RON.

The situation with KAI1.4 is also similar, with another 54 mln. RON increasing the sum of OPTA funds in danger of de-commitment, if the current pace of certification for this KAI holds.

Based on the current pace of certification, for PA2 will contribute to de-commitment in 2012 both under the baseline and the pipeline scenario. The pipeline scenario forecasts that 176 mln. RON will increase the pressure for de-commitment under OPTA (as of 12.2015). If the latest pace of certification is taken into account, this forecast would be 173 mln. RON. The danger of de-commitment in 2012 remains in this scenario for PA2.

Below are the graphs with certification for all 4 KAIs in PA2.

Figure 17 PA2 – KAI1-4 certification (baseline and pipeline scenario) in RON (based on data up to end-2011)



In spite of the small increase in the certification in the pipeline scenario, KAI2.1 still contributes to de-commitment in 2012 (approximately 9 mln. RON) and overall more than 37 mln. RON are at risk. The case with KAI2.2 is largely the same with more than 7 mln. RON at risk in 2012 and 29 mln. RON overall.

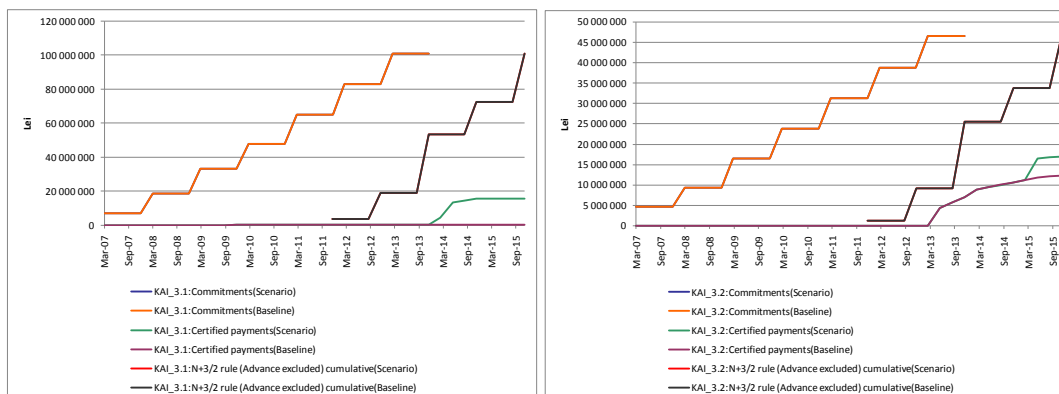
For KAI2.3 there is much greater difference between the baseline and the pipeline scenario. In spite of this fact, overall nearly 18 mln. RON from KAI2.3 are should contribute to the danger of de-commitment overall. In 2012 alone, however, given the acceleration in the implementation of the projects under this KAI, observed in the first five months of 2012, de-commitment requirements are expected to be met.

Due to the very slow certification pace so far, for KAI2.4 there is almost no difference between the baseline and the pipeline scenario as concerns certification. This KAI has the highest danger of de-commitments in terms of funds - more than 90 mln. RON.

Based on the current pace of certification, for PA3 de-commitment can be expected in 2012 both under the baseline and the pipeline scenario. The pipeline scenario forecasts that up to 2015 PA3 will contribute to increasing the danger of de-commitment by 115 mln. RON. The acceleration of OPTA funds certification in Jan-May 2012 does not significantly change the danger of de-commitment in 2012 for PA3.

Below are the graphs with certification for the two KAIs in PA3.

Figure 18 PA3 – KAI-2 certification (baseline and pipeline scenario) in RON (based on data up to end-2011)



Despite the improvement in terms of avoiding dangers of de-commitment under the pipeline scenario, the implementation of the two KAIs under PA3 is very slow. For KAI3.1 the funds at risk are around 85 mln. RON, whereas for KAI3.2 more than 29 mln. RON can be considered at risk. The contribution to de-commitment of KAI 3.1 and 3.2 are approximately the same, taking into account the information from Jan-May 2012.

Overall, adjusting LOTHAR+ with the latest information for the first five months of 2012, shows that under the pipeline scenario, KAI 1.1 will have a much more positive contribution to lowering the danger of de-commitment by 74 mln. RON. Other significant improvements, if the latest trends are sustained, will also be observed for KAI 1.3 (by 6 mln. RON), KAI 2.2 and 2.3 (by 2 mln. RON each) and KAI 3.1 (by 1.5 mln. RON). For KAI 2.1 and 3.2 more notable worse results are expected due to better forecasts, based on data up to end-2011, as compared to the inferences, made taking into account the latest available information as well.

Contribution to the danger of de-commitment - as of end 2015 (in thousands. RON) – OPTA and PAs				
	OPTA	PA_1	PA_2	PA_3
Data up to end-2011	-335.594	-50.731	-172.087	-112.775
Adjustments for Jan-May 2012 incorporated	-216.409	48.744	-161.970	-103.183

Contribution to the danger of de-commitment - as of end 2015 (in thousands RON) – by KAIs										
	KAI_1.1	KAI_1.2	KAI_1.3	KAI_1.4	KAI_2.1	KAI_2.2	KAI_2.3	KAI_2.4	KAI_3.1	KAI_3.2
Data up to end-2011	42.838	9.129	-51.041	-51.658	-36.083	-25.931	-19.608	-90.465	-85.215	-27.560
Adjustments for Jan-May 2012 incorporated	126.807	18.702	-44.980	-51.786	-31.008	-24.577	-17.230	-89.154	-74.096	-29.087

* Negative sign implies that the respective level of intervention contributes to the increase of the danger of de-commitment for OPTA.

5.2 Forecast scenarios based on the existing pipeline and additional projects identified

The effects of further adding the projects agreed during the focus groups to the pipeline are marginal as concerns contracting and certification. They are summarized in the table below, which shows the following 5 parameters for the main OPTA levels:

- ✓ Expected contracting (EU contribution) with included pipeline – Contracting – P (2015)
- ✓ Expected contracting (EU contribution) with included pipeline and new project ideas, discussed at focus groups – Contracting – P+ (2015)
- ✓ Expected certification with included pipeline – Certification – P (2015)
- ✓ Expected certification with included pipeline and new project ideas, discussed at focus groups – Certification – P+ (2015)
- ✓ Expected certification with included pipeline and new project ideas, discussed at focus groups and taking into account the developments in the implementation of OPTA in Jan-May 2012 – Certification – P+ (2015) – accel.

Table 9 Effect of adding the project pipeline+ in RON (based on data up to end-2011)

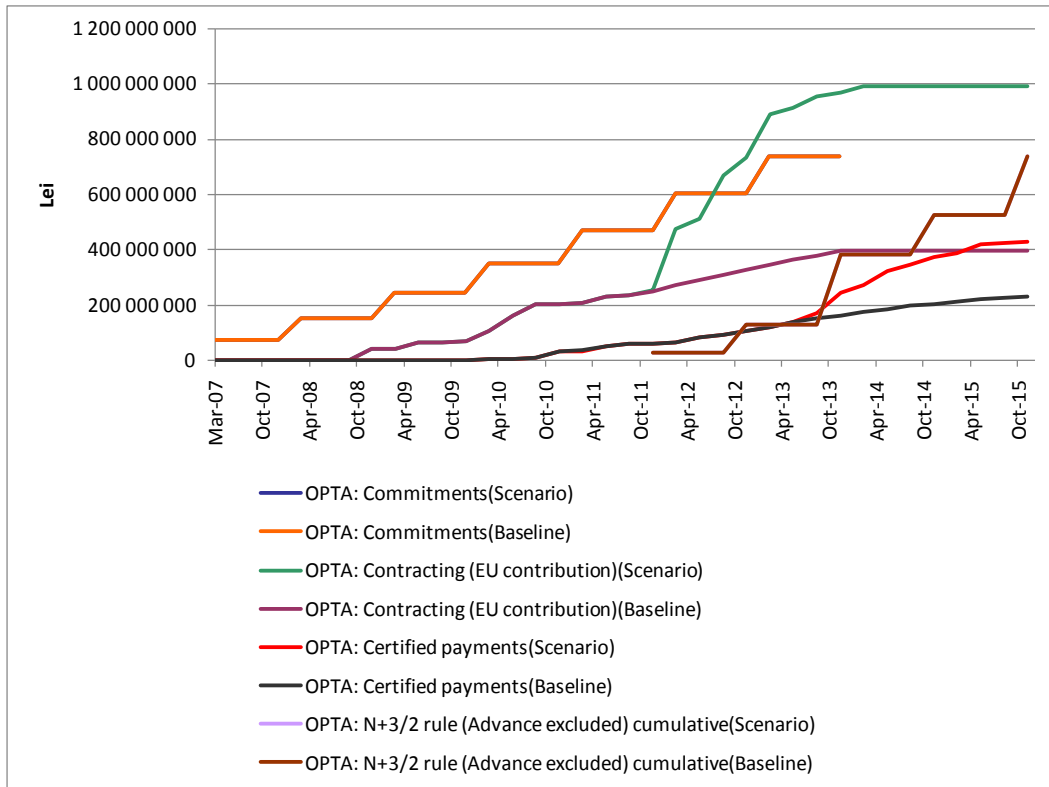
	Commitments (2015)	Contracting - P (2015)	Contracting - P+ (2015)	Certification - P (2015)	Certification - P+ (2015)	Certification - P+ (2015) – accel.
OPTA	737 299 868	913 190 767	991 316 392	390 516 757	429 784 355	511 800 472
PA_1	358 575 162	744 804 862	794 948 237	302 170 950	325 601 578	404 947 824
PA_2	231 233 298	102 406 798	113 640 548	55 575 709	61 821 958	64 651 571
PA_3	147 491 408	65 979 107	82 727 607	32 770 099	42 360 819	42 201 077
KAI_1.1	168 250 649	563 437 328	598 057 703	212 236 604	226 861 333	300 676 827
KAI_1.2	35 868 177	69 549 783	84 868 533	40 556 112	49 286 440	49 176 398
KAI_1.3	76 067 657	55 488 880	55 488 880	25 419 220	25 419 220	31 917 796
KAI_1.4	78 388 679	56 328 872	56 533 122	23 959 014	24 034 586	23 176 804
KAI_2.1	61 304 357	36 586 268	47 820 018	23 570 268	29 816 517	27 593 346
KAI_2.2	34 168 649	17 553 507	17 553 507	4 854 118	4 854 118	6 674 320
KAI_2.3	34 672 730	20 598 787	20 598 787	16 321 363	16 321 363	18 698 854
KAI_2.4	101 087 563	27 668 237	27 668 237	10 829 960	10 829 960	11 685 051
KAI_3.1	100 880 489	43 850 597	60 599 097	15 753 235	25 343 955	26 872 085
KAI_3.2	46 610 919	22 128 510	22 128 510	17 016 864	17 016 864	15 328 992

For KAI1.3, KAI2.2-2.4, and KAI 3.2 there is no difference between the pipeline (P scenario) and the pipeline with included new project ideas (P+ scenario).

As shown on the graph below, according to the P+ scenario contracting of OPTA will be close to 1 bln. RON which is far above the commitments. Yet, certification is not expected to increase so significantly and the dangers of de-commitment remain. Overall in the P+ scenario there is an expected increase in contracting of 78 mln. RON mostly due to PA1 (KAI1.1) as compared to the pipeline scenario. The respective increase in certification is approximately 40 mln. RON.

If the acceleration of OPTA funds absorption in the first five months of 2012 is taken into account, then certification would be expected to go beyond 500 mln. RON, i.e. 225 mln. would not be certified under this scenario.

Figure 19 OPTA – Contracting and certification (baseline and P+ scenario) in RON (based on data up to end-2011)



When compared with the pipeline scenario, for PA1 the increase in contracting is 50 mln. RON and in certification – 23 mln. With the P+ scenario, the overall commitments for PA1 are expected to be absorbed even at the current rate of certification. At the current accelerated absorption pace of 2012 it would mean certification of 46 mln. RON more than the actual commitments for PA1.

For PA2 the increase in contracting is 11 mln. RON and in certification is above 6 mln. RON. With the accelerated pace certification the increase as compared to the pipeline scenario is again 6 mln. RON. At PA3 level the increase in contracting for the P+ scenario is 17 mln. RON, and in certification 10 mln. RON. Thus, at the current rate of certification both PA2 and PA3 would not reach cumulative commitments for 2009

5.3 Alternative scenario based on more efficient absorption of contracted funds, inclusion of existing pipeline and additional projects identified

The current section describes the output of an optimistic scenario, assuming streamlining of implementation, relatively high absorption capacity of beneficiaries and inclusion of existing pipeline and additional projects²⁴ identified. This scenario can be regarded as an upper bound of what might be expected, given the enhanced pipeline for contracting. The scenario presents the following cumulative change:

- Reduction of the delay between payment and certification below one quarter for all KAIs (against an estimated baseline average value for OPTA of around 1 quarter);

²⁴ The ratio for KAI 2.3 is estimated to be roughly 100%, based on existing data and expert opinion, and this ratio is preserved for the current alternative scenario as well

- Increase of authorisation-to-contracting ratio to 95% for all KAIs (against an estimated baseline average value for OPTA of around 73%)²⁵;
- Inclusion of the existing pipeline and additional projects identified (augmented pipeline).

Each of the above modifications results in an improvement of the certification ratio of the programme. The impact of the inclusion of the augmented pipeline is highest. The improvement due to higher authorisation-to-contracting ratio to 95% up from the estimated 73% and the increase due to lower period between payment and certification are less substantial than that of direct inclusion of new projects, but they can have a significant positive impact as well

Figure 20: Reduction of the delay between payment and certification below one quarter for all KAIs

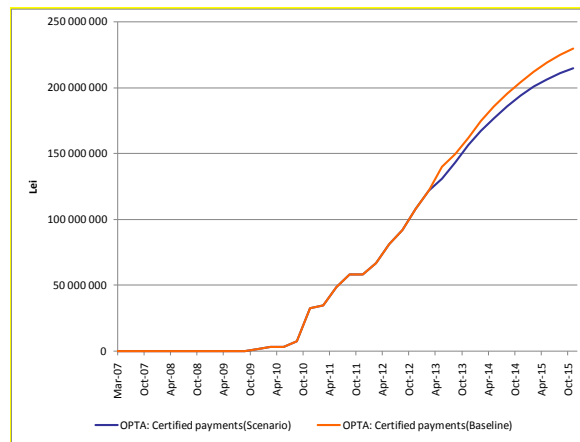


Figure 21: Increase of authorisation-to-contracting ratio to 95% for all KAIs

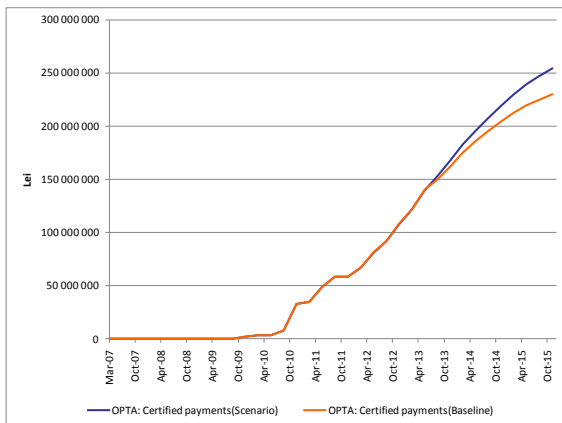
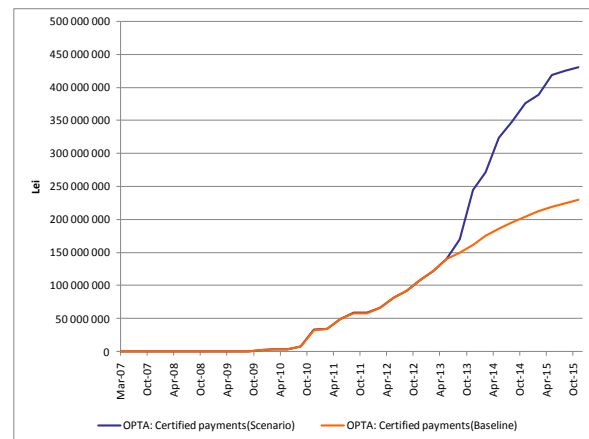


Figure 22: Inclusion of the existing pipeline and additional projects identified



* Based on data up to end-2011.

The overall cumulative changes for OPTA are depicted in the figures below. In this scenario contracting increases by 150% as compared to the baseline to almost RON 1 bn. Certification also increases more than twice, by 112%, but under this scenario there is still high danger of de-commitment: as of end-2015 RON 250 mln will be de-committed, or only around 66% of the allocations for commitments for OPTA will be absorbed.

²⁵ The ratio for KAI 2.3 is estimated to be roughly 100%, based on existing data and expert opinion, and this ratio is preserved for the current alternative scenario as well

Figure 23: Alternative scenario: contracting, payment and N+3/2 rule (advance excl.) for OPTA

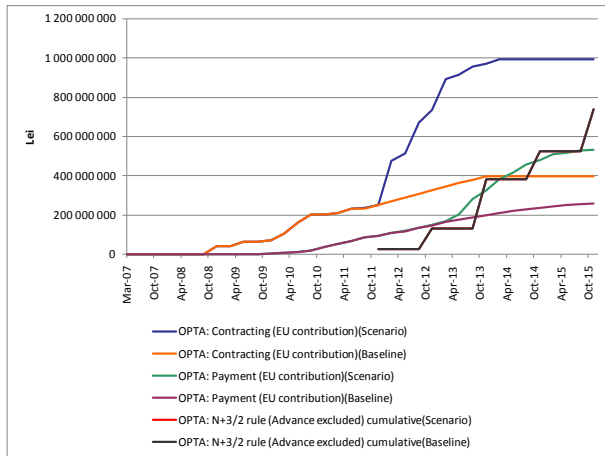
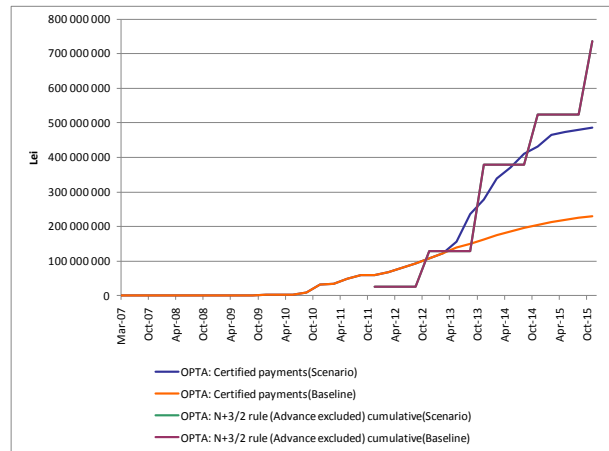


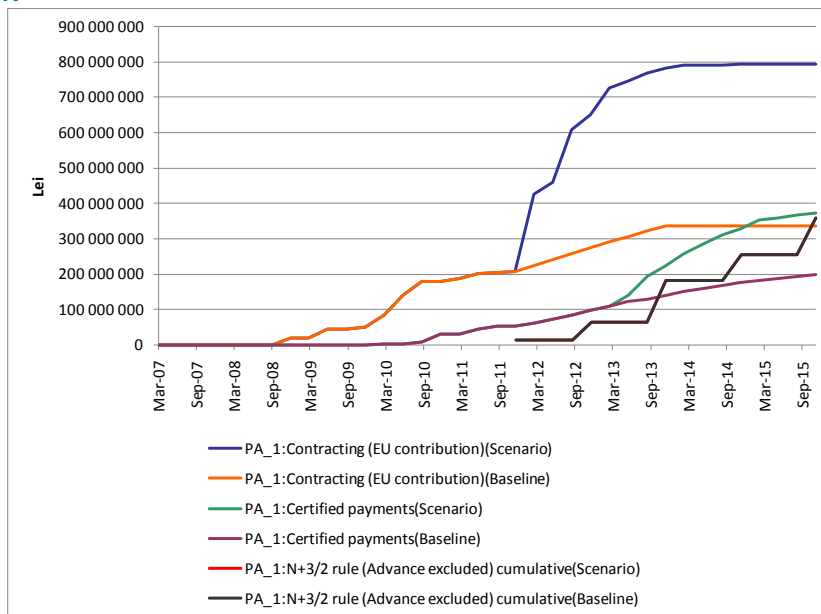
Figure 24: Alternative scenario: certification and N+3/2 rule (advance excl.) for OPTA



* Based on data up to end-2011.

The distribution of progress in implementation across priority axes remains very uneven. PA1 takes the lion share in contracting. Under this axis some 794 mln. RON out of the 1 mln. RON for OPTA are expected to be contracted. As a result, certified payments are expected to increase by 87% as compared to the baseline scenario and thus under this optimistic scenario certification will exceed commitments by 4% for PA1.

Figure 25: Alternative scenario: contracting, payment and N+3/2 rule (advance excl.) for PA1 in RON



* Based on data up to end-2011.

A breakdown by KAIs shows that only for KAI 1.1 will have the most significant contribution for lower de-commitment danger for OPTA. The implementation of this KAI is already progressing well, with around 28% of the committed funds being certified as of end-2011 and almost 90% already

contracted. KAI 1.2 is expected to increase the danger of de-commitment in 2012, but under this KAI certification will exceed de-commitment benchmarks from 2013 onwards. The remaining two KAIs under priority axis 1 are facing a danger of de-commitment even under this rather optimistic terms of assumptions scenario. Under each of these KAIs under 5% of all commitments were absorbed as of December 31, 2011, and, although the increases of contracting, payments and certification are high, funds under KAI 1.3-KAI 1.4 will be absorbed only at around 42% for KAI 1.3 and 36% for KAI 1.4.

Figure 26: Alternative scenario: contracting, certification and N+3/2 rule (advance excl.) for KAI 1.1

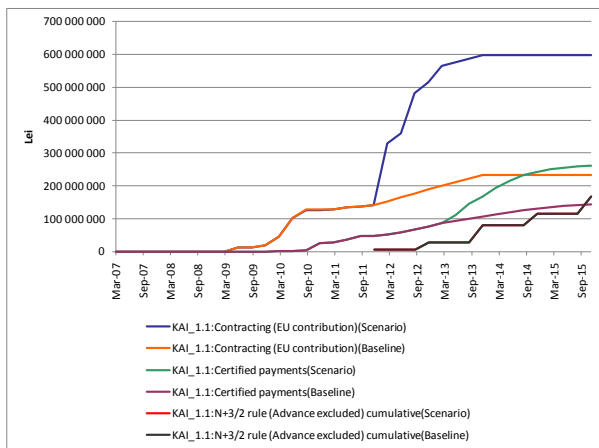


Figure 27: Alternative scenario: contracting, certification and N+3/2 rule (advance excl.) for KAI 1.2

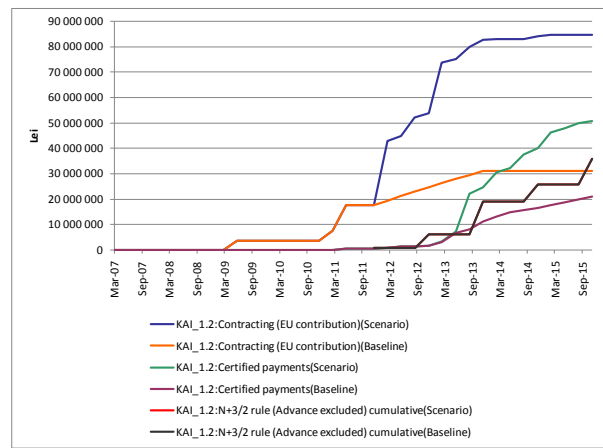


Figure 28: Alternative scenario: contracting, certification and N+3/2 rule (advance excl.) for KAI 1.3

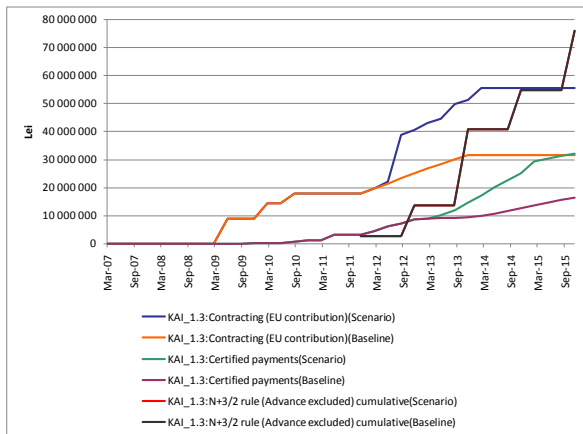
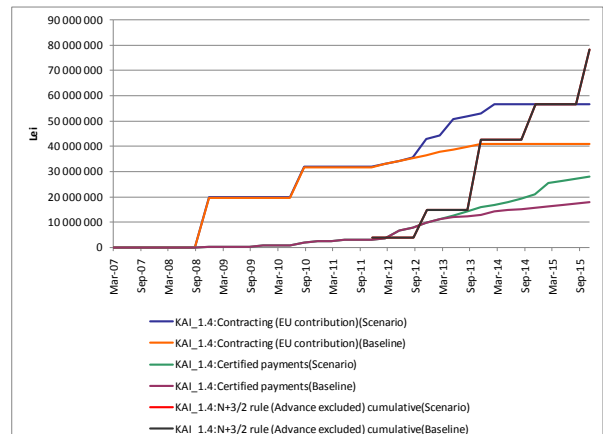
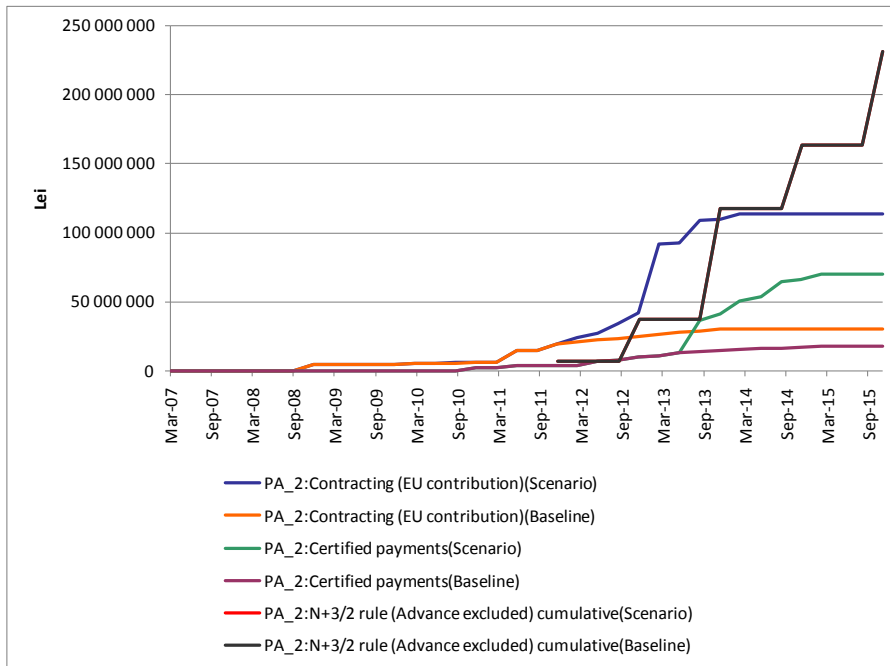


Figure 29: Alternative scenario: contracting, certification and N+3/2 rule (advance excl.) for KAI 1.4



* Based on data up to end-2011.

The alternative scenario for Priority axis 2 looks less optimistic than PA1. Under this axis even contracting remains lower than commitments. The dedicated EU funds under this priority axis account for around 30% of total OPTA funds and already as of end-2012 the shortfall between certified and respective de-commitment benchmark for PA2 will amount to some RON 26 mln.

Figure 30: Alternative scenario: contracting, payment and N+3/2 rule (advance excl.) for PA2


* Based on data up to end-2011.

Out of the four key areas of intervention, under KAI 2.1 and 2.3 an absorption rate of close to 50% is expected as of end-2015. For the remaining two KAIs under PA2 the absorption rate will remain at 22% and 12% for KAI 2.2 and 2.4 respectively. All KAIs under PA2 will contribute to increasing the danger of de-commitment from 2012 onwards, with the exception of KAI 2.3, which taking into account the most recent data up to May 2012, is not expected to contribute to the danger of de-commitment in 2012.

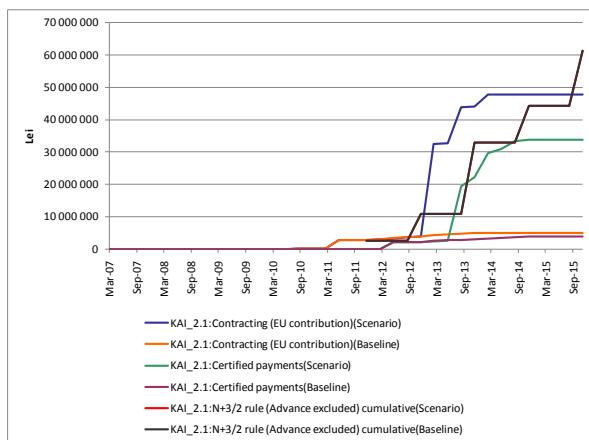
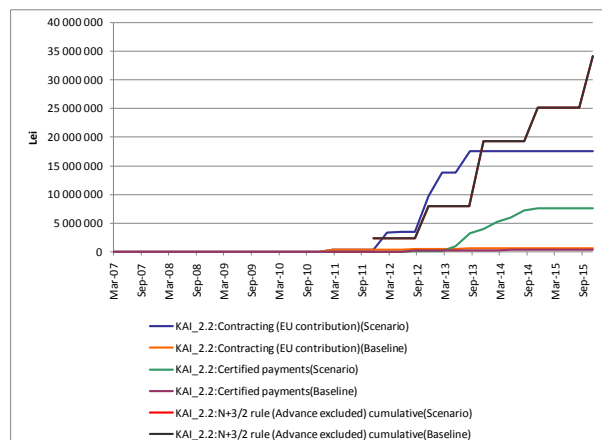
Figure 31: Alternative scenario: contracting, certification and N+3/2 rule (advance excl.) for KAI 2.1

Figure 32: Alternative scenario: contracting, certification and N+3/2 rule (advance excl.) for KAI 2.2


Figure 33: Alternative scenario: contracting, certification and N+3/2 rule (advance excl.) for KAI 2.3

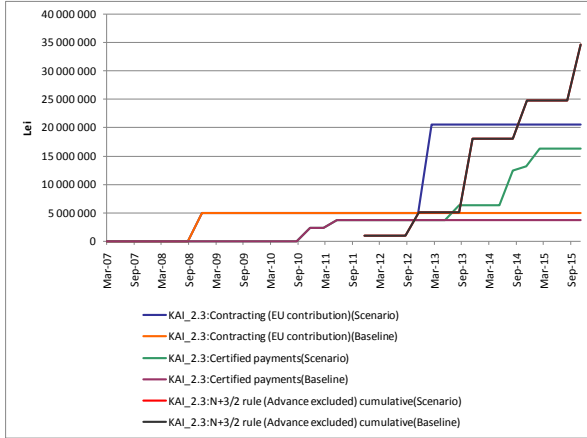
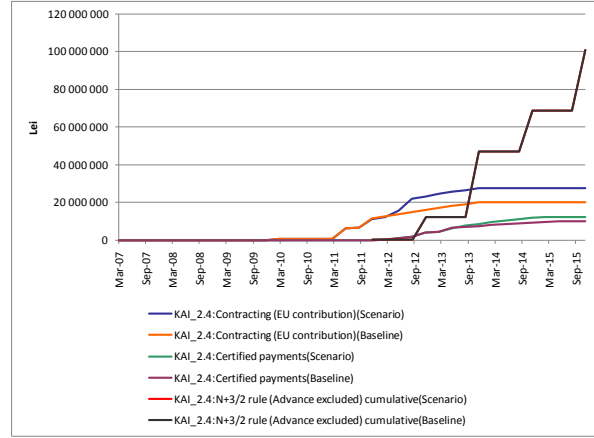


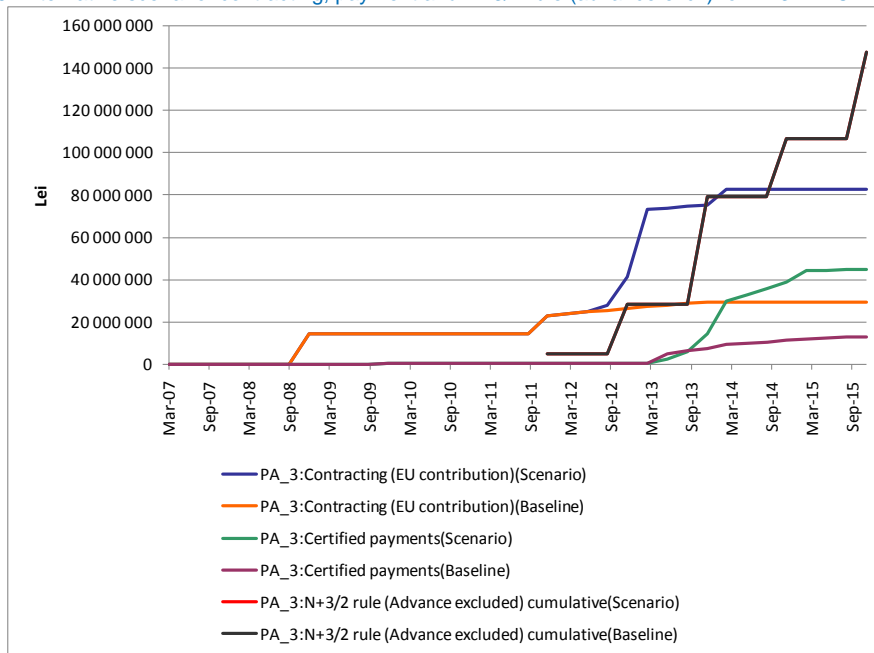
Figure 34: Alternative scenario: contracting, certification and N+3/2 rule (advance excl.) for KAI 2.4



* Based on data up to end-2011.

Implementation under priority axis 3 has started relatively late, with the first contract under KAI 3.1 being signed only in end-2011. However contracting under PA3 is expected to pick up, fuelled by a number of projects in the pipeline and due to start mostly within the next year or so. Still, contracting will remain at lower than 60% of commitments by end-2015 and certification will amount to around 30%.

Figure 35: Alternative scenario: contracting, payment and N+3/2 rule (advance excl.) for PA3 in RON



* Based on data up to end-2011.

The implementation of KAI 3.1 is relatively more advanced as compared to KAI 3.2 and there is higher contracting in the pipeline for this KAI. However commitments for KAI 3.1 are over twice

higher than for KAI 3.2 and therefore by the end of 2015 the absorption rate for the two KAIs under PA3 will be more or less the same, at around 30%.

Figure 36: Alternative scenario: contracting, certification and N+3/2 rule (advance excl.) for KAI 3.1

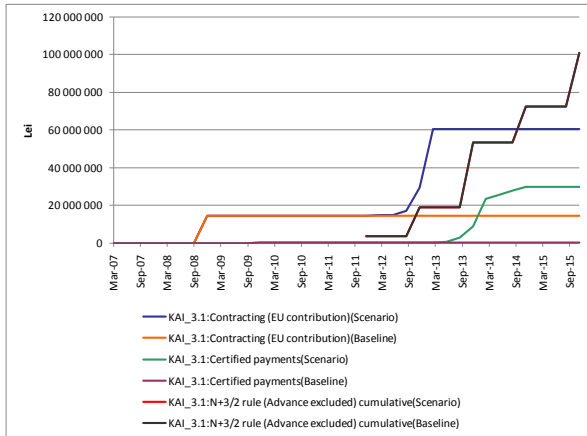
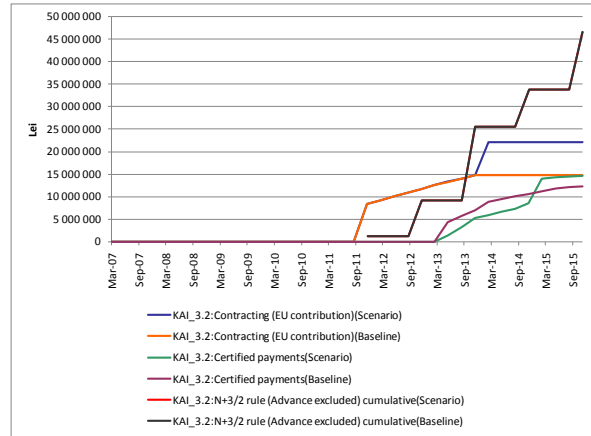


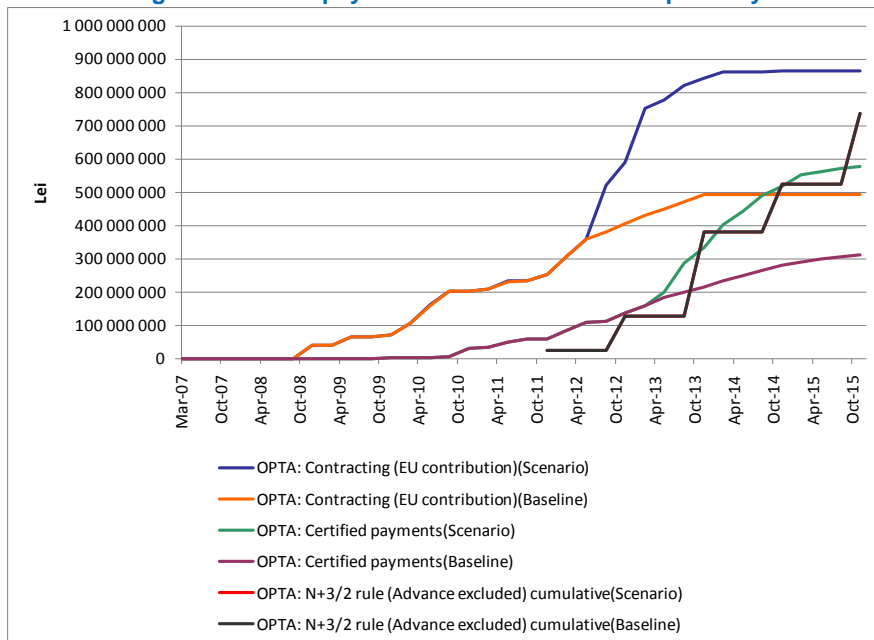
Figure 37: Alternative scenario: contracting, certification and N+3/2 rule (advance excl.) for KAI 3.2



* Based on data up to end-2011.

Accounting for the most recent aggregate data up to May 2012 on absorption under OPTA, under the current scenario, the danger of de-commitments is decreased to 161 mln. RON. Under this scenario also PA 1 is no more contributing to the danger of de-commitment and funds, amounting to 100 mln. RON can be re-allocated to this priority axis from other axes.

Figure 38 Contracting and certified payments based on the data up to May 2012 in RON



The inclusion of the information for Jan-May 2012 about OPTA implementation implies that certification will be higher for all KAIs except for KAIs 1.2, 1.4, 2.1 and 3.2. For these four KAIs projected implementation based on data up to Dec 2011 turned out to be better than the inferences

that can be made, taking into account the latest information as well. KAI 1.1 presents the opposite extreme. Under this level of intervention there has been contracting of almost 70 mln. RON only in Jan-May and certification of almost 34 mln. RON, whereas basing on historical trends only 24 mln. RON were expected to be contracted and 12 mln. were projected to be certified. The differences are partly due to the implementation of some of the projects in the pipeline and also due to the suspended submissions for certification to the EU in the second half of 2011, which are being requested in the first half of 2012.

Differences between scenarios, based on most recent data up to May, and a scenario, based on end 2011				
	OPTA	PA_1	PA_2	PA_3
Change in the difference between certification and N+3/2 rule by end 2015 (difference in thousands. RON)	89.347	86.542	3.229	-0.424
Absorption rate (difference in percentage points)	12	24	1	0

Differences between scenarios, based on most recent data up to May, and a scenario, based on end 2011										
	KAI_1.1	KAI_1.2	KAI_1.3	KAI_1.4	KAI_2.1	KAI_2.2	KAI_2.3	KAI_2.4	KAI_3.1	KAI_3.2
Change in the difference between certification and N+3/2 rule by end 2015 (difference in thousands. RON)	79.877	-0.596	8.969	-1.708	-2.017	2.502	2.377	0.367	1.528	-1.952
Absorption rate (difference in percentage points)	47	-2	12	-2	-3	7	7	0	2	-4

5.4 Possibilities for reallocation

Q6. What are the options for reallocating the unused funds (within the OP or towards other OPs)?

The options for reallocating unused funds depend on many different factors. Some of these factors are:

- ✓ the different scenarios
- ✓ the date at which reallocation is expected
- ✓ availability of funds
- ✓ danger of de-commitment
- ✓ the need of funds.

The baseline scenario (if the current situation does not change) shows that there are plenty of options for reallocations, because there will be sufficient amount of funds, which are not expected to be contracted and certified (absorbed) in 2012 under PA2 and PA3. Even taking into account the acceleration in the programme implementation in the first five months of 2012, some around 20-25 mln. RON will not be absorbed under each of PA2 and PA3 already this year. Meanwhile, under the

same scenario, for KAI 1.1 certification is expected to be in excess of the N+3/2 reference value by around 70 mln. RON this year. Therefore, urgent reallocation will be needed from the PA/KAI, which are the most threatened by de-commitment, e.g. KAI3.1 with 17 mln. RON at risk.

Table 10 Contribution to the danger of de-commitment baseline scenario in RON

Baseline scenario					
	Funds left to be contracted - 31.12.2012	Funds left to be certified - 31.12.2012	Insufficient funds: Commitments (overall)- Contracting (2015) ²⁶	Contribution to the danger of de-commitment: Difference b/w certification and N+3/2 31.12.2012	Contribution to the danger of de-commitment: Difference b/w certification and N+3/2 31.12.2012
	Data up to end 2011				Data up to May 2012
OPTA	409 995 366	629 294 164	340 265 741	-20 699 735	9 367 726
PA_1	82 952 009	261 330 945	21 584 559	33 609 642	59 228 288
PA_2	205 973 804	220 914 982	200 680 550	-26 270 664	-23 349 978
PA_3	121 069 553	147 048 237	118 000 631	-28 038 713	-26 510 584
KAI_1.1	-20 913 382	91 239 143	-64 852 834	48 146 791	69 816 689
KAI_1.2	11 132 485	34 156 502	4 671 669	-4 506 992	-2 048 059
KAI_1.3	50 990 834	67 351 176	44 440 917	-4 886 055	-4 308 904
KAI_1.4	41 742 072	68 584 124	37 324 807	-5 144 101	-4 231 439
KAI_2.1	57 393 620	59 042 696	56 372 159	-8 723 673	-10 366 089
KAI_2.2	33 710 816	34 000 681	33 591 233	-7 758 672	-7 667 356
KAI_2.3	29 678 833	30 917 410	29 678 833	-1 375 495	1 001 996
KAI_2.4	85 190 535	96 954 194	81 038 326	-8 412 824	-6 318 530
KAI_3.1	86 208 222	100 437 318	86 208 222	-18 840 992	-17 312 863
KAI_3.2	34 861 332	46 610 919	31 792 410	-9 197 721	-9 197 721

As for the need of funds, at the current pace of contracting, it seems that only KAI1.1 might experience inadequate funds under the baseline scenario. For all other KAIs the commitment targets would not be reached. All of the above suggests that for all KAIs, excluding KAI1.1, commitments may be reduced and some (64 mln. RON) of these funds could be transferred to KAI1.1 in order to meet its pace of contracting by end-2015.

The pipeline scenario (pipeline as of 09.05) shows a little bit different options for reallocation. The certification values are not much different than the baseline scenario due to the slow pace of certification, but if all the projects in the pipeline are contracted, it would actually mean that all commitments of OPTA would be contracted. This would be largely due to contracting of KAI1.1-1.2.

The contribution to the danger of de-commitment for all PA/KAI except PA1 and KAI1.1 remains under the pipeline scenario.

²⁶ The danger of decommitment is calculated as commitments - (certification + prefinancing)

Table 11 Contribution to the danger of de-commitment pipeline scenario in RON

Pipeline scenario					
	Funds left to be contracted - 31.12.2012	Funds left to be certified - 31.12.2012	Insufficient funds: Commitments (overall)- Contracting (2015)	Contribution to the danger of de-commitment: Difference b/w certification and N+3/2 31.12.2012	Contribution to the danger of de-commitment: Difference b/w certification and N+3/2 31.12.2012
	Data up to end 2011			Data up to May 2012	
OPTA	2 799 009	629 294 164	-175 890 899	-20 699 735	9 367 726
PA_1	-293 105 533	261 330 945	-386 229 700	33 609 642	59 228 288
PA_2	189 551 344	220 914 982	128 826 500	-26 270 664	-23 349 978
PA_3	106 353 198	147 048 237	81 512 301	-28 038 713	-26 510 584
KAI_1.1	-346 193 226	91 239 143	-395 186 679	48 146 791	69 816 689
KAI_1.2	-18 057 141	34 156 502	-33 681 606	-4 506 992	-2 048 059
KAI_1.3	35 530 262	67 351 176	20 578 777	-4 886 055	-4 308 904
KAI_1.4	35 614 572	68 584 124	22 059 807	-5 144 101	-4 231 439
KAI_2.1	57 393 620	59 042 696	24 718 089	-8 723 673	-10 366 089
KAI_2.2	24 498 856	34 000 681	16 615 143	-7 758 672	-7 667 356
KAI_2.3	29 678 833	30 917 410	14 073 943	-1 375 495	1 001 996
KAI_2.4	77 980 035	96 954 194	73 419 326	-8 412 824	-6 318 530
KAI_3.1	71 491 867	100 437 318	57 029 892	-18 840 992	-17 312 863
KAI_3.2	34 861 332	46 610 919	24 482 410	-9 197 721	-9 197 721

The pipeline scenario also shows expected lack of sufficient funding for OPTA, PA1, and KAI1.1-1.2. in 2015. For all other KAIs/PA it is expected that not all commitments would be contracted. Hence, according to the pipeline scenario, there are the following options:

- ✓ Reallocation from PA2 and PA3 to KAI1.1 and KAI1.2 to cover all insufficient funding.
- ✓ Reallocation of a reasonable amount of funds from PA2 and PA3 to KAI1.1 only. According to the pipeline scenario and taking into account the pick-up in contracting and certification in Jan-May 2012, such a reasonable amount at the current pace of certification is 118 mln. RON (the calculated Danger of de-commitment: Difference b/w certification and N+3/2 (advance excluded for KAI1.1 as of 31.12.2015)
- ✓ Reallocation from other OPs to OPTA in order to meet the contracting pace of PA1 – cannot be considered a viable option having in mind the overall danger of de-commitment for the program
- ✓ Reallocation from OPTA to other OPs – a viable option, but the amount depends on a number of factors, e.g. contracting in 2012 and certification rate.

The pipeline+ scenario (pipeline as of 09.05.2012 + new project ideas) brings only a marginal change in the options for reallocation, due to the fact that contracting is envisaged for 2013. That is why only the last column of the table below is different from the pipeline scenario.

Table 12 Contribution to the danger of de-commitment pipeline+ scenario in RON (based on data up to end-2011)

Pipeline+ scenario					
	Funds left to be contracted - 31.12.2012	Funds left to be certified - 31.12.2012	Insufficient funds: Commitments (overall)- Contracting (2015)	Contribution to the danger of de-commitment: Difference b/w certification and N+3/2 31.12.2012	Contribution to the danger of de-commitment: Difference b/w certification and N+3/2 31.12.2012
	Data up to end 2011				Data up to May 2012
OPTA	2 799 009	629 294 164	-254 016 524	-20 699 735	9 367 726
PA_1	-293 105 533	261 330 945	-436 373 075	33 609 642	59 228 288
PA_2	189 551 344	220 914 982	117 592 750	-26 270 664	-23 349 978
PA_3	106 353 198	147 048 237	64 763 801	-28 038 713	-26 510 584
KAI_1.1	-346 193 226	91 239 143	-429 807 054	48 146 791	69 816 689
KAI_1.2	-18 057 141	34 156 502	-49 000 356	-4 506 992	-2 048 059
KAI_1.3	35 530 262	67 351 176	20 578 777	-4 886 055	-4 308 904
KAI_1.4	35 614 572	68 584 124	21 855 557	-5 144 101	-4 231 439
KAI_2.1	57 393 620	59 042 696	13 484 339	-8 723 673	-10 366 089
KAI_2.2	24 498 856	34 000 681	16 615 143	-7 758 672	-7 667 356
KAI_2.3	29 678 833	30 917 410	14 073 943	-1 375 495	1 001 996
KAI_2.4	77 980 035	96 954 194	73 419 326	-8 412 824	-6 318 530
KAI_3.1	71 491 867	100 437 318	40 281 392	-18 840 992	-17 312 863
KAI_3.2	34 861 332	46 610 919	24 482 410	-9 197 721	-9 197 721

Hence the only difference in the conclusions as compared to the pipeline scenario is the higher 'reasonable amount' for KAI1.1, which increases to 132 mln. RON, given the latest developments in the first five months of 2012.

For further information on the expected availability of funds (both for funds, which are not expected to be contracted and for funds, which are not expected to be certified), see Annex1B.

Once the options for reallocation are defined, the Scenario form also offers the opportunity for users to develop different scenarios of reallocating funds. It allows users to reallocate funds from one KAI to another.