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all authorities to continue to use them for self-assessments of their capacity, of the progress in filling the gaps identified.

4.2 Analysis and findings

The analysis is presented on the three dimensions of the administrative capacity; the Structures, Human resources, and the Systems & Tools, following the checklist items.

4.2.1 Structures

The assessment of the Structures relates to the clear assignment of responsibilities and tasks to institutions, at the level of departments or units, to good working relations and to inter-institutional cooperation. The analysis refers to a range of programme tasks including management, programming, implementation, evaluation & monitoring, financial management & control, auditing tasks, and partnership.

The assessment seeks answers to the following questions:

- To what extent the authorities are designated and comply with the Regulations' requirements? Are all MA's, IB's, coordination structures, Certification, Paying and Audit Authorities designated?
- Is the institutional framework adequate? To what extent does the location of the authorities in the public administration allow them to fulfil their management and coordination role, or to have sufficient contact with the beneficiaries? Are the responsibilities and tasks clearly allocated in the structures at department and/or unit level?
- Are the partnership structures in place and do they work effectively in all phases of the programme cycle?

The structures designated for the 2007 – 2013 programming period

The institutional architecture within the 2007- 2013 programming period for EU funding implementation has been tailored on the three EU policies: the Cohesion Policy, the Common Agriculture Policy and the Common Fisheries Policy.

The Cohesion policy is implemented through the Structural Instruments⁶ with seven OPs within the convergence objective, and four OP s within ETC for which Romania has the management responsibility of the programme⁷. CAP and CFP are each implemented through single operational programmes, the National Rural Development Plan OP and the Fisheries OP.

The institutional framework for the coordination and management of the SI in Romania was set-up by Government Decision (GD) No 497/2004 (amended and supplemented by GD No 1179/2004 and GD No 128/2006) and GD No 457/2008 replacing the original decision⁸.

The entities involved in the management and implementation of SI are the following: a coordinating structure being the Authority for the Coordination of the Structural Instruments (ACIS), Managing Authorities (MAs), Intermediate Bodies (IBs), the Certifying and Paying Authority, as well as the Audit Authority (AA).

ACIS (part of the Ministry of Public Finance) was assigned to act as the national coordinator of SI, being responsible for the development of the institutional and legal framework and for ensuring coordination and coherence between the OPs and these and the NRDP and the OP for Fisheries.

⁶ Structural Instruments include ERDF,ESF, CF

⁷ Romania –Bulgaria CBC OP, Romania – Serbia CBC OP, Romania – Ukraine/Moldova CBC OP and Black Sea Basin CBC OP

⁸ Source: A formative evaluation of the structural instruments, 2010



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The whole institutional framework is located in the public administration system with the exception of the eight RDA's, having the role of IBs for ROP and more recently for PA 1 of SOP IEC. They have the status of "NGOs of public interest" being set up on the basis of the Law 315/2004 for regional development. Leader interventions within NRDP and POP are implemented through the Local Actions Groups which are associations of local organisations.

The coordination bodies (ACIS) and the CPA having responsibilities for all OPs were initially located in the Ministry of Public Finance. ACIS was relocated in the last two years to the General Secretariat of the Government, then to the Ministry of European Affairs, and since 2013 has been reorganised as the Ministry of European Funds. The MAs are located in the ministries according to the policy area they relate to: Ministry of Economy⁹, Ministry of Labour, Ministry of Environment, Ministry of Transport, Ministry of Administration and Internal Affairs, Ministry of Regional Development. The IBs are located either in ministries (e.g. Ministry of Education and Research, Ministry of Communications and Information Society, or Agencies (e.g. National Agency for scientific Research under the Ministry of Education and Research).

The NRDP and FOP structures are embedded in the structure of the Ministry of Agriculture and Rural Development (MARD) and include the MAs located at the level of general directorates, the Paying Agency¹⁰ and the Certification body. There is additionally a coordination body for the two paying agencies of NRDP. The certification of the expenditures function was assigned to the CPA within the Ministry of Public Finance. The FOP has an MA also located within the MARD and the paying and certification functions are allocated to the PARDF and the CPA in the Ministry of Finance. A particular feature of the NRDP and FOP is the territorial extension on three - national, regional and county, and even four levels (local) in the case of PAIA.

The CPA is located within the Ministry of Public Finance, and the Audit Authority is located within the Court of Accounts, an independent body responsible for the financial control regarding the formation, administration and use of public funds.

Practice in other member states

"The management of the Structural Funds can be placed either within the government or by parallel structures attached to it. [...] in some countries] extensions to the public administration have been created for the whole management of the Structural Funds, which has led to a dual system. Both approaches have their own advantages, depending on strengths and performance of the governmental system. As a general rule, it is vital to locate the MAs of Operational Programmes in line with the position in the national hierarchy and the existing administrative structures". (Ecorys/NEI, 2002)

The institutional frameworks based on extensions to the public administration, also called "differentiated systems" have the advantage of stronger administrative coherence and greater overview of costs (SWECO, 2010). The disadvantage for the use of dedicated structures could be higher costs because they are not using existing structures and channels of the public system. Nevertheless, studies on administrative costs indicate that there are not major differences between the different systems in terms of workloads¹¹.

The key success factor for the proper functioning of the system is to ensure to the management and coordinating bodies a sufficient amount of authority and power. In the case of the IBs, they have to have sufficient contacts with the beneficiaries (Ecorys/NEI 2002). As a general rule, the issue of authority and power depends on the position of the body in the public system hierarchy.

⁹ The name of the ministries changed several times during the programming period 2007- 2013 and for this reason we have indicated the name reflecting the main function

¹⁰ PARDF was designated as a paying agency for EARDF and EMFF investments; the paying function delegated to PAIA for EFGC

¹¹ Regional governance in the context of globalization: reviewing governance mechanisms & administrative costs (Sweco, 2010)



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There are large variations from country to country depending on the traditions and specific features of the public system.

Key issues regarding the proper functioning

The Structural Instruments system reveals that initially the location of the coordinating bodies (ACIS) and the MAs were in the existing public administration system, in eight different ministries at the same hierarchical level. In the search for a solution to ensure a stronger management of the system, ACIS has been relocated in 2011-2012 from the Ministry of Public Finance to the General Secretariat of the Government and later to the Ministry of European Affairs. In 2013, the Ministry of European Affairs became Ministry of European Funds¹² with a significant change of the structure, dedicated to the implementation of the EU policies and instruments.

The location of the IBs is in some cases at the same level with the MAs in a ministry (e.g. Ministry for Information Society is IB for the MA SOP IEC in the Ministry of Economy, Ministry of Education is IB for MA HRD OP in the Ministry of Labour). A typical situation with a risk of difficult coordination (Ecorys/NEI, 2002) is when the IB is located in an Agency subordinated to another ministry than the one where is the MA located (e.g. Agency for Scientific Research subordinated to the Ministry of Education is IB for the MA SOP IEC).

The MA for HRD OP and the MA for SOP E are using for most of their interventions the ministries' own territorial structures (de-concentrated bodies) as IBs. The evaluators found two special situations regarding IBs designation.

The first is the ROP using as IBs the RDAs with a good territorial deployment and the Directorate for the Management of the Community Funds in Tourism without any territorial structure.

The second was SOP IEC which had, for part of the interventions on PA 1, as IB the Ministry of SMEs with its territorial structures. During the implementation period, the IB status changed several times from ministry to agency or department in the Ministry of Economy. The responsibilities of the SMEs IB have been reallocated in 2012 to the RDAs¹³, due to miss-performance and irregularities identified in these IBs.

The NRDP and POP structure (MAs and agencies) are located within the same ministry, as are the territorial structures at regional, county and local level (PAIA).

The inter-institutional cooperation and more specifically the inter-ministerial cooperation is a key weakness of the Romanian public system (World Bank, 2010) which represents a background horizontal issue for the proper functioning of the authorities involved in the EU funds.

The volume of work is variable throughout the programme cycle and imposes adjustment of the structures in terms of sizes of the departments involved in programming, implementation, monitoring and evaluations. Figure 2 shows a projection of the workload variation for the Programme management function for all Member states highlighting a peak in 2009 - 2010. The late start of the OPs in Romania and the slow implementation translate the peak one two years and indicate an increased need of human resources in 2010- 2012 .

¹²Government Decision 43/2013

¹³ Memorandum. 4480/02.11.2012

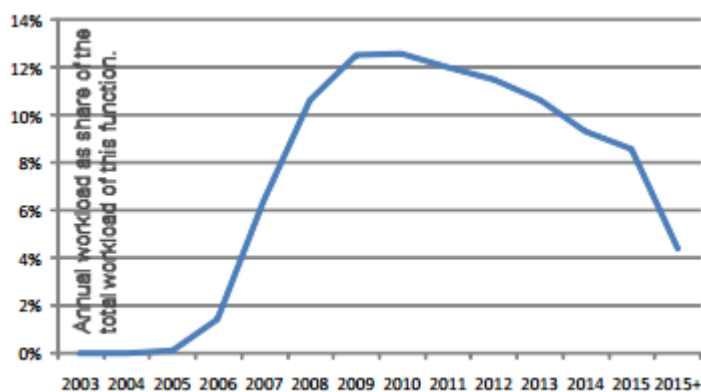


Figure 1 Variation of the overall workload in the 2007-2013;
Source: Sweco (2010) Regional Governance in the context of globalisation

The austerity measures applied to the whole public system in 2010, did not allow the creation of new positions in the departments with increased workload (e.g. implementation, monitoring, control and verification and certification of expenditure, etc.). The departments remained with inadequate resources in all MAs. The situation improved last year when the restrictions to create new jobs was lifted. The evaluators found evidence regarding the lack of analysis of the workloads in order to adjust the sizes of the departments, according to the needs, e.g. SOP IEC, SOP HRD OP (Romanian Court of Accounts, 2011)

The evaluations and reports studied revealed difficulties in the inter-institutional cooperation within the system. The evaluators found in the reports examples such as in SOP IEC implementation difficult communication between MA, IBs, CPA in the certification of the expenditures, a high degree of spread of the control structures, lack of discipline of the structures in applying the procedures, difficult or incomplete communication on general problems of the programme implementation, lack of transparency in the decisions made at the level of MA and IBs, lack of procedures regarding the circulation of the documents in the ministry, including other departments of the ministries (SOP IEC 2012b, Annual implementation Report).

ACIS had difficulties in ensuring consistency of the procedures across the MAs, (according to the interviews). This was confirmed by the lack or late reaction of some MAs to the action plans proposed for resolution of system problems: most frequently the MA for SOP IEC but also SOP HRD OP and OP ACD, SOP E. (ACIS, 2012).

Regarding the structures stability, the survey has indicated the fact that a large number of structures have been subject of changes in the last year. These changes include the transfer of the structure (directorate or department) to another institution, or in another directorate, or within the department itself significant changes have been implemented. Only 25% of the respondents indicated no change of the structure.

A particular challenge for the institutions involved in the implementation of the programmes was the approach based on a large number of small projects, i.e. SOP IEC, HRD OP, ROP, and OP ACD. It is the so called “retail approach” when the contracting authorities disburse the funds through a very large number, i.e. thousands, of small projects. The alternative is to approach larger strategic projects through “whole sellers” which could assume further disbursement and/or contracting with small beneficiaries. According to SWECO, 2010¹⁴, the approach based on many small projects, creates high workloads at the level of IBs and MAs and large fixed administrative costs. McClements and Marinov, 2006 shows that there is a need to have a clear link with the development actor in each policy area; these wholesalers have to be public policies managers with

¹⁴ Sweco 2010, Report on resources structures and functions, DG Regio p16



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sufficient capacity to assume the implementation of strategic projects. In 2007-2013 periods the HRD OP strategic projects proved that compliance with a number of sizes criteria is not enough to enable an organisation to deliver strategic projects; the strategic projects on HRD OP missed the links with the national policies implementation. To what extent such organisations exist and could assume the role of strategic partners is analysed again in the section dedicated to beneficiaries.

The partnership principle

The partnership principle in the preparation of the NSRF and the OPs for 2007-2013 has been formalised in the form of an inter-institutional committee made up of decisions makers from ministries, other public institutions, regional development agencies, research and higher education institutions, and representatives of economic and social partners. At the regional level, the regional committees and the thematic working groups organised have included representatives of the regional development agencies, county councils, prefects' offices, de-concentrated services of the central public institutions, higher education and research institutions and regional economic and social partners (NSRF, 2010). The interviews indicated that the partnership was limited to consultations, and the elaboration of the NSRF and the OPs was a learning process for the social partners, some of them being included in the monitoring committees of the OPs.

The structure reflecting the partnership principle during implementation of the programmes is the Monitoring Committee (MC). The MC has a broad composition, but functional gaps are found in the documents studied. Some examples quoted include: "*The Monitoring Committee's activity is not completely efficient to achieve its mission. It is needed a higher participation of the members, [...] (NRDP 2011).* The contributions of the partners in the Monitoring Committees are uneven and not sufficient for good monitoring of the programmes implementation, according to the interviews. The Monitoring Committees meetings minutes reveal "*limitation of the meeting to a discussion between EC the MA and IBs, with no input from other members*" (MEF2012 Minutes MC ROP 24.05.2012). The level of discussions is "*too focused on the operational level missing the strategic issues*" (SOP IES MC 18.12.2012.). The weaknesses regarding the contributions of the members are somehow confirmed by the TA project included in the OPTA pipeline (OPTA, 2012, Evaluation of the OPTA absorption capacity) including training measures for the MC members.

Looking ahead to 2014-2020

The programming process for 2014-2020 started officially in June 2012 with the Government "Memorandum for the approval of the actions and documents for the preparation of the accession and implementation of the European funds during 2014 – 2020", which set the foundation of the Partnership framework.

The key body of the partnership framework is the **Inter-institutional Committee for the Partnership Agreement (ICPA)**, organised and coordinated by MEF. ICPA has a consultative role and ensures the coordination of the partnership framework at national level in the programming process for the preparation of the PA and the corresponding operational programmes.¹⁵

The role of ICPA will be extended when the OPs implementation starts with responsibilities related to implementation, monitoring and evaluation. ICPA comprises of twelve consultative committees with a role of identifying and prioritizing the investments at sectoral and regional level. Several working groups are set up for each consultative committee in order to fulfil its role. ICPA has had three plenary meetings on 23rd August 2012, 2nd November 2012 and 14th March 2013, and have prepared a roadmap setting the milestones for finalisation of the programming documents in due

¹⁵ ROF ICPA



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time. The significant reorganisation of the Government has resulted in changes in the Consultative Committees and the working groups, generating some delays of the planned activities.

As of the reporting date 10th of May 2013 the **institutional architecture has not been established**, and the first draft of the PA has also not been finalised, indicating a slight delay from the roadmap deadlines.

The composition of ICPA includes a long list of categories of partners. The composition of ICPA and the representativeness of the members were discussed following the reorganisation, and the proposed adjustments put forward and approved.

The information collected through the survey regarding the effective partnership cooperation revealed a positive opinion: 80% of the respondents who were members in ICPA consider that they receive excellently and good information and 75% consider their opinion and the interests of their organisation are very well or excellently represented. The respondents in the survey are not necessarily representative for the participation in the programming process. The current programming process is based on a wider framework including sectoral and regional policy makers with only a few MAs and IBs being directly involved. The interviews revealed that this is a new approach in Romania and part of an attempt to increase integration of the EU policies with the national policies. Romania has had practically two parallel processes¹⁶ with different rules, different visibility, and different image, missing potential synergies. The new approach implies, however, from the structural point of view a strengthening of the public policy units at central level, line ministries and regional level. The approach was in line with the recommendations of the World Bank Functional Review, 2010.

There is no evidence in the documents studied regarding the existence of procedures for the PA preparation including the current phase, preparation of the socio economic policies, clarifying the way each partner performs, or how the contributions will be summed up in the final documents. This concern was expressed in the last ICPA meeting by one of the members. The survey did not reveal issues regarding the method raised by the partners from a specific category.

There were mentioned in the interviews the difficulties in mobilising the partners but also obtaining added value contributions in the process. The absence of studies and evaluations needed in the public policy making process¹⁷ make the socioeconomic analysis and prioritisation of investments difficult.

4.2.2 Human Resources

This section analyses the human resources available and their capacity to perform adequately. The key issues analysed have been selected from the previous studies and evaluations, as main factors affecting functioning and performance.

The assessment will focus in this section on the following questions:

- Are the Human Resources available in adequate quantity and competences?
- Are the HR policies able to ensure the adequate human resources including planning, rewards, performance management, training, and management effectiveness?

¹⁶ Functional Review –Center Government, World Bank 2010

¹⁷ Functional Review –Center Government, World Bank 2010



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Studies and evaluation reports regarding the current programming period identify “**chronic understaffing**¹⁸” of the MAs and IBs as one of the reasons for the delays in implementation of the OPs.

A **large number of vacancies have been reported in 2010 and 2011**, e.g. only 36 % of the positions were occupied in the SMEs IB¹⁹, and high workloads have been found in specific departments, linked with delays in the implementation of the programmes. The annual implementation reports indicate insufficient staff as the main reason for the delays in monitoring, verification and payments and the resultant low absorption.

2010 was the year when several factors overlapped: (i) the increased number of contracts in implementation requiring more human resources in monitoring, control and audit, financial management, (ii) the start of the implementation of the budgetary austerity measures, when creation of new positions in the organisation charts and existing vacancies were blocked, (iii) salary reductions in the public system which generated a migration of the staff towards the private sector or higher levels of salaries in the public system. **Recently, temporary leaves** (maternity, studies, others) not included in the vacancies terminology are also present and increase the staffing difficulties.

All OPs have been affected by the insufficient staff in the MAs and IBs, and worrying levels of understaffing have been highlighted in SOP IEC, MA, and IB for Information Society, SMEs IB, and IBs for PA1 of OP HRD. **The situation improved starting** with the implementation of the Priorities Measures Plan (ACIS, 2011) and continued in 2012 when some flexibility in employment in the public administration was permitted. The annual reports on 2012 still mention insufficient staff in SOP IEC, SOP T, HRD OP, OP AC, and NRDP.

The survey reveals that only 48% of the respondents consider the need of additional staff very important, the others considering only some improvements are needed or not needed at all. SOP IEC, HRD OP and OPTA have more than 50% responses indicating additional staff is needed to a large extent.

There are opinions, shared in interviews, that the workloads are not even across the organisations, and the use of the existing staff could be optimized, including business process re-engineering and simplification of procedures. The **real size of the staffing gap** needs **systematic use of the workload analysis**. We found in the survey a large number of answers indicating existence of updated workloads analyses, more frequently found in ROP, SOP E, HRD OP than in SOP IEC, NRDP and FOP. Nevertheless the interviews and the focus group confirmed the workload analysis is not used in a systematic way to justify the HR planning. This finding is confirmed by the conclusions of the Audit Authority⁶, having stated that MAs do not perform workload analysis, and the result of this can be seen mainly in the cases of significant staffing problems, high turnover, and the large numbers of vacancies.

The survey reveals the opinion that largely the **turnover level is manageable**, and 65% of the respondents have indicated a level below 10%. Organisations in specific OPs have indicated in the survey higher levels above 11%. The answers indicate structures with higher levels of the turnover above 20% in SOPIEC, HRD OP, ETC, SOP E, OP ACD, the ETC programmes and SOP T.

More respondents have a positive opinion (48%) on **capacity to manage the turnover** than respondents with a negative opinion (40%). Despite the high level of the turnover on some OPs the opinion about the capacity to manage it is good, only SOP IEC and HRD OP structures indicating that the turnover is difficult to manage.

There is a largely shared opinion (70%) that the turnover despite being manageable, **affects the level of performance of the organisation**. The situation is difficult to be managed when key persons (specialists or middle and top managers) are leaving the organisations. The interviews and

¹⁸ Achievements of the Cohesion Policy in Romania, EVALNET, DG Regio, 2012

¹⁹ Annual Public Report, Court of Accounts. 2011



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the focus group confirmed that higher levels of the turnover are associated with organisational and environment factors such as the implementation of the austerity measures and salaries reductions, or reorganisations, which generated important turnover of key persons.

Our survey revealed 67% of the respondents indicate vacancies of less than 10% of which 41% are less than 5%. Levels above 10% are found in HRD OP, SOP IEC and one in ROP. One extreme case indicates **vacancies above 20%**.

The survey reveals that, during the last year, there have been **significant changes in the organisations at the top management level** the highest levels being 58, 3% for general directors and, 41, 7% for deputy directors. Only 19.4% of the respondents indicated no change in the top management. The survey indicates a significant turnover at management level in all OPs, except OPTA with no change in the last year and ROP where only one change of the general director was reflected in the answers. The participants in the focus group shared the opinion that the capacity of the organisations and the level of performance are higher in the organisations with good stability of the managers and key staff. ROP including MA and IBs are examples supporting this assumption.

The respondents in the survey and the persons interviewed indicated the need for **HR policies and practices** to be improved. The improvements suggested regarding the incentives; motivation and training are ranking higher in the opinion of the respondents, followed by performance management and salaries review.

91% of the respondents consider **the reward system** should be improved and more than half, (51%) consider this need is very important.

The **survey reveals more positive opinions than negative ones regarding** competitiveness of the **reward system** on the labour market:

- The statement “the reward system could attract the expected professionals” have 54% positive responses against 37% considering that the system could not attract professionals
- the system could ensure retention in the opinion of 55% of the respondents, against 35% responses that the system could not retain professionals

The high share of positive opinions is explained by the large number of respondents from institutions with higher levels of the salaries. Reward systems able to retain and attract professionals are indicated in NRDP (PARDF) and ROP while the weak systems are indicated in the SOP IEC, HRD OP, and OP ACD, OPTA NRDP (MA), the ETC programmes and FOP. Despite the fact that, the SOPT MA is referred in interviews as an organisation with a low level of the salaries compared to other public organisations the respondents indicate the system is to a large extent effective, in the terms specified above. There is a migration process of personnel from lower salaries organisations to organisations with higher salaries, e.g. from MA for NRDP to the PARDF.

The interviews and the focus groups highlighted the lack of competitiveness of the salaries in most of the institutions and the difficulties in attracting professionals in specific areas of expertise, i.e. engineers in the environment projects.

The survey respondents have provided a negative opinion about the clarity of the reward system 45%, found it unclear while 35% had a positive opinion. Regarding the fairness of the reward system the respondents indicated a negative opinion 39%, against 33% with a positive opinion.

The interviews and the focus group highlighted as a key problem regarding the fairness of the system are the large differences of the salaries among the institutions. The min/max ratio of the average salary in the organisations is 1:3²⁰, which is confirmed by the data used for the analysis the

²⁰ Achievements of the Cohesion Policy in Romania, EVALNET, DG Regio, 2012



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administrative costs in the study. The data is confirmed by the study Regional Governance in the context of globalisation, DG Regio, 2010²¹.

The **improvement of the training policy and practice** is seen by 100% of the respondents as needed, and 42.4% consider it is very much needed. 83% of the respondents, however, indicated their organisation has annual training plans.

The coordinating unit for the structural instruments (ACIS) put in place at the beginning of the 2007-2013 periods a mechanism for the training function, including planning the use of TA for implementation and support to the MAs. In the last years, the mechanism was less used mainly due to the weakened training function in a number of MAs, the difficulties to access the TA resources, and the limited availability of staff to attend training courses under the pressure of increased workloads. There are good experiences with the training function in ROP MA, OP ACD and ACIS.

A surprising large number of respondents (14%) indicate that the organisations do not have a training plan, but the institutions are open to use the training opportunities. We understand in this case that the legal requirement of having a training plan is fulfilled at a higher level for the overall institution e.g., at the level of the ministry, and the ownership of the training plan at the level of the organisation (unit/directorate) is significantly diminished.

Interviewees and participants in the focus group confirmed the training plans are elaborated in the majority of the organisations in an effective way and record the real training needs.

67% of the respondents indicate the **training plans are implemented and are effective** ensuring improvements, while only 20% consider the training plans are implemented to a small extent or not at all. We found contradictory assessments from the same institution regarding the effectiveness of the training plans. The interviews and the focus group explained the implementation constraints during the last year, consisting of the unavailability of budget allocations for training and procedural difficulties in using the TA to contract training. **Availability of staff** for formal classical training has diminished, and less time consuming methods such as training at the work place are preferred. There is a limited use of ICT in training, e.g., e-learning.

Improvement of the **performance management** is seen as needed and very much needed by 61.3% of the survey respondents, more than those who consider the need of the salary review (51.3%).

There is an appraisal system in place, being obligatory and 64% of the respondents indicate that over 90% of the appraisal system results are above satisfactory level. The system, therefore, offers a picture of individual high performance to a large extent, even in organisations that are performing poorly.

Only 8% of the respondents believe the results do not reflect correctly the performance level of the staff. The interviews and the focus groups indicate the general opinion that, in most of the institutions, the appraisal system is a compulsory activity; it is done to a large extent for compliance and superficially and does not reflect the real performance. The focus group also highlighted that an essential factor is the **contribution of the managers to ensure performance is properly managed**, and should be a day to day management function, beyond the annual appraisal.

A key element of the administrative capacity is the expertise ensured in the organisation. The survey revealed a positive opinion of the authorities; more than 74% of the respondents considering the competences in critical areas of expertise are covered. The expertise **is available** to a large extent from internal but also from external sources using technical assistance. The AA satisfies the needs from internal resources. The AA has in the implementation a training project, funded from OPTA, to develop the needed capacities. The expertise is perceived largely available and of a good

²¹ The analysis covered only ERDF and CF and indicated a ration 1- 2.9 of the average salaries with higher differences at the top management levels and lower for assistants levels.



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quality by most of the respondents (72%). A limited capacity to ensure the needed expertise is indicated in SOP IEC and HRD OP.

The **main gaps regarding the expertise** indicated by respondents of the survey and confirmed in interviews and focus group are state aid (44% of the respondents), environment regulations (22%) risk management (22%), internal audit (22%).

Despite the good coverage of the expertise, the respondents indicated there is a need to improve competences through training. This is understood as a need to ensure continuous improvement of the internal expertise and capabilities, according to the changes of the legal framework and new methodologies. It is also understood as a need to train and integrate the new employees, mainly in the institutions with high turnover.

For programme implementation the areas of expertise where **training is seen necessary** are Public procurement (72% of the responses), financial management and control (64%), EU and national policies and legislation (44%) and Managerial skills (44). There are small variations from one OP to another regarding the ranking of the priority need which does not follow any pattern that could be used to draw a conclusion.

The focus groups discussions highlighted the importance of **an effective management for the overall performance** of the organisation, the capacity to introduce and use HR practices and tools. There are not available assessments regarding the management effectiveness. Such assessments are useful in organisations aiming at improving the management capabilities and should be considered in the plans for the administrative capacity strengthening.

For 2007–2013 elements of the administrative capacity of the authorities, MAs and IBs are assessed in previous studies and evaluations. The evaluators could not identify **comprehensive assessments of the capacity at the level of the system or institution** or find data collected or available regarding the human resources inputs (volume of work, staff, workloads and costs by institution and phases of the cycle or tasks), needed in order to analyse efficiency of the HR and optimise their use. Data regarding the parameters of the system are missing or incomplete, despite there having been initiatives according to the interview, to collect them e.g. level of salaries, level of the individual performance, training implementation indicators, evaluations of the training function.

An analysis is being performed at present at the level of MEF in order to address the root problems. The OPs ex-ante evaluations for 2014–2020 have not been launched yet, but they are expected to provide an assessment of the institutional arrangements.

4.2.3 Systems and tools

In this section, the assessment is whether the systems and tools used by the MAs and IBs in the current programming period have been adequately designed and used, and what are the relevant conclusions for the future programming period.

The assessment will respond to the following questions

- Is the delegation of tasks clear, formalised and in agreement with the stakeholders??
- Are adequate tools and sufficient guidance available for programme preparation and implementation?
- Are adequate procedures, information and systems in place including the management and control system, financial management, public procurement, risk management, audit , irregularities prevention, detection and management
- Is a competent and active National Audit Authority in place?



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Delegation of tasks

For the 2007-2013 OPs implementations the delegation of tasks, between MAs and IBs, has been formally agreed in the delegation contracts. There is a large positive opinion regarding the adequacy and the consensus on the delegation of tasks (91% positive answers, 9% non-responses), and for the clarity of the roles and responsibilities (55% positive answers and 30% non-responses). Nevertheless, overlaps of the tasks between MAs and IBs have been identified in the AA mission reports, as well as inconsistent interpretation of the procedures by the MAs and IBs leading to confusion amongst the beneficiaries. This criterion is linked with the structures assessment referring to the adequate selection of IBs and definition of responsibilities within the implementation system of the operational programme. The good experience of MA ROP working with the RDAs as IBs based on a delegation contract including performance indicators, suggests extension of the practice in other MAs. Nevertheless the general practice in using performance indicators indicates that are effective only if benefits of the IBs (organisation and staff) depends on the achievement of the targets, or there is a form of penalty if targets are not achieved.

Guidance and tools for the programming and implementation

We analyse in this section to what extent guidance and tools for programming and implementation have been created and if they are adequate. During the setting up of the institutional arrangements for implementation, there were defined processes and tools according to the requirements of the accreditation process. Compliance for accreditation of the institutions was a sound driver for the creation of the required tools. The key challenge for the authorities was to ensure the proper functioning of tools created.

For each operational programme, all processes have defined procedures and corresponding tools. They are implemented and according to the survey, more than 52% of the respondents consider they are adequate, and only some improvements are needed while around 18% consider improvements are very much needed. The focus group has confirmed the opinion of the survey with examples of revision of procedures said to be very much needed.

Annual reports and evaluations reveal difficulties in using the procedures, with negative effects on beneficiaries and the MAs and IBs, mainly from the point of view of the increased administrative workload, costs and burden on the beneficiaries. The reports and studies analysed highlight a number of gaps regarding the adequacy of the procedures including²² lack of clarity of the procedures, overlapping of control procedures, rigid and complicated procedures related to partial reimbursements, excessive requirements and bureaucracy mainly in the phase of reimbursements verification, different and unclear interpretation of the procedures between MAs, IBs and the auditors, etc. Simplification of the procedures and review/creation of new tools and guides for beneficiaries have been proposed in the action plans initiated in the last three years.

Not all the improvement measures undertaken by the Romanian authorities have been effective. In some cases, the measures proposed proved to be impossible to be applied. For example, the improvements undertaken for the prevention and the detection of conflict of interest, according to the European Commission 2011a are limited to basic and not effective measures.

“the mechanism for prevention and detection conflict of interest [...] set by existing legal framework is rather inapplicable (difficult to enforce) and does not actually effectively prevent or detect the conflict of interest in the public procurement process [...] ; it is currently limited to basic and not effective measures²³”

The interviews highlighted the need for a better coordination of the OPs in order to ensure consistent approaches and methodologies; in the current programming the methodological

²² Annual Public Report, Court of Account, 2011.

²³ Assessment of the public procurement system in Romania, 2011



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Instrumente Structurale
2007 - 2013

coordination was not considered effective, some MAs were resistant to the attempts of harmonisation, which led to difficulties in implementation and an increased administrative burden on beneficiaries.

The Indicators system is an essential tool of the programme cycle. It has been positively assessed by 71% of the respondents in the survey. Improvements have been made – as many as possible, during the implementation of 2007-2013 OP. At the present, the system allows for an adequate reporting of the core indicators and programme indicators. A number of indicators used in the current period are not adequate to reflect the effects of the measures, priorities and programme²⁴. For example, the indicator job creation is a programme indicator for ROP and SOP IEC but it is not adequate to measure the intended change through all the priority axes of the programme. The indicator Added value in case of FOP is an indicator included in the guide for FOP indicators and does not have a methodology and possibilities to be measured (FOP, 2011). Other problems with the indicators are related to the values of the indicators. The targets set for the programme indicators have not been properly justified and prove to be far from reality in some cases. Some OPs have reassessed and introduced realistic targets for their indicators (e.g. Transport). Additional difficulties in using the indicators are due to: unclear definition of the indicator and the methodology for calculation, inconsistent use at project and programme level with difficulties in aggregation, availability of data for the calculation of statistical indicators. In 2011 MEF initiated a project to support production of data needed for the calculation of the statistical indicators.

The future programming period brings a significant new approach to indicators²⁵. MEF initiated support actions to guide the people involved in programming for the selection of the indicators. There is good knowhow in MEF related to indicators systems which could be transferred to the designated MAs and IBs.

Several applications have been used during 2007-2013 for the management of the information. SMIS is the most comprehensive and has as a recent development MySMIS able to enhance the functionalities for effective data exchange with the beneficiaries. A decision has not yet been made regarding the future use and development of the existing applications.

53% of the respondents in the survey consider the electronic systems are not fully utilised. According to the recent assessment of the Electronic Systems performed within the same assignment as a parallel task with this assessment²⁶, all the ESs need to improve their portfolio of predefined reports, in order to produce those reports their specific users need. All ESs would benefit from a significant revision in terms of features, data content, and user friendliness. Beside the initial objective of covering the minimal requirements, there is an opportunity for the systems to provide more useful features for their users. SMIS and MIS-ETC need major improvements in terms of usefulness and also in terms of user friendliness. For this latter issue, these systems need a revision of their user interface in order to become easier to understand and to use.

Management and control systems

A reliable management and control system ensures that the funds are used adequately in the scope of achievement of the programme and policies objectives. The management and control system should be able to identify early the isolated irregularities and correct them before becoming a system problem.

The evaluators have identified in their research a number of problems that are performance related which indicate weak management and control systems. The irregularities identified in the management and control of public procurement would appear to be of a systemic nature, while other system irregularities in the activities of project appraisal and selection, fraud (in the case of

²⁴ Result indicator pilot report post 2014, DG Regio, Evaluation Unit, 2012.

²⁵ U:\B2\Core activities\Indicators\Result indicators - pilot study\Result Indicator Pilot report rev 2.doc Commission européenne, B-1049 Bruxelles / Europese Commissie, B-1049 Brussel – Belgium http://ec.europa.eu/regional_policy/

²⁶ Evaluation Report on Electronic Systems for information exchange, Client: Ministry of European Funds, Romania Bucharest, 16 May 2013



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one IB), suspicion of conflicts of interest and “connivances” (MEF, 2013), led to interruptions of payments, suspensions and pre-suspensions of Operational Programmes, some of which are still in force.

The Court of Accounts report on 2011 reveals the fact that as a general feature of public institutions “there is not a systematic monitoring and evaluation of risks, the risk registry is not filled in and where the system exists it does not contribute to the improvement of the efficiency and effectiveness of the activities

There have also been identified weaknesses in applying the procedures: incomplete verifications, delays in applying the procedure; gaps in the irregularities detection; late registration of the irregularities, missing revisions of the procedures (Court of Accounts 2011), etc.

The mechanisms for payments, forecasts and certification, are seen as positive with 73% of the respondents having a positive opinion regarding the mechanisms for monitoring, the payments flow, forecasting and certification; 11.8% consider the mechanisms are not functional.

Despite these positive opinions, there is evidence of difficulties in the payments mechanism reflected in long delays of the payments to beneficiaries, delays in certification of payments and the payments from the EC. The analysis of the budgetary implementation of the Structural and Cohesion Funds in 2012 (European Commission, 2013) mentions Romania with one of the highest error in forecasting the payments from EC in 2012 97%, explained by the interruptions of payments and pre/ suspensions of the programmes.

Procedures for sample checks are in place, but the audit reports indicate delays or partial achievement of the checking plan or incomplete checks. The interviews highlighted the fact that the quality of the checks and verifications should be improved; the conclusions and recommendations should be more meaningful with a view to assist in an improvement.

The large positive opinion collected in the survey, regarding sufficient audit trail, with 91% positive responses, has been confirmed in the interviews. 89% of the respondents consider the audit system is adequate; internal audit reports are available and the audit authority confirms their content is useful for the external audit missions. An indicator of the internal audit effectiveness is the successful prevention and early detection of irregularities and frauds, which is not at a high level of satisfaction at present.

Romania has set up a National Audit Authority for all the Operational Programmes 2007-2013. The mandate is ensured by Law 200/2005, as a body independent of the Managing Authorities and other structures of the system. The National Audit Authority is active, with the activity being reported in the Public Annual Report of the Court of Accounts.

Other horizontal factors influencing the administrative capacity of the authorities.

In this section the evaluation team analyses what are and to what extent other factors influence the administrative capacity of the authorities involved in EU funds management. The analysis is focused on the inter-ministerial relations, the effectiveness and efficiency of the public administration and the risk of corruption factors.

The opinions collected with the survey are positive regarding the horizontal factors influencing the administrative capacity of the authorities.

- 85% of the responses are positive regarding the working relations between the line ministries.
- Appointment and promotion are considered to be based on competencies and merit by most of the respondents, (71%)
- There is a clear separation of functions, a good definition and management of the accountability and responsibilities.



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- There is a code of conduct in each institution confirmed by 93% of the respondents in the survey.

From a different perspective the studies and the evaluations performed in the last years regarding the public policies management highlight a number of weaknesses closely linked to the administrative capacity issues analysed above including the following:

- Weak execution of the public policy management ²⁷
- Poor inter-institutional cooperation
- The control system is based on process, costs and activities rather than objectives and results.
- Avoidance of accountability and a lack of policies, systems and tools to measure performance and integrate it into the institutional and management processes.
- A lack of trust within the administration that leads to major risk aversion, blockages in processes and endless controls.
- Politicisation of the public administration reflected in the mobility of staff (management positions) in rhythm with the political cycle. There is evidence that this kind of mobility has extended to lower levels in recent years (Ecorys, 2010).

Studies and evaluations²⁸ have identified as key problems related to the efficiency and effectiveness of the civil servants the following:

- The reward system does not meet the minimum requirements such as merit-based internal and external equity and therefore acts as a demotivating factor.
- A non-motivating appraisal system
- HR system is perceived from inside and outside as less effective, formalised but lacking content
- The lack of analyses studies and researches for public administration and within the organisations to document the decisions.

Effectiveness of the measures addressing corruption is low. Corruption remains a concern and a constraint in developing an effective and efficient public system, according to European Commission 2013a. Our research indicated for, example, introduction of the code of conduct which did not produce improvements. Interviews revealed this is more a formal compliance to the legal requirements than an effective tool able to improve the ethical behaviour in the public administration.

4.3 Conclusions and recommendations regarding the administrative capacity of the authorities

The structures designated for the EU fund management are to a very large extent embedded in the existing structures of the public administration system, largely influenced by the systemic weaknesses regarding the poor **inter-ministerial cooperation, excessive bureaucracy, under staffing, lack of skills, poor transparency in staff recruitment and management, and corruption risks.**

²⁷ Functional Review, Center of Government, World Bank, 2010

²⁸ Assessment of administrative and institutional capacity building interventions and future needs in the context of European Social Fund, Country monograph, Romania, DG Employment 2010.