



**Expert evaluation network  
delivering policy analysis on the  
performance of Cohesion policy 2007-2013  
Year 2 – 2012**

**Task 2: Country Report on Achievements of  
Cohesion policy**

**Romania**

**Version: Final**

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**A report to the European Commission  
Directorate-General Regional and Urban Policy**

## Contents

|   |    |
|---|----|
| Executive summary .....   | 4  |
| 1. The socio-economic context .....   | 6  |
| 2. The regional development policy pursued the EU contribution to this and policy achievements over the period..... | 9  |
| The regional development policy pursued .....   | 9  |
| Policy implementation .....   | 11 |
| Achievements of the programmes so far .....   | 16 |
| 3. Effects of intervention.....   | 22 |
| 4. Evaluations and good practice in evaluation.....   | 23 |
| 5. Further Remarks - New challenges for policy.....   | 32 |
| References .....  | 33 |
| Interviews.....   | 33 |
| Annex 1 - Evaluation grid for examples of good practice in evaluation .....   | 34 |
| Annex 2 - Tables.....   | 35 |

### List of abbreviations

- AIR Annual Implementation Report
- ACSI Authority for Coordination of Structural Instruments
- CBC Cross Border Cooperation
- CEU Central Evaluation Unit
- EC European Commission
- ELI Extreme Light Infrastructure
- ETC European Territorial Cooperation
- EWG Evaluation Working Group
- FDI Foreign Direct Investment
- HRD Human Resources Development
- IB Intermediate Body
- KAI Key Area of intervention
- MA Managing Authority
- MC Monitoring Committee
- MS Member State
- NARMPP National Authority for Regulating and Monitoring of Public Procurement Regulation
- NSI National Institute of Statistics
- NSR National Strategic Report
- NSRF National Strategic Reference Framework
- OP Operational Programme
- OPTA Operational Programme Technical Assistance
- OP CBC RO-BG Operational Programme Cross-border Cooperation Romania Bulgaria
- p.p. percentage points
- RDA Regional Development Agency
- ROP Regional Operational Programme
- SI Structural Instruments
- SIS Structural Instruments System
- SIES Structural Instruments Evaluation System
- SOP IEC Sectorial Operational Programme Increase Economic Competitiveness
- SOP E Sectorial Operational Environment
- SOP T Sectorial Operational Transport
- TA Technical Assistance
- TORs Terms Of Reference

## EXECUTIVE SUMMARY

Romania's economy started to grow again in 2011, after the downturn produced in 2009 and 2010. The financial and economic crisis revealed the structural weaknesses and imbalances of the economy. Despite the positive growth forecasts for 2012 and 2013 both the private and public sector have been weakened by nearly four years of crisis. They have to deal with more difficult access to finance, the shrinkage of internal consumption, the crisis of liquidities and the Government's austerity measures adopted to meet the public deficit targets. While the Romanian Government is struggling against the short-term constraints, the long-term perspectives are affected by the dramatic drop in Foreign Direct Investments (FDI), the decrease in the budgetary allocations for investments and the low absorption of EU funds.

Romania benefits from EUR 15,528.9 million on the Convergence Objective from the ERDF and Cohesion Fund in 2007-2013. The European Territorial Cooperation (ETC) Objective add-on EUR 217.8 million. The largest part of the allocation goes to Transport and Environment policy areas; the rest is shared almost equally by Enterprise Environment and Territorial Development. Technical Assistance (TA) has a small share, while the share of the Human Resources area is almost insignificant, with only 0.3% of the total allocation. Reallocations were decided in 2011, within the OPs, in order to respond better to the needs, demand and changes in context. A reallocation of EUR 172.8 million has been approved within the Regional Operational Programme (ROP); resources were shifted from the Key Area of Intervention (KAI) 4.2. Rehabilitation of polluted industrial sites, (Environment policy) to Territorial Development (Social Infrastructure and Tourism) and Enterprise Environment (Microenterprises support and business support structures). Within the Sectorial Operational Programme (SOP) Increase of Economic Competitiveness (SOP IEC), a significant reallocation was decided in November 2011, in order to fund the ELI (Extreme Light Infrastructure) European project, with one of the four pillars being implemented in Romania. The reallocated resources came from Energy, TA, and RDI.

There is a very serious delay in the implementation of the ERDF and Cohesion Fund interventions than what was initially planned. For all policy areas, the average implementation rate is 7.5% of the initial allocation and 13.2% of commitments. The implementation of the OPs progressed in 2011 and almost doubled the performance rates in some cases, but in the end the overall level of implementation was still low. The absorption rate for all Structural Instruments (SI) only reached 5.5% by the end of 2011. The risk of decommitment is high in 2012, and is expected to increase even further in 2013, when the MAs will deal with the cumulative effect of the two rules, N+2 and N+3.

ROP was constantly the best performer reaching 11.2% implementation rate in terms of certified expenditure, at the end of 2011, 21.1% absorption rate and almost 90% contracting rate at the end of September 2012. The two infrastructure OPs, Environment and Transport had a late start, but SOP Environment (SOP E) made considerable progress on contracting, dealing with the typical difficulties of the large work contracts. The OP Technical Assistance (OPTA) made remarkable progresses, almost doubling the contracts and the absorption rate and thus placing it in second position with 15.7%.

Potentially effective measures, undertaken by the Romanian Government, have been hampered by various negative environment conditions. The main problems concern the area of public

procurement, the capacity of both private and public beneficiaries, the institutional capacity of the Structural Instruments System (SIS), and the public administration system itself.

Considering the current stage of implementation, the achievements of 2011 are not considerable. The difficult economic conditions further diminished the realistic targets of most of the operations.

In the Policy Area Enterprise Environment, the achievements reported on 31<sup>st</sup> December 2011 reveal that **2,660 enterprises have benefited from a form of financial assistance and 4,360 jobs have been created.** In the ICT-RDI area, the projects implemented led to more than 400,000 users of e-governance, e-health, E-Learning applications, and 138 Research and Development (R&D) laboratories being funded. Other outcomes look modest in absolute values; however the projects being implemented indicate a significant increase in the outcomes by the end of the programme.

Achievements in Transport, Energy and Environment are low, because of the reduced number of projects finalised by the end of 2011.

Territorial development stands better since it is funded through ROP, the most productive OP. The inventory of the outputs and results reveal that 38 education units have been rehabilitated, with around 17,000 pupils benefiting from them; 22 social centres with 2,730 beneficiaries; 9 medical units rehabilitated with 260,000 beneficiaries and 40 emergency mobile units equipped.

At the current stage of implementation is too early to identify wider effects of the interventions in the social and economic environment. However, our research found evidence of temporary effects produced during the implementation of the interventions. These are more visible in the case of large infrastructure projects and have a remarkable impact on the local economic and social environment. Job creation and the demand for additional services are the key effects.

The evaluation activities are integrated into the Structural Instruments Evaluation System (SIES), which are created and managed by the Authority for Coordination of Structural Instruments (ACSI) level, the Central Evaluation Unit (CEU). The system performed well according to an evaluation carried out in 2011. CEU and the Managing Authorities (MAs) units manage the evaluations using multi-annual planning. In the first part of the cycle, the evaluations focused on processes and operations; no evaluation focused on results has been developed until now. CEU has an ambitious plan with around 25 challenging evaluations planned for the next 2 years, including counterfactual impact evaluations. CEU's intense preoccupation to build the evaluation capacity in Romania is to be noted.

At present, the implementation of the Cohesion policy is a strong challenge for the Romanian authorities and all actors involved. The whole process is close to a standstill, with three out of the six ERDF and Cohesion Fund OPs at risk to be suspended, delays of the payments and significant financial corrections (i.e. sanctions for errors found in implementation) applied at project level. The Romanian Government not only has to increase absorption, but also needs to prove the system's reliability and tackle the problems that constantly hinder the undertaken measures.

## 1. THE SOCIO-ECONOMIC CONTEXT

**Romania is one of the least developed Member States (MSs) of the EU27.** The GDP in 2011 represented only 1.1% of the EU 27's GDP, and GDP per capita in purchasing power standard (GDP p.c. PPS) was 3.8 times lower than the EU 27's average. The gap is still large, despite the considerable progress made in the last 10 years, with Romania's GDP annual average growth rate between 2000 and 2011 being higher (11.6%) than the EU 27's average (2.9%).

Romania has a poor position among the EU MSs in **terms of competitiveness and labour productivity**. All Romanian regions, except Bucharest Ilfov, are placed by the competitiveness index below the lowest threshold. The **labour productivity** in Romania is less than 50% of the EU average, despite the significant improvement in the past decade (see Annex Table B). This positive change proved to be unhealthy, hiding macroeconomic unbalances. The increase in salaries, at a higher rate than the labour productivity in 2007 and 2008, imposed after 2009's severe adjustments aimed at compensating the salary earnings which were not justified by the market logic.

The Romanian economy has the following features: (i) the services sector<sup>1</sup> contribution to GVA (around 50%<sup>2</sup>) is much lower than the EU 27 average (around 70%); (ii) the large contribution of agriculture to GVA (7%)<sup>3</sup>, correlated to the current low labour productivity and the large contribution to employment (30%), reveals the high unexploited potential of the agriculture sector; (iii) the industrial sector takes a significant part (almost 30% of GVA) like many other eastern economies and could be a significant source of growth; (iv) the financial and business services, public administration, education and social services have only 19.7%, against 36.6% in the EU 27. They have been significantly affected by the fiscal measures as well as the decrease in funding for social services, with a direct influence on the quality of life.

The effects of the crisis in Romania produced a shocking decline of the economy, with a loss of almost 15 percentage points (p.p.) of the growth rate in 2009. A few signs of recovery were already visible in 2010<sup>4</sup>, when the growth rate improved even though it was still negative. 2011 confirmed the positive estimates with a 2.5% positive growth rate; however an important contribution was provided by the exceptional agricultural year<sup>5</sup>, as a result of the weather conditions. The forecasts for the 2012 and 2013 growth rates continue to be positive (1% for 2012, 3% for 2013), despite optimism waning due to the unfavourable weather for agriculture in 2012, as well as the difficulties faced by Romanian exporters on the European markets.

Good signs for the economy were the decrease in the inflation rate (from 6.1% in 2010 to 5.8% in 2011); nevertheless, it continues to be among the highest rates in the EU27, contributing to the erosion of savings and high interest rates, which all have additional consequences for the business sector. Even though the macroeconomic indicators are not dramatic at all, the foreign investors'

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<sup>1</sup> See Annex Table C.

<sup>2</sup> Eurostat 2009.

<sup>3</sup> Romania is the country with the highest contribution of agriculture to GDP (7%) against 1.7% of the EU 27 according to Eurostat data 2009.

<sup>4</sup> GDP for 2010 estimated by the National Commission of Prognosis. The official values will be released by the National Institute of Statistics (NIS) in December 2012.

<sup>5</sup> The agriculture sector had a 8.9% increase against 2010 according to the preliminary data of the NIS.

concerns are mainly due to the political and administrative instability which diminished their interest in Romania. The FDIs decreased by 15%<sup>6</sup> in 2011 and even more in the first half of 2012.

SMEs have been strongly hit by the economic crisis. The tough fiscal measures in 2009 (including the minimum flat tax) were followed by the shrinking of internal consumption as well as the decrease of both the purchasing power and the internal demand. Access to finance is more and more difficult due to the higher risk aversion of the banks. The bad loans rate has increased and continues to increase, contributing to more restrictive loan conditions imposed by the National Bank in 2012. A high number of SMEs have been closed, or have adopted crisis strategies, postponing investments for better days.

According to the recent study "Impact of qualification and requalification on demand and the work supply and demand"<sup>7</sup> finalised in August 2012 by the National Unions Block, Romania has lost, in the last three years of the economic crisis, 400 thousand jobs and 100 thousand enterprises.

The unemployment evolution does not reveal the effects of the crisis. The unemployment rate has remained at around 7.2%, which is lower than the EU27 average, but should be viewed in connection with the demographic changes, the decrease in the total population and the migration flows. The Romanian population has constantly been decreasing in the last 10 years, with a rate of -0.2% every three years. In 2011 Romania reached the lowest level of the stable population in the last 35 years. The most significant drops in population are linked to underdevelopment and deprivation. The municipalities with the largest drops in population are from the North East, South East and South Muntenia regions. The main factors that led to this situation, according to local authorities, are the international migration linked to the lack of working opportunities and low incomes in the area, the downfall of the industrial sector due to the crisis, and the internal migration from urban to rural areas and low birth rates.

Romania is divided into 8 NUTS 2 regions, with different levels of socio-economic development, reflected in disparities, in terms of economic development, productivity, level of urbanization, availability of transport infrastructure, poverty, social exclusion and other matters. For all indicators the region Bucharest Ilfov has the best situation, and is relatively different from the other regions.

In terms of GDP p.c. in PPS<sup>8</sup>, the three most developed regions<sup>9</sup> were Bucharest Ilfov in 2009, in first position with a GDP p.c. of 111% of the EU27, followed by Regions West and Centre with 51% and 46% of the EU 27 average. In the lowest positions are North East with 29% of the EU27 average, South West with 36%, and South East with 38%. In the middle are South Muntenia and North West with 40% and 43%. The disparities among the regions in terms of GDP per capita increased, from 1:3.5 in 2007 to 1:3.9 in 2008 and 1:3.8 in 2009, but there is no clear pattern of variation.

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<sup>6</sup> National Bank of Romania.

<sup>7</sup> Source: [www.bns.ro](http://www.bns.ro)

<sup>8</sup> NSI data.

<sup>9</sup> Above the national average (45% of EU27 GDP p.c. PPS).

There are also important differences between the regions in terms of competitiveness.<sup>10</sup> The disparities follow no obvious geographic pattern (centre vs. periphery, North vs. South), the only obvious trend being the dominance of the capital region, Bucharest Ilfov, followed by the West region.

The impact of the crisis on regions looks uneven. In terms of economic output measured as GDP p.c., the most dramatic impact is seen in the most developed regions Bucharest Ilfov and West (Bucharest Ilfov -11.4% and West Region -6.7%), while, in the least developed ones, it was much lower (South-Muntenia -3.9%, South-West -3.4%). The poverty risk follows the same evolution at regional level (see Annex Table D).

The crisis has focused on investments in counties and regions with a high potential. This trend already existed before the crisis, but it has increased in recent years. The regions with the higher flows of FDI are Bucharest Ilfov and the Centre (for real estate businesses) and West regions. In addition, South Muntenia, which is not among the most developed regions, had FDI inflows due to specific investments in automotive and manufacturing. In the other less developed regions, the flows of FDI are significantly lower.

Romania is struggling to ensure long-term financial stability. While the indebtedness is not a threat since it is lower than 40%, the public deficit agreed target at 3% for 2012 has become an almost "impossible mission" for the Romanian Government, who has to deal with pressures from everywhere: the budget revenues decrease, the underground economy, the first reimbursements of the IFM loan due in 2012, the Parliament elections at the end of the year, the weakened private and public sector by the fiscal measures, the lack of liquidities and the shrinkage of the internal demand and consumption. During the budget correction in August 2012<sup>11</sup> the Romanian Government decided to stimulate consumption, with quick effects on the economy, sacrificing investments with a longer-term reward. The reallocation of the state budget funds from investments (EU Cohesion policy included) to salary expenditures will dramatically affect the implementation of the SIs. The project beneficiaries are already facing unacceptable delays regarding the reimbursement of the costs, and more recently important financial corrections have been applied, massively eroding their capacity to finalise the projects.

Regional disparities are no longer a concern in the investment policy. The focus of the investments is on what could be done, what is feasible, under the given conditions, to enhance growth and to diminish the negative effects of the crisis.

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<sup>10</sup> IRECSON study on Romania's regional competitiveness. The study assesses the competitiveness of the regions on four pillars: "Economic Performance", "Government Efficiency", "Business Efficiency" and "Infrastructure". The study clearly differentiates Bucharest Ilfov as the most competitive region, with a competitiveness score of 81.3, followed by the West region (with a score of 62.4). All the remaining regions had significantly lower scores, ranging from 40.5 in South Muntenia to 23.8 in the North West region. Available at <http://www.roinno.ro/pdf/Competitivitate2011.pdf>, Romanian version.

<sup>11</sup> Government Ordinance no 13/23rd August 2012.

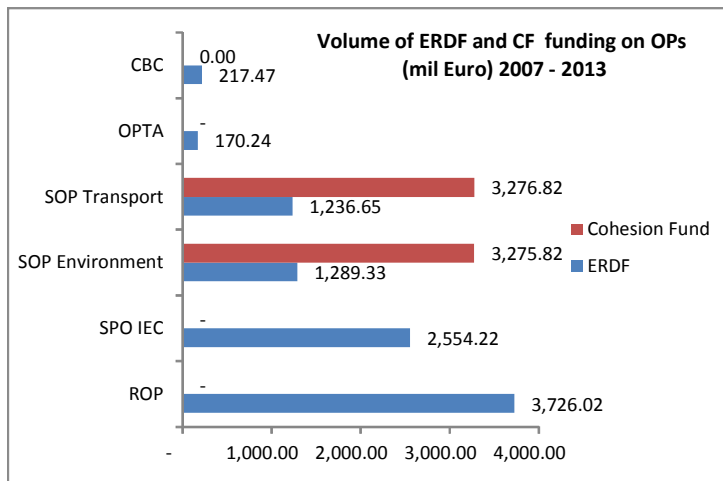


## 2. THE REGIONAL DEVELOPMENT POLICY PURSUED THE EU CONTRIBUTION TO THIS AND POLICY ACHIEVEMENTS OVER THE PERIOD

### THE REGIONAL DEVELOPMENT POLICY PURSUED

The entire territory of Romania is eligible under the “Convergence” objective. Romania also receives assistance under the ETC objective, for CBC, transnational and inter-regional cooperation actions.

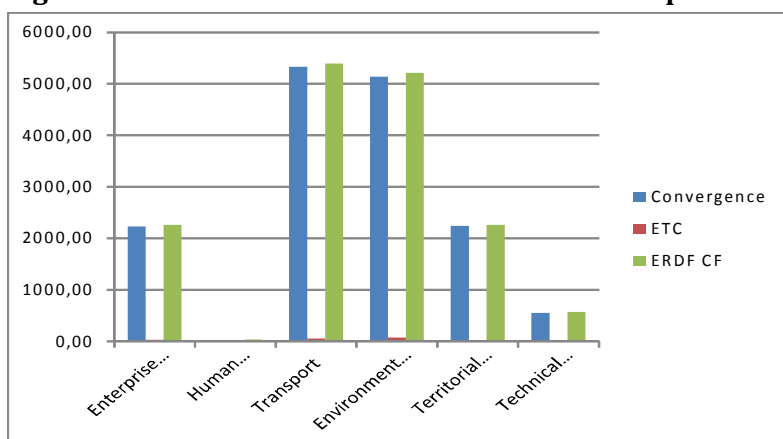
**Figure 1 - Volume of ERDF and Cohesion Fund funding on OPs (EUR million)**



The National Strategic Reference Framework (NSRF) 2007–2013 is implemented through eight OPs, six of which are funded by ERDF and the Cohesion Fund (five OPs under the Convergence objective and one OP under the ETC): ROP covering all eight regions, SOP IEC, SOP Transport (SOP T), SOP E, OPTA and OP Cross Border Cooperation Romania- Bulgaria (OP CBC RO-BG)). The allocations by OP are presented in Annex Table E and Figure 2. The overall ERDF and Cohesion Fund allocation for Romania amounts to EUR 15,528.9 million for the Convergence objective, and an additional EUR 217.8 million is allocated to the ETC objective.

As shown in Figure 2 and Annex Table E, the most consistent support is allocated to Transport and Environment. The types of interventions designed for each policy areas are summarized below.

**Figure 2 - ERDF and Cohesion Fund allocation on policies areas and objectives (EUR million)**



- Environment. ERDF support, mainly by SOP E, includes polluted industrial sites rehabilitation, biodiversity protection, risk prevention plans, and the improvement of urban heating systems for pollution reduction. The Cohesion Fund supports investments in water supply and waste water systems, waste management systems and risk prevention. Energy investments include energy efficiency; renewable energy, electricity, petrol and natural gas transport and distribution infrastructure is funded by the ERDF (SOP IEC).
- The Transport policy area receives support from ERDF (ROP) for regional roads and streets in urban areas, while SOP T is funding national roads, railways, air and naval, modal transport and transport safety.
- Territorial development is funded by ROP and includes a range of infrastructure interventions in several sectors: education, social services, health, emergency situations, and urban development. Tourism interventions are also included in ROP.
- Enterprise environment policy is implemented through several interventions funded by ROP and SOP IEC and includes support to microenterprises and business support infrastructure, tourism development and cultural heritage protection, investments in SMEs, business support, research development and innovation in enterprises, ICT development in enterprises and extending the use of ICT.
- The smallest share of ERDF, less than 0.3% of the total allocation in Romania, goes to Human Resources Development (HRD), an area typically funded by ESF, for adult training infrastructure on ROP<sup>12</sup>. In the TA policy area, OPTA provides the main support through horizontal interventions across OPs and target groups: studies, evaluations, training and capacity development, support for the management information system and support for communication and publicity.
- OP CBC RO–BG has contributions to all policy areas; however, as seen in Figure 2, the funding for ETC is extremely little in comparison to the allocations for the Convergence objective. The support includes interventions like road rehabilitation (Transport), water and waste management integrated systems, risk prevention, HRD, business support, tourism development, cultural heritage and exchanges and TA.

The most significant changes have been made within the ROP Priority Axis. An amount of EUR 131.1 million has been reallocated from the Environmental infrastructure policy area (KAI 4.2. “Rehabilitation of polluted industrial sites”) to Territorial Development (Social infrastructure, EUR 26.6 million and Tourism and culture, EUR 104.4 million). Additional EUR 41.7 million have been reallocated from the same KAI, to Environment policy area, Microenterprises and business infrastructure support, within the same Priority axes. The decision to shift the funds from the KAI 4.2. was due to the lack of demand from potential beneficiaries and public authorities for this kind of support. The funding scheme, practically designed as “two in one” (one phase for the decontamination and the second one for the preparation of business activities) requires a high financial effort for the 50% co-financing for the second phase, and a significant number of ineligible costs. The potential beneficiaries met difficulties when trying to prove the ownership of the land. Similar problems have been found with decontamination interventions funded from SOP E.

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<sup>12</sup> Only code 65 of the ROP fields of interventions corresponds to HRD policy area

Another important reallocation decided in November 2011 by the Monitoring Committee (MC) of SOP IEC was based on the opportunity to involve Romania as one of the four pillars of the large European project ELI. The project is a research project in the Enterprise Environment policy area. The EUR 180 million needed for the 2007-2013 phase of ELI was reallocated from Energy, TA axes, and other operations of the Priority Axis 2 of SOP IEC.

In order to qualify for the top-up mechanism for all OPs, a temporary increase by 10% of the reimbursements by the European Commission (EC) for the period of the Memorandum of Understanding, the co-financing rate of all OPs has been increased to 85% which is the maximum level allowed by the regulation.

The interventions funded by ERDF do not have specific features to channel support towards young unemployed people. Nevertheless, there are sectors (i.e. ICT) where the jobs created are usually with young people in mind.

Considering the difficulties of SMEs to access finance, aggravated by the economic crisis, the Jeremie Romania programme, funded by one KAI of SOP IEC, increased its relevance. The programme includes loan guarantees and one venture capital instrument. Despite its late implementation, the programme implementation improved in 2012, but remains slow.

### **POLICY IMPLEMENTATION<sup>13</sup>**

Romania was late and slow with implementing the SI. At the end of 2009, the third year of implementation, the payments for all SI did not exceed 3% of the total EU allocation. The ERDF and Cohesion Fund OPs payments varied between 0.4% for OPTA and 4.8% for ROP. The highest values were not only due to a better performance, but also to the pre-financings paid, counted in the payments.

A snapshot of the progress of the implementation of each OP of the Convergence Objective (ERDF and Cohesion Fund) between 2009 and 2011 with a view on the trend in 2012<sup>14</sup> (Annex Figure A), leads to the following conclusions:

- The demand for funding is high. A large number of projects have been submitted from the early stages of implementation. The volume of applications (only EU funding) has increased since 2009, when the application rate<sup>15</sup> was between 20% and 137%, to 2012 when the application rate ranges between 85% and 302%.
- There is a large gap for some of the OPs (SOP IEC, ROP) between the application rate and approval /contracting rate<sup>16</sup> (SOP IEC 213 p.p. difference in 2012). The figures suggest that

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<sup>13</sup> The indicators used in this section come from the AIR for 2011, which relate to the situation up to the end of 2011. A more up-to-date view of the aggregate position (though not of the situation in the different policy areas) is presented in the Synthesis Report for 2012 of the Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013 which is based on data for payments from the ERDF and Cohesion Fund up to the end of 2012, i.e. after the present report was completed.

<sup>14</sup> For 2012, data published by ACSI on 31 September 2012 have been used: [http://www.fonduri-ue.ro/res/filepicker\\_users/cd25a597fd-62/rezultate/prj\\_ctr/pc\\_arhive\\_septembrie.2012.zip](http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/rezultate/prj_ctr/pc_arhive_septembrie.2012.zip)

<sup>15</sup> Application rate calculated as volume of ERDF and Cohesion Fund funding of the applications in total EU allocation.

<sup>16</sup> Approval/contracting rate calculated as volume of ERDF and Cohesion Fund funding of the projects approved/contracted in total EU allocation.

the demand has not been properly managed. Calls for proposals with applications 10 – 20 times the allocation create administrative capacity pressure and difficulties, and make it impossible to select projects based on qualitative criteria. Long appraisal processes and the economic crisis increase the risk of “non-contracting” in the case of potential beneficiaries enterprises.

- The second gap in the process is in the implementation phase, where the difference between the contracted amounts and payments to beneficiaries has remained constantly high.
- Comparing the slopes for the three subsequent years (2010, 2011 and 2012 ) in Annex Figure A, it is obvious that progress has been made in the phases of approval and contracting, with all OPs moving towards 100% (however the average in SI is only 76%).
- The OP's performance varies and depends not only on the capacity of the MAs, Intermediate Bodies (IB) and beneficiaries, but also on the typology of the projects funded. A comparative situation of the OP's progress between 2009 and 2012 is presented in Figure 3.
- The best performer from the start was ROP. In September 2012 they reached almost 90% contracting, and they have a 21.1% absorption rate calculated with payments from the EC. They have almost doubled absorption since the end of 2011.
- The two infrastructure OPs, Environment and Transport had a late start. SOP E made considerable progress, with contracting exceeding 90% (from 78% in December 2011). Absorption is still very low (6.1%), which is mainly due to the difficulties in the implementation of the projects with large works contracts. Transport is still lagging behind with only 50% contracted and absorption a little above 6%.
- OPTA made remarkable progress. Almost doubling the contracts and the absorption rate places it in second position with 15.7%.
- SOP IEC is the most popular with the highest rate of application. After good progress in 2010 the programme slowed down and almost stagnated in 2012.

**2011: progress but still low absorption.** The implementation of the OPs progressed in 2011, and almost doubled the implementation rates<sup>17</sup> in some cases, but in the end the level is still very low and far from what was planned.

The progress was uneven. The results of the efforts over several months have only been seen at the end of the year. The absorption rate for all SI was 3.7% in September 2011 and then jumped to 5.5% by the end of the year. As shown in Annex Figure C, the contribution of the OPs was different, with ROP and OPTA on top and the rest in a compact group scoring less than 6%.

The implementation rates in Figure 3 shows that in 2011 four of six OPs have progressed well (ROP, OPTA, SOP T, CBC), while SOP E and SOP IEC were slower. ROP and OPTA had the best performance with 11.2% and 9.8%, 2 times the implementation rates at the end of 2010. SOP T and OP CBC RO-BG progressed well with an increase, during 2011, between 4 and 6 p.p., but the level is still low because in 2010 the implementation rates were almost 0%.

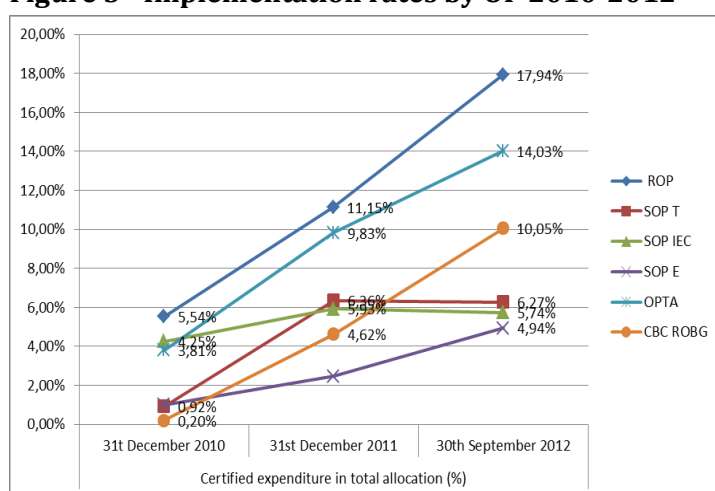
All OPs except OPTA have received applications exceeding the allocation at the end of 2011<sup>18</sup>.

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<sup>17</sup> Implementation rates are calculated as certified expenditure in total allocation in Annex Tabel F.

**2012 perspectives.** The implementation rates reported at the end of the third quarter of 2012 reveal improved performances for ROP, OPTA, OP CBC RO-BG and SOP E. SOP T and SOP IEC are stagnating at the level of December 2011. OPTA has significantly improved in 2012, with the number of projects submitted covering the whole allocation. The projects approved are above 80% of the allocation in almost all cases, except SOP T, with only 60%. Another bottleneck is found at the contracting phase because not all approved projects end with a signature on the contract. Due to the type of projects SOP E is an exception, having contracted almost the entire volume of funding for the approved projects. The most difficult situations are in SOP IEC with a gap between approved and contracted of 35%. The gap in the case of ROP is only 7%. Due to the rapid changes in the economic environment, and mainly the markets shrink and the diminished capacity to invest, the private applicants do not sign contracts after the selection for funding. This situation is more frequent where the appraisal processes have long durations, as in the case of SOP IEC.

**Figure 3 - Implementation rates by OP 2010-2012**



The implementation is far behind the initial planning. For all policy areas the average **implementation rate against the initial allocation is 7.5%, while against the commitments by 2011 is 13.2%**. The immediate threat is the decommitment risk in 2012 due to the N+2/N+3 rules. The risk of decommitment is high for all OPs, but will increase in 2013, when the MAs will deal with the cumulative effect of the two rules. **The level required for the expenditure to avoid decommitment is more than 3 times higher than the spending till 2011.** ROP is an exception due to the better absorption and its capacity to continue spending fast enough. (Annex Table I De-commitment risk based on Annual Implementation Reports (AIRs) data)

### Problems and measures adopted

Even though several political statements and several measures for acceleration of absorption have been undertaken by the Romanian Government, the progress in implementation continued to be slow and the results far from what was anticipated. Potentially effective measures have been hampered by various negative environmental conditions, which were either acquired from the public administration system, from the evolving negative socio-economic conditions or from financial corrections applied to beneficiaries by the Romanian authorities.

<sup>18</sup> See Annex Figure B.

Exploring from within the system, there is evidence of the Romanian authority's willingness to improve the situation as well as evidence of the considerable effort made even if the actual progress has been quite unsatisfactory. From the outside, the whole system appears to be ineffective, lacking transparency and disappointing for the beneficiaries and the public, who are ultimately paying the bill for the low performance of the entire system.

The Synthesis Report of OP Interim Evaluations (February 2011)<sup>19</sup> mentions that the SIS is *“strongly embedded in the structures, procedures and culture of the national central public administration. This means that the nature and quality of NSRF planning and management is highly interlinked with the nature and performance of the public administration system as a whole. The interlink has tremendous importance for the pace of SI absorption, on the one hand and for the quality, effectiveness and consistency of the assistance from the Funds on the other hand”*. SIS cannot function in isolation from the public administration system, and will be exposed to the negative influences.

**The capacity of the beneficiaries** is considered a key problem, as formulated in the evaluations: *“The staff involved in the implementation of the public beneficiaries SI projects is de-motivated and there is a tendency of de-professionalization among them because of the reduced wages, decreasing opportunity to attend trainings, and being overloaded with tasks, not all of them SI project-related”*<sup>20</sup>. Beyond the staffing issues there is evidence of the reduced capacity of the beneficiaries to manage the contracts, from the selection of the contractor at the correct price, to the quality control and receipt of the deliverables. Ownership of the process and results, and the lack of accountability of persons involved in the process are key factors, hampering the effectiveness of the process.

Regarding the **private beneficiaries**, their capacity constraints are mainly due to the understanding of the operations and specific EU funding requirements. Not all MAs succeeded in reaching what beneficiaries would call “user friendly” funding documentation, while the assistance to beneficiaries, helpdesks, training and other forms of assistance proved to be useful but were not sufficient.

Compliance with the administrative requirements during all the phases is challenging for the beneficiaries, mainly for the private ones. The simplification of the procedures is one of the areas where more effective measures are actually being adopted. This includes: a reduced number of site visits, replacing addenda with notifications for a number of situations, simplified pre-financing and reimbursement documentation and reduced duration of various steps in evaluation and verifications.

**The measures addressing the financial capacity** had mixed effects. The increase of the pre-financing to 35% had positive effects but only for the state aid beneficiaries, while in the case of large infrastructure projects large amounts of pre-financing got stuck in the beneficiaries' accounts due to delays in the implementation of the contracts. The effect of the pre-financing rate changes also varied between positive and negative. ACSI, CEU has launched an evaluation of the pre-financing rate mechanism that will better indicate the most appropriate approach. Another

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<sup>19</sup> The Synthesis Report has been prepared in the framework of the project conducting evaluations for the period 2009- 2010, co-financed from ERDF under OPTA.

<sup>20</sup> From the first Ad Hoc Evaluation: Challenges in the Capacity of Public and Private SIs Beneficiaries under the contract Carrying out Evaluations during the Implementation of the NSRF and the OPTA.

effective measure was adopted to allow the use of the assets acquired in the project as collaterals for the loans. In addition, the National Guarantee Fund has prepared special packages for EU funds beneficiaries in order to help them with loan guarantees access. The effects of the crisis have hindered the effect of the measures, so that access to loans continues to be difficult. The increase of the aid intensity in the case of microenterprises support on ROP KAI 4.3 had a good effect. The Regional Development Agencies (RDA) confirmed that the effects of the measure are reflected not only in the scheme's attractiveness, but also in the reduction of the contracts' cancellation rate.

**The quality of the projects** is low. All actors have been enrolled in a "learning by doing" process. Pre-accession experience was useful but limited. The interviewees mentioned that there is significant progress regarding the quality of the funding documentation. An effective measure was the Jaspers support ensured for the beneficiaries in the case of infrastructure projects (Transport and Environment), as well as for MAs in the evaluation of various projects. The TA project implemented by ACSI, CEU for Cost Benefit Analysis training and methodological support is also to be noted.

**The AIRs highlight the insufficient capacity of the MAs and IBs.** The chronic understaffing problems are mentioned in all the evaluation reports and confirmed in our own research. Another specific problem that makes a difference between MAs is **the different level of salaries** for similar positions that could vary from one MA to another from 1 to 3 times. For this reason, experienced staff members are leaving and it is difficult to recruit high potential staff members that are able to quickly integrate and perform at high standards. The measures undertaken to strengthen the capacity of human resources by occupying the vacancies and the approval of new positions in the organograms have been perceived as effective measures; however additional interventions are expected.

**Public procurement** is a key horizontal problem and the main cause of delays, high frequency of errors and the resulting financial sanctions. There were several measures adopted: the standardization of the procurement documentation, the ex-ante phase of verification in the National Authority for Regulating and Monitoring of Public Procurement (NARMPP), the Public Procurement's increasing responsibilities aimed at strengthening the public procurement departments in MAs and IBs in order to better control contracts. Overall, the interviewees confirmed that there is more discipline in public procurement and the risk of corrections decreased. However this outcome has costs: the process increased the duration and the verification in NARMPP took up to 6 months in some cases. Another shortcoming is the fact that the new practices, imposed to ensure impartiality and a fair selection, do not make it possible to differentiate competitors on qualitative criteria, but mostly on price, duration and quantitative aspects.

The creation of the Ministry of European Affairs did not produce a surprising improvement, however its contribution to the horizontal measures undertaken i.e., public procurement, pre-financing changes, simplification of the procedures, unblocking of the vacant positions and new positions approved could not be contested.

Last but not least are the system problems with the fingerprint of the Romanian public system where the discipline in the public investment is not controlled and corrected with the same rigour as in the SIS. The general suspicion of fraud has created an extremely caution and rigorous attitude in the auditors. The interviewees mentioned that there are cases in which the interpretation of the

procedure is extreme and there is no room for the conciliation of the audit report. There are already litigations that have been initiated by the beneficiaries due to this kind of rigid, extreme and even absurd interpretation. The financial corrections applied excessively, in the opinion of the interviewees, reached a stage when they do not lead to correction of the behaviour but to a complete blockage of the beneficiary. This fact is even more relevant this year in the conditions of the dramatic drop down of the national funds for investments and the eroded financial capacity of the enterprises in the fourth year of the economic crisis.

## ACHIEVEMENTS OF THE PROGRAMMES SO FAR

A summary of the main achievements by broad policy area is provided in the following paragraphs. The Annex Table H gives an overview of the average implementation rates for each policy area. It is important to note that the CBC share is very small in most policy areas and the stage of implementation is quite low so that the outcomes have reduced significance.

### The Enterprise Environment

The Enterprise environment policy is implemented through the interventions of three OPs: SOP IEC, ROP and OP CBC RO- BG. The rate of implementation of the interventions for this policy area is 9.1% in the entire allocation for 2007-2013, and 16.0% in the total commitments by 2011. In this policy area, CBC counts very little in the total ERDF funding (1.5%) and the outcomes also count very little. A snapshot of the outputs and results at the end of 2011 (Table 1), lead to the conclusion “low spending – low achievements”.

The achievements reported on 31<sup>st</sup> December 2011 reveal that **2,660 enterprises have benefitted from a form of financial assistance and 4,360 jobs have been created.**

These figures do not mean much for the objectives of the interventions in this area: consolidation of regional and local environment on ROP, consolidation and development of a sustainable innovative and eco-efficient productive system, creation of a favourable environment for enterprises. The business environment is one of the areas most dramatically affected by the economic crisis, so a number of the targets initially set have become unrealistic. Considering the recent information that around 400,000 jobs were lost in the three years of crisis (2009-2011), and 100,000 enterprises closed, the outcomes achieved at this stage have a small significance.

The interventions in RDI were intended to increase the R&D capacity, to stimulate the cooperation of RDI actors and to facilitate the access of enterprises to RDI, while the interventions in the area of ICT aimed to improve ICT infrastructure, electronic public services development, e-business environment and the ICT market.

The 338 R&D projects funded are significant (however further analysis on the size of the projects is needed), considering that in the last two years, the national funding decreased dramatically and Romania is among the EU countries with the lowest public spending for R&D. In terms of patents, 38 patents is a small number in absolute value but this represents almost 10% of the 461 patents



registered in 2010 in Romania.<sup>21</sup> The negative trend of this indicator is to be noted. In addition, 11 R&D centres and 138 laboratories were funded.

In the ICT area, the level of the outcomes is again very low. The contribution to a dynamic ICT market, e-commerce and e-business environment with 15 SMEs using e-commerce and 71 SMEs using integrated management information systems is insignificant. More significant is the number of connected users of e-health, e-governance and e-learning applications, 412,256, which is above 40% of the target (1 million users). The indicator "connected users" consists of registered users with individual access rights in the systems and includes: registered learners in the case of e-learning systems, citizens using e-governance applications, e.g. tax payers, or applicants for works permits, etc.

In conclusion, most of the outcomes are not significant for the size of the needs and problems. Moreover, the low level of achievement corresponds to the low level of implementation. From the local perspective the achievements are viewed more positively. The interviewees mentioned that although at the national level, 341 microenterprises does not mean a lot, in a small town, two or three microenterprises does have meaning for the local environment.

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<sup>21</sup> Source: Annual Report State Office for Inventions and Trademarks  
<http://www.osim.ro/rapoarte/raport2010/Raport%20Anual%202010.pdf>

**Table 1 - Achievement in the Enterprise Environment Policy Area**

| Enterprise support and RTDI including ICT increased access to finance by SMEs |   | Achievements<br>2011 |
|---|---|----------------------|
| Indicator   |   |                      |
| 1   | Microenterprises financially assisted (no.)   | 341                  |
| 2   | SMEs financially assisted in tourism (no.)  | 8                    |
| 3   | Projects to support direct investments in SMEs (no.)                                    | 867                  |
| 4   | Large enterprises financially assisted (no.)  | 68                   |
| 5   | Start-ups supported (no.)   | 42                   |
| 6   | Spin-offs supported (no.)   | 19                   |
| 7   | SMEs assisted in RD projects (no.)  | 181                  |
| 8   | Large enterprises assisted in RD projects (no.)   | 33                   |
| 9   | SMEs assisted for implementation of standards (no.)                                     | 239                  |
| 10  | SMEs assisted for implementation of new markets access (no.)                            | 57                   |
| 11  | SMEs assisted with financial engineering instruments (no.)                              | 115                  |
| 12  | SMEs assisted to access consultancy services (no.)                                      | 69                   |
| 13  | SMEs assisted to develop certified laboratories (no.)                                   | 42                   |
| 14  | SMEs benefiting from business facilities in the cross border RO- BG area (no.)          | 70                   |
| 15  | Jobs created in microenterprises (no.)  | 1,470                |
| 16  | Jobs created in business infrastructure supported (no.)                                 | 93                   |
| 17  | Jobs created in tourism projects (no.)  | 84                   |
| 18  | Jobs created in competitiveness projects 22 (no.)                                       | 2,713                |
| 19  | Cooperation project enterprises-research institutions (no.)                             | 32                   |
| 20  | R&D Centres in GRID structures (no.)  | 11                   |
| 21  | R&D projects (no.)  | 338                  |
| 22  | Patents registered (no.)  | 38                   |
| 23  | Research laboratories new or developed (no.)  | 138                  |
| 24  | Business support structures assisted (no.) (target: 17)                                 | 2                    |
| 25  | Financial engineering instruments developed (target: around 10)                         | 4                    |
| 27  | ICT project implemented (no.)   | 481                  |
| 28  | Users connected to e-health, e-governance, e-learning systems (no.) (target: 1 million) | 412,256              |
| 29  | SMEs benefiting from being connected to broadband (no.)                                 | 187                  |
| 30  | Public institutions connected to broadband (no.)  | 10                   |
| 31  | SMEs using management information systems (no.)   | 71                   |
| 32  | SMEs using e-commerce information systems (no.)   | 15                   |
| 33  | People having access to ICT facilities in the cross border RO-BG area (RO) (no.)        | 32                   |
| 34  | Number of people using IT facilities in the cross border RO-BG area                     | 62                   |

### Human resources

ROP and OP CBC RO-BG are the two OPs contributing to the Human Resources policy area. The allocation is very small and the implementation rate is only 0.3%. ROP has not contracted any project yet in this area (on code 65) and the outcomes from OP CBC RO-BG are few: 10 partnerships created between education and training centres (target: 30), 11 cross border projects developing linkages and exchanges between education/training centres (target 15), 1 project developing cross border training services for employment (target: 17). In the case of the indicator,

<sup>22</sup> (Including 611 jobs in R&D and 1593 in productive sectors).

the number of people informed about the employment opportunities, the discrepancy against the target of 360,000 is high and only the incipient phase of this intervention could explain the difference. More significant is the 10 partnerships set up between universities, research institutions and businesses in the context of CBC.

**Table 2 - Achievements in the Human Resources Policy Area**

| Human Resources (ERDF only)/ Youth unemployment (ERDF only) |   |                  |
|---|---|------------------|
| Policy area/Main indicators                                 |   | Achievement 2011 |
| 1   | Partnerships created between education and training centres (target: 30)                                | 10               |
| 2   | Cross border projects developing linkages and exchanges between education/training centres (target: 15) | 11               |
| 3   | Project developing cross border training services for employment (target: 17)                           | 1                |
| 4   | People informed about employment opportunities (target: 360,000)  | 300              |
| 5   | Partnerships set up between universities, research institutions and businesses (target: 15)             | 10               |
| 6   | Partnerships created between education and training centres (target: 30)                                | 10               |
| 7   | Cross border projects developing linkages and exchanges between education/training centres (target: 15) | 11               |

## Transport

The ERDF and Cohesion Fund contribute to the Transport policy area through the SOP T interventions (with a focus on national level), Priority Axis 2 of ROP (with a focus on regional and urban infrastructure) and Priority Axis 1 of OP CBC RO-BG (with the specific cross border feature). Transport is one of the key target areas of the two funds due to the huge development needs of the transport infrastructure. Transport takes 34% of the total allocation for 2007– 2013.

- 420.4 km of roads/streets, both new and rehabilitated is the label on the transport area outcome and consists of:
  - 102.4 km: new (65.5) and rehabilitated (36.9) are reported by SOP T with a mention that they are in use but the projects are not finalized. This is the only physical outcome at this stage for SOP T due to its late start and slow implementation.
  - 318 km of rehabilitated roads and streets were reported by ROP: 293 regional roads, 10 km bypasses and 15 km streets.

No outcome has been reported on rail, airports and naval, modal and other interventions related to safety needs. Also, no outcome was reported on CBC transport intervention until 31 December 2011, but the first infrastructure projects finalised have been reported in 2012.

ROP Priority Axis 2 (addressing regional and local transport infrastructure) is more advanced than many other axes of the SI and this is due to the high interest of the local authorities to fund infrastructure projects with high visibility, but also the MA and IBs of ROP who started very early preparation and implementation of infrastructure projects. Nevertheless, ROP achievements still look modest, but correspond to the implementation stage of ROP. Compared to the targets, the county roads rehabilitation reached 30% of the target, but bypass roads and streets rehabilitation remain at a modest level below 5%. On SOP T, the outcomes related to motorways tend to have a higher significance than other indicators due to the very low baseline, at present Romania has 312

km of motorway. 386.6 km – the target at the end of the programme<sup>23</sup> - means more than double the current length.

**Table 3 - Achievements in the transport policy area**

| Transport                   |  | Achievement 2011     |
|-----------------------------|--|----------------------|
| Policy area/Main indicators |  |                      |
| 1                           | No. of transport projects                                | 55                   |
| 2                           | New roads built TEN-T (km) (target: 386)                 | (65.5) <sup>24</sup> |
| 3                           | New roads built (km)                                     | (65.5)               |
| 4                           | Rehabilitated/modernized roads TEN T national roads (km) | (36.9)               |
| 5                           | Rehabilitated county roads (km) (target: 877)            | 293                  |
| 6                           | Rehabilitated city streets (km) (target: 411)            | 15                   |
| 7                           | Bypass built (km) (target: 219)                          | 10                   |

### Environment and Energy Policy Area

The ERDF and the Cohesion Fund interventions report very modest outcomes on Energy and Environment. The contributions to these policy areas are coming from SOP E, ROP, and OP CBC RO-BG and from SOP IEC for Energy. This is a policy area with a very low rate of implementation, but a high allocation of funds. SOP E achievements are limited to water and waste water outcomes as follows:

- 1 new water treatment plant
- 547.7 km of new water networks
- 387.8 km of sewerage networks finalised

Although a considerable amount of funding has been allocated, there are no physical indicators reported on pollution and climate change effects reduction, and promotion of biodiversity. As regards waste management, 84 landfills in rural areas were closed by the end of 2011. Additional funds for landfills closure have been allocated by the Romanian Government in 2009 from the state budget. As mentioned in the AIR the implementation of large environmental infrastructures has 2 -3 years duration. Because the late start, physical indicators are expected to be reported only in 2012. Regarding risk prevention an achievement “one project approved” for floods risk prevention could be mentioned.

ROP has an allocation that is relevant for the environment policy area, the decontamination of industrial polluted sites (combined with business structures). No outcomes have been reported due to the very late start of the KAI, and the reduced interest which led to a considerable reallocation of funds to other measures.

In the area of energy, the situation is similar: achievements have been recorded only in relation to renewable energy. 99.2 MW installed capacity for green energy production is the achievement at the end of 2011 out of 200 MW, the target for 2015. It is a modest achievement considering it is the only physical outcome for the whole allocation on energy. Despite the high interest shown by

<sup>23</sup> MA SOP T has commissioned a study, in 2012, to review the targets for the programme indicators and has recently updated the Framework Implementation Document. The initial target of 372 km of new motorway was revised and set to 386.6 km.

<sup>24</sup> Km of roads open to traffic, but the project has not yet been completed.

potential beneficiaries, evaluation, selection and contracting went very slowly, and implementation after that retained the slow pace. In the meantime the market of renewable energy evolved, so it is estimated that only the wind energy capacity in Romania (the star in the renewable energies market) will reach 4,000 MW, a capacity that will shadow the SOP IEC's achievements.

**Table 4 - Achievements in the energy and environment policy area**

| Environment and energy      |   | Achievement 2011 |
|-----------------------------|---|------------------|
| Policy area/Main indicators |   |                  |
| 1                           | Renewable energy projects (no.)   | 14               |
| 2                           | Projects to improve air quality (number)  | 1                |
| 3                           | Installed capacity of energy produced by RES or saved by district heating (MW)<br>-Electric<br>-Thermic | 99.2             |
| 4                           | New and rehabilitated treatment plants (no.)  | 1                |
| 5                           | Length of water network - rehabilitated/newly created (km)  | 547.7            |
| 6                           | Length of sewerage network - rehabilitated/newly created (km)   | 387.8            |
| 7                           | Projects approved for flood risk prevention   | 1                |

In the Territorial Development policy area, ROP could be seen as the “most productive” in terms of physical results.

The following achievements have been recorded:

- 38 education units, including primary, secondary or technical and vocational schools, rehabilitated, with around 17,000 pupils benefiting from the rehabilitated infrastructure. The 195 contracts in implementation are expected to ensure that 210 educational units are rehabilitated, meeting the target for the respective KAI.
- 22 social centres with 2,730 beneficiaries, vulnerable people including roma, disabled and old persons benefiting of social services. 146 contracts were signed, which is expected to increase to 156 social centres by the end of the programme.
- 9 medical units (including ambulatory health care centres, polyclinics for treatment, prevention and emergencies) rehabilitated or fully equipped offer services to more than 260,000 beneficiaries. 57 contracts were signed which are expected to increase the outcome to 59 medical units rehabilitated.
- 40 emergency mobile units equipped. At the end of 2011 only the outcomes for the Region Centre had been reported (only one project being finalised) with 40 mobile units and equipment for the regional centre basis in Targu Mures. 2.5 million people from Region Center will benefit of emergency interventions services and of an increased safety. An additional 693 mobile units are planned to be acquired in contracts already signed.
- 3 social infrastructures in urban development interventions.
- 1 cultural heritage project and 8 tourism projects for leisure and entertainment finalised are modest outcomes. According to the interviewees the projects had difficulties in the procurement process of work contracts.

Regarding the impact of tourism interventions, it is worth mentioning the opinion obtained from the interviews about the need to strategically prioritise the interventions for cultural heritage

promotion. The first come first served rule cannot ensure that the projects with the highest potential to produce impact are selected and funded.

**Table 5 - Achievements in the territorial development policy area**

| Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development) |  |                  |
|--|--|------------------|
| 1  | Policy area/Main indicators  | Achievement 2011 |
| 2  | Urban development - social infrastructure (no.) (target: 25)                 | 3                |
| 3  | No. of tourism projects – cultural heritage (target: 100)                    | 1                |
| 4  | No. of tourism projects – leisure tourism (target: 300)                      | 8                |
| 5  | Rehabilitated Medical Units (no.) (target: 53)                               | 9                |
| 6  | Rehabilitated social centres (no.) (target: 270)                             | 22               |
| 7  | Emergency mobile units equipped (no.) (target: 510)                          | 40               |
| 8  | Rehabilitated education units (no.) (target: 210)                            | 38               |
| 9  | Pupils benefitting from rehabilitated education units (no.) (target: 50,000) | 16,977           |
| 10   | Number of jobs created in tourism (target: 800)                              | 84               |

*\* "New jobs created-(number)" indicator expresses the total number of jobs created in the SOP IEC Programme*

### 3. EFFECTS OF INTERVENTION

The implementation of the ERDF and the Cohesion Fund OPs is still in the early stages so it is unlikely for significant wider effects to be produced and measured. For this reason evaluations carried on until 2011 have focused on operations, and not on achievements and effects.

However, our research revealed a number of wider effects of the interventions implemented, that have been confirmed in the interviews carried out in the regions.

The investments in infrastructure have the potential to generate positive effects on the local/regional economy, offering jobs and business opportunities. The most visible effects at this stage could be identified in the case of the transport projects.

A quick research conducted on one case, projects funded by SOP T priority Axis 1, revealed a number of temporary short-term immediate effects. The constructor of the motorway section Lugoj - Deva, "Tirrena Scavi - Condotte - Cossi" Consortium, announced at the start of the work in August 2011 that 1,200 new jobs would be created and offered on the local labour market. The jobs were construction related but also administration and other business functions. In addition, the renting of houses and land in the surrounding areas of Lugoj, where the headquarters were established enhanced the local real estate market. Similarly, the constructor of the Motorway section Deva - Orastie "Strabag- Straco" announced in June 2011 that 1,000 jobs were to be occupied mainly by a workforce selected from the local market in Hunedoara County. The motorway projects have also attracted a large number of subcontractors from the whole country. Our limited research revealed the demand created for human resources related services and training services to ensure the management of the workforce, including the compulsory requirements regarding qualifications, health and safety, transportation, accommodation, etc. The County Employment Agency Hunedoara confirmed that 150 jobs have been created directly by the contractors Strabag – Straco, and in addition a significant number of jobs were created by the subcontractors from other regions. A more extensive research is needed to estimate accurately the total number of jobs created during the works. According to the information provided by one local training company, they have trained 300 persons in qualifications related to roads construction

works, since the start of the works on the section Deva – Orastie. For the training company itself, the motorway works meant 100% increase of the turnover, while the training market in Romania continued to decrease.

The effects of the large construction works have been confirmed in the interviews as being produced by the investments in regional infrastructure, but on a smaller scale. The environmental investments have a similar potential to generate wider effects with a bonus on sustainability due to the regional structures, i.e. the regional operators were created and strengthened to be able to manage the long-term integrated plans.

The interviews revealed the opinion regarding the territorial development investments with a higher potential to generate wider effects if they have a strategic focus. There is evidence of more clear effects on the quality of life of the “Emergency situation interventions” (the best strategically focused intervention of ROP) than the other regional infrastructure investments in education, health and social matters, where the distribution of assistance is uneven and not correlated with the priorities or the intraregional disparities.

The increased capacity of the regions to plan and implement development is an area of wider effects. This effect could be seen in three segments: the institutional capacity of the RDA and local authorities, the capacity of the beneficiaries and the capacity of the service providers.

#### **4. EVALUATIONS AND GOOD PRACTICE IN EVALUATION**

The evaluation activities within SIS are implemented within a well- established system. Romania set up a system for the evaluation of SI, the SIES, in 2007, with all the required elements, organizational, financial and human resources.

The system established the actors, their responsibilities, the procedures and methods and the modes of action, with a view to continuous improvement. The CEU, placed in ACSI, has the key role of coordination and support for the evaluation function in the whole SIS.

In 2011, CEU commissioned an analysis of the current SIES within the project “Development of the Capacity for the Evaluation Units within the MAs and ACSI”. The report made a number of recommendations and on their basis the SIES has been revised. The key recommendations are as follows:

- Improving the evaluation planning for 2013-2015, by putting together the multi-annual evaluation plan with the yearly evaluation plans and developing a single planning document that is more detailed, focused on impact assessment and covering a three-year period.
- Streamlining the public procurement process in the field of evaluation by using framework agreements for each OP.
- Improving the quality of the Terms of Reference (ToRs) related to evaluations, by introducing various relevant stages in this process (i.e. survey of the literature, introduction of a rudimentary analysis of the evaluation capacity, specification of guidance evaluation methodologies, techniques and instruments, etc.)
- Streamlining the evaluation quality control.
- Improving the dissemination of evaluation outcomes and the efficiency to monitor the implementation of recommendations.

As part of the SIES mechanism, CEU has worked closely with the MAs evaluation units, and the Evaluation Working Group (EWG) proved to be an effective tool of the mechanism. EWG is an inter-ministerial working group that was set up in 2006 to bring together the members of all the evaluation units within all MAs, which manage the implementation of SI.

In order to ensure the competences needed in the SIES, guiding documents were prepared at an early stage: the evaluation procedure manual, the evaluation standards, an Evaluation Model for SIs and the Guidelines for Interim Evaluations.

The whole evaluation activity is managed on the basis of the multi-annual evaluation plans prepared for each institution part of SIS. The evaluation plans were prepared in 2008 and revised in 2011. The initial planning has foreseen two on-going evaluations in 2009 and 2011, an approach that proved to be less adequate for some of the OPs. The two large infrastructure OPs, Transport and Environment were in an incipient phase in 2009, considered too early for on-going evaluations. CEU has commissioned an ad-hoc evaluation in 2011 for SOP E and SOP T.

The evaluations funded by OPTA or the TA of each OP, encountered the typical difficulties generated by the procurement process. These were recorded deviations from planning, either delays in launching the tender, or long tendering processes generated by complaints ending in some cases being cancelled. Other deviations from planning included delays in the implementation of the evaluation contracts, mostly due to slow and long procurement processes. For this reason the revision of the multi-annual plans was needed in 2011. In order to avoid or reduce the difficulties with the procurement of the evaluation contracts, CEU adopted the solution of using Framework Agreements. Such framework agreements have already been signed for Evaluations and for Evaluation Capacity contracts, and implementation started in 2011, with two contracts already finalised and another four being implemented. A similar approach is intended at the level of the MAs which have a larger number of evaluations.

For the first part of the programming period there were planned evaluations that focused on processes and operations, while those for the second part included evaluations that focused on achievements. For the remaining period, the focus will be on impact evaluations, including both theory based and counterfactual methods. The plans foreseen one impact evaluation on each KAI. Annex Table J presents a list of all the evaluations that have been finalised, are in implementation and those that are planned for the future.

The plan seems ambitious considering the lack of experience in the evaluation units, the scarcely developed local evaluation market, the limited availability of data needed to apply quantitative methods, the inconsistencies of the programmes logics and the slow procurement processes. All these issues could hamper the production of good evaluations, especially quantitative studies. On the other hand, Romania has to maximise learning in evaluation, both in terms of evaluation methods and programmes achievements. Building up experience in impact evaluation should not be postponed to the next programming period. These are essential to develop the evaluation capacity in Romania. Some of the key issues to ensure that the impact evaluations really contribute to learning include: assistance from experienced experts in the design of the ToRs, encouragement by ToRs to have balanced evaluation teams with external experienced evaluators and Romanian evaluators, reconstruct the intervention logic if needed, avoid the risks the contract award criteria affect the quality of the teams, the methodology and the timing. There should be enough projects completed to perform the impact evaluation.



The ex-ante evaluations of future OPs for the new programming period 2014 – 2020, are included in the plan. CEU has decided that the ex-ante evaluations will be commissioned by CEU, but will be in close cooperation with all stakeholders. The plan also includes the ex-ante evaluation of the Partnership Agreement, which is already in the procurement process.

Integration of the evaluation in the decision-making process is limited. According to the Report on the analysis of SIES, the integration is double-faced in the internalization of the need for evaluations and the need for evaluation results. The decision makers are mainly the politicians, the management of the MAs and MCs, the Evaluation Steering Committees and the EC. A good example to be mentioned is offered by ROP: during a recent MC meeting, the effects of the implementation of the recommendations made in the evaluation reports have been presented, with practical examples of recommendations made by evaluators and the positive effects of their implementation.

The conclusion of the analysis mentioned above is that “in most of the cases, evaluation is not yet considered as an indispensable practice by the stakeholders, especially by the MCs members and the politicians”. During the interviews this opinion was confirmed. The decision makers do not initiate evaluations; however some of them could use the results once they have been produced. There are examples of the implementation of the recommendations, i.e. the Priority Measures Plan introduced to improve implementation was recommended in the NSRF evaluation. It is to be noted that the recommendations that have been easily implemented are those that refer to operations, while the strategic ones need preparatory work, are dependent of more external factors and take longer to become visible.

The Report on the Analysis on SIES remarked on the fact that the size of the evaluation market is too small to encourage domestic consultancies to consider evaluation as a strategic business option. The local consultants are in the learning and development phase. They have not been challenged by demanding evaluations, i.e., impact evaluations because the limited progress of SIS implementation did not require such evaluations. The evaluations planned for 2013 – 2015 include a significant number of evaluations that focus on achievements.

The performance in the current evaluations is the subject of debate. There are positive and negative views and there are a number of critiques addressed to the providers. On the other hand, the suppliers are claiming that the ToRs should be improved. The ToRs for the evaluations carried out reveal the fact that the evaluation units are in a learning process. The level of experience varies across the MAs and it is reflected in: the skill to use the ToRs models and customize them for the specific evaluation, the number and the clarity of the evaluation questions, significant differences of the expertise requirements for similar evaluations.

The evaluation framework agreement of CEU provides several good practice examples. The expertise requirements succeed to bring high level expertise, but leave the door open to local consultants with reduced experience in evaluation. The evaluation questions are clear and the methodological requirements are demanding including quantitative methods and the review of the literature and practices in the domain. However it is to be mentioned that the methodology proved to be in some cases too demanding in comparison to the budget. In some cases the problems with data availability and credibility make the evaluation more difficult and costly than expected.

The conclusions of the above-mentioned analysis, as well as the interviews indicate the fact that there is a strong need for training and development, “to intentionally build the local market with a constant flow of evaluation projects and quality standards”. The evaluation units also need capacity building to continue in order to be able to manage the evaluation processes in the coming period. A summary of the evaluations carried out by the end of 2011 is presented in the table below.

**Table 6 – Evaluations carried out by end 2011**

| Title and date of completion   | Policy area and scope (*)                           | Main objective and focus (*)   | Main findings   | Method used (*)   | Full reference or link to publication   |
|--|---|--|---|---|---|
| Evaluation of the administrative capacity of the regions in the field of regional development December 2011                                      | 8+7<br>Territorial development<br>Capacity building | 1+2<br>The specific objective of the evaluation was to support the ROP MA and ACIS in building and formulating the strategy for approaching regional development programming for post 2013 programming period through the role of regions in this process. | Creation of a framework to enable regions ensuring a better coherence of the financial allocation and the development objectives.<br>Stimulate the development of a clear and coherent mechanism for the coordination of the regional development plans implementation, including allocation of responsibilities, assumed by the decision makers.<br>Monitor and evaluate progress of the regional development plans implemented, including a mechanism for identification and implementation of corrections.<br>Identification of regional interest projects.<br>Increase the decentralisation together with a regions development process.<br>There have been proposed four scenarios for the future architecture of the ROP. | 4<br>The methodology used a mix of quantitative and qualitative techniques, analytical tools. The methods included: Literature review; Review of the organisational structures; Stakeholders analysis; Case studies and benchmarking against other MS.  | Lattanzio E Associati SpA, Milano-Italia<br><a href="http://www.inforegio.ro/evaluation-reports.html">http://www.inforegio.ro/evaluation-reports.html</a>   |
| Analysis of the Current evaluation System report "Development of the capacity for the evaluation units Within the MAs and ACSI" 3rd. August 2011 | 8<br>NSRF<br>Capacity building                      | 1<br>The objectives of the analysis:<br>Support for EWG strengthening<br>Assessment of SIES, the current performance and recommendations for improvement.  | Good performance of SIES.<br>Awareness raising actions are necessary for better integration of evaluation in the decision making process.<br>All evaluation reports should be published in full.<br>A review should be carried out to analyse the data needs of evaluations and bottlenecks of the monitoring systems.<br>Strengthen the early warning of the monitoring systems in order to trigger evaluations.<br>More flexible project implementation methods should be used.<br>More significant role of evaluation having in view the planning of the 2014-2020.<br>Development needs identified.   | 4<br>Review of the relevant documents, to arrive at a baseline analysis of demand and supply, input and outputs of SIES.<br>Data analysis with the purpose to identify problems and possible reasons.<br>Assessment of SIES efficiency and effectiveness, based on the findings of the information analysis;<br>Collecting additional data in interviews<br>Based on results of the desk research and interviews, formulating conclusions and recommendations | <a href="http://www.evaluaere-structurale.ro/images/stories/Documente/SIESAR/ecu_analysis_report_current_evaluation_system_en.pdf">http://www.evaluaere-structurale.ro/images/stories/Documente/SIESAR/ecu_analysis_report_current_evaluation_system_en.pdf</a> |
|  |   |  |   |   | <a href="http://www.evaluaere-structurale.ro/images/stories/Documente/Exec_summaries/exec_summary_eval_comm_plan_sopiec_en.pdf">http://www.evaluaere-structurale.ro/images/stories/Documente/Exec_summaries/exec_summary_eval_comm_plan_sopiec_en.pdf</a>       |

| Title and date of completion  | Policy area and scope (*)    | Main objective and focus (*)  | Main findings  | Method used (*)  | Full reference or link to publication   |
|---|------------------------------|---|--|--|---|
| Synthesis report of the interim evaluations carried out between 2009-2010, 2011   | 9<br>NSRF                    | 1+2<br>The objective of the synthesis was to summarise the conclusions and recommendations of the interim evaluation carried out.   | The economic crisis and changes in socio-economic factors did not have a significant impact on the current implementation of the program.<br>The effects have been more visible on business interventions.<br>Inadequate market and credit system conditions.<br>Co-financing difficulties for private and public beneficiaries.<br>The data availability for measuring results indicators remains unresolved.   | 4<br>Methodology of each interim evaluation included in the strategy.  | <a href="http://www.evaluate-structurale.ro/images/stories/Documente/Exec_summaries/ei%20por.pdf">http://www.evaluate-structurale.ro/images/stories/Documente/Exec_summaries/ei%20por.pdf</a>                             |
| Evaluation of the implementation of the priorities and projects within ROP 2007-2013, targeted at the business environment<br>25 March 2011 | 1<br>Enterprise environment  | 1+2<br>The evaluation objective was:<br>To analyse the effectiveness of the ROP priorities for regional business development in order to achieve specific goals;<br>To accelerate the implementation<br>To identify and promote successful projects | In the case of Growth Poles, there is a low interest for business projects. There are difficulties in the appraisal and selection with mobilization of experts due to contractual difficulties, low fees, and availability problems.<br>SMEs have difficulties in accessing loans for project implementation<br>The appraisal and selection process allows selection of beneficiaries with low financial capacity.<br>The cost benefit analysis are costly for beneficiaries and IBs and cannot provide reliable conclusions<br>The demand for business infrastructures is lower than estimated<br>The crisis has considerably affected the results of the projects. | 4<br>The approach narrowed the area of evaluation – to business environment – in order to do a depth analysis on two parallels: the beneficiaries and the implementation system.<br>The evaluation approach was based on process analysis and case studies.<br>The methods included:<br>Data collection<br>interviews<br>seven workshops<br>online questionnaire sent to over 2,000 applicants and beneficiaries   | <a href="http://www.evaluate-structurale.ro/images/stories/Documente/Exec_summaries/business%20environment.pdf">http://www.evaluate-structurale.ro/images/stories/Documente/Exec_summaries/business%20environment.pdf</a> |
| Interim Evaluation of the Romania-Bulgaria CBC Programme 2007-2013<br>30 June 2011.   | 9<br>CBC On-going evaluation | 2<br>To contribute to the successful implementation of the "Romania-Bulgaria CBC Programme 2007-2013",<br>To identify issues affecting performance and recommending solutions for improvement.  | The Programme strategy is still consistent with the socio-economic environment: needs of the area and intervention logic remain valid.<br>Balanced distribution of the projects in geographical terms, both at national and regional level. NGOs and Public Administrations<br>Joint development satisfied at a large extent<br>The horizontal issues of equal opportunities, sustainable development and climate change are taken into consideration.<br>A high level of commitment of financial resources and a good level of awareness and knowledge regarding the Program among both general public and target audience in Romania and Bulgaria.                 | 4<br>The methodological approach is based on an evaluation framework structured on the four evaluation themes and included:<br>documentary analysis,<br>- field activities of data collection;<br>analysis of a sample of 33 projects;<br>- a counterfactual analysis, based on the interview of five potential applicants has complemented the main methodological approach.<br>Note: despite the authors claimed the evaluation included a counterfactual component, there is no evidence of a real counterfactual method. | <a href="http://cbcromaniabulgaria.eu/user/file/Interimevaluationrobg.pdf">http://cbcromaniabulgaria.eu/user/file/Interimevaluationrobg.pdf</a>   |

| Title and date of completion   | Policy area and scope (*) | Main objective and focus (*)  | Main findings   | Method used (*)  | Full reference or link to publication   |
|--|---------------------------|---|---|--|---|
| Challenges in the Capacity of Public and Private Structural Instruments Beneficiaries March 2011 | 8 NSRF Capacity building  | 1 Identification of the main problems and the vectors that could contribute to increasing the implementation capacity at each type of beneficiary level.  | An intense and continuous learning-by-doing process for all stakeholders; Programming and framework implementation documents, procedures, norms and regulations are all in use or in place in Romania; The diversity and the complexity of SI projects, the high expectations are demanding all stakeholders; Needs have been identified in organizations in terms of changes in leadership, shifts in priorities, resource commitments and managing; A balanced short - long term approach of commitments is needed.   | 4 Exploratory approach: -documentary review of all OPs, framework implementation documents, implementation process documents, i.e., guides for applicants. - problems analysis at beneficiary level; - analysis, setting the weight of each factor influencing the beneficiaries capacity. Methods used: Process analysis Case studies | <a href="http://www.evaluate-structurale.ro/images/stories/Documente/Exec_summaries/exec_summary_challenges_beneficiaries_en.pdf">http://www.evaluate-structurale.ro/images/stories/Documente/Exec_summaries/exec_summary_challenges_beneficiaries_en.pdf</a> |
| Review of investment in transport and environment Infrastructure February 2011                   | 4+5 Transport Environment | 2 The review was commissioned to provide inputs into the Synthesis Report on Interim Evaluations (IE); the review was necessary because SOP E and SOP T did not have interim evaluations in 2009. | The crisis has affected the traffic and the availability of funding; The current forecasts of full absorption in 2013-14 are unrealistic; The relevance of SOP E is not affected by the economic crisis; Coherence problems have been identified between transport KAI in terms of supporting multimodal transport, shifts between rail and road; SOP T has a stabilizing effect on the transport sector strategies; Focus on full absorption may reduce the coherence of SOP T and its value as a strategy substitute'. There identified delays in implementation, risks of decommitment, risk of not achieving the targets. | 4 The evaluation was structured on the four criteria: relevance, coherence, effectiveness and efficiency. Data collection through desk research, Interviews and workshops with representatives of the MAs, Intermediary Bodies (IBs) and beneficiary entities.   | <a href="http://www.evaluate-structurale.ro/images/stories/Documente/Exec_summaries/exec_summary_investment_transport_env_en.pdf">http://www.evaluate-structurale.ro/images/stories/Documente/Exec_summaries/exec_summary_investment_transport_env_en.pdf</a> |
| A Formative Evaluation of Structural Instruments in Romania, 2010                                | 9 NSRF                    | 2+1 Strengthening the overall coordination of the SI implementation and development of an   | High administrative burden in the procurement and financial management and control relative to the complexity of interventions, individual projects and the risk of default and fraud attaching to them; The tendency to gold-plate, i.e. the system requiring  | 4 The method included: De-composition analysis <sup>25</sup> ; Documentation review; Data collection: questionnaire based  | <a href="http://www.evaluate-structurale.ro/images/stories/Documente/Exec_summaries/exec_summary_formative_eval">http://www.evaluate-structurale.ro/images/stories/Documente/Exec_summaries/exec_summary_formative_eval</a>                                   |

<sup>25</sup> The decomposition analysis involves the calculation of ratios for milestones along the path of approval, contracting, implementation and payment for SI-funded activities. Each of the ratios allows the drawing of conclusions on overall progress of the NSRF at large and the individual OPs involved [ROP, SOP E, SOP T, SOP HRD, SOP IEC, SOP Public Administration Development, OPTA and ETC].

| Title and date of completion   | Policy area and scope (*)                   | Main objective and focus (*)   | Main findings  | Method used (*)  | Full reference or link to publication   |
|--|---|--|--|--|---|
|  |   | appropriate administrative system aiming at providing a mutual level of knowledge and experience among different actors involved.  | 100% control coverage and many levels of checks; The cost involved in control and audit, in terms of human resources and time, is not always tailored to the financial and moral hazard involved in less-than-perfect enforcement of applicable rules and regulations.   | surveys, interviews, focus groups sessions, workshops and meetings of relevant working groups.   | <a href="#">uation_en.pdf</a>   |
| "National Strategic Report 2009 on the implementation of the structural and cohesion Funds" January 2010 | 9 NSRF                                      | 2+1<br>The National Strategic Report (NSR) was prepared as a MS responsibility Article 29 of Regulation no. 1083/2006  | There were complex problems in starting the process of OPs' implementation, Large amount of efforts and time needed to set up the system.<br>There were found difficulties related to the preparation of the project portfolio and the launching of calls for projects; delays in the project evaluation and selection; starting the project implementation at the beneficiary level; various legal barriers; as well as institutional issues. Despite a number of difficulties in launching contracting rate 55% of the 2007-2009 allocation, Low absorption due to difficulties in projects implementation | 4<br>2009 NSR was elaborated under the coordination of the Ministry of Public Finance, through the ACSI, based on the methodology developed by the EC and adjusted to the Romanian institutional and strategic framework. Most organizations involved in the SIs management and other expert institutions joined efforts for the NSR elaboration.                              | <a href="http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Documente_Suport/Evaluari/0_EVALUARI_CSNR/4b_Raport_Stratg_Nat_Impl_IS_%28EN%29.pdf">http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Documente_Suport/Evaluari/0_EVALUARI_CSNR/4b_Raport_Stratg_Nat_Impl_IS_%28EN%29.pdf</a> |
| Interim evaluation of the OP Increase of economic competitiveness 2010                                   | 9 Enterprise Environment Ongoing evaluation | 2+1<br>The evaluation objectives included: evaluation of the outcomes of all the calls launched up to 30th September 2009 for evaluation of the management system efficiency analysis of the potential effects of the global crisis. | There is a pressing need to accelerate Implementation.<br>Need to focus on expenditure rather than call for proposals.<br>The decommitment risk on N+2 rule imposes improving absorption.<br>Increased relevance for the programme to provide financial assistance to enterprises due to economic conditions.  | 4<br>The research and analysis carried out during the evaluation were structured on two levels:<br>- "Horizontally", at OP level:<br>- "Vertically", at Priority Axis level:<br>and included:<br>-analysis of the relevant documents, indicators and management and implementation system at IB level, as well as<br>- consultations with relevant stakeholders at axis level. | <a href="http://www.evaluare-structurale.ro/images/stories/Documente/Exec_summaries/executive%20summary_ei_poscce_en.pdf">http://www.evaluare-structurale.ro/images/stories/Documente/Exec_summaries/executive%20summary_ei_poscce_en.pdf</a>   |
| Interim evaluation of the ROP, 2009 October 2009   | 9 Territorial Development                   | 2+1<br>The specific objectives of the evaluation are:<br>- examination of relevance<br>- Review progress in  | The progress made so far by ROP is generally low. A more focused approach on specific target groups (potential applicants) could directly contribute to an increase in applications and a high rate of absorption<br>- Multipliers network is not yet operational due to   | 4<br>Evaluation activities were divided into basic assessment activities and activities related to evaluation questions presented.<br>Consultation sessions on the report  | <a href="http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Documente_Suport/Evaluari/1_EVALUARI_POR/16.07/1_Evalu">http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Documente_Suport/Evaluari/1_EVALUARI_POR/16.07/1_Evalu</a>   |

| Title and date of completion | Policy area and scope (*) | Main objective and focus (*)   | Main findings   | Method used (*)   | Full reference or link to publication        |
|------------------------------|---------------------------|--|---|---|--|
|                              |                           | implementing the programme / objectives;<br>- Assessing the efficiency of ROP implementation;<br>- Provide information that meets the request for strategic reporting provided in Article 29 of Regulation no. 1083/2006;<br>Identification of lessons learned | lack of availability of its members.<br>- For KAI 5.3, relatively low application rate of first call for proposals is due to poor promotion and visibility and lack of interest of the beneficiaries in relatively small projects | were<br>The final report was submitted for consideration and debate key recommendations in the Project Steering Committee | <a href="#">re_intermediara POR 2009.pdf</a> |

Note: (\*) Legend:

**Policy area and scope:** 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment);

**Main objective and focus:** 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives.

**Method used:** 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative.

## 5. FURTHER REMARKS - NEW CHALLENGES FOR POLICY

The implementation of the 2007 – 2013 Cohesion policy OPs is close to a standstill, with three out of the six ERDF and Cohesion Fund OPs under the risk of suspension.

Since 2007, the Romanian authorities have been aware that it is not easy to spend EUR 20,000 million, but the SIS and the implementation mechanism have been created, and the problems were approached one by one. The economic growth, the steady increase of all macroeconomic indicators in the past 8 years and the spill over of resources ended in 2009, with the first signs of the economic crisis, and the first warnings of non-absorption.

The measures undertaken afterwards did not address the root problems. Under the pressures of the economic environment, SIS could not accelerate implementation, but even worse, serious system problems were identified, which generated long payment delays at the level of beneficiaries and massive financial corrections applied by the Romanian authorities.

The Romanian Government, responsible for the smooth functioning of the system, now has to deal not only with the acceleration of the implementation, but also with the prevention of negative effects which might occur instead of benefits. The big challenges of SIS and the Romanian Government in the immediate future are:

(i) To mobilise resources to keep the system alive and to save the beneficiaries already trapped in implementation. A large number of beneficiaries – both private and public – have engaged their resources in the projects. When there is a lack of liquidities on the market and the access to loans is difficult and expensive, the beneficiaries cannot bear delays of reimbursements. There is a high risk for many of them, and instead of benefits, the projects bring them financial disaster. Never was there a worse moment to mobilise additional resources than now, exactly when the crisis of liquidities reached its peak, when the OPs could be suspended and financial corrections applied, and when the Government has decided to reduce investments from the state budget in favour of other expenses.

(ii) To ensure a common understanding of the procedural requirements and a constructive cooperation between MAs/IBs and the Court of Auditors.

(iii) To build credibility and simplify procedures. Romanian administration is known as over-regulated. Any suspicion of fraud leads to additional administrative requirements and procedures which increase the administrative burden and the risk of error. Keeping procedures as much simple as possible is therefore very important. Accountability and results based management in the public sector are also essential to ensure the system credibility. This needs to be built up. Romania needs public institutions focused on results and performance, not processes, and compliance to the legal framework. At the moment SIS is well organised, disciplined and works with high performance standards. This is not necessarily true for other components of the system.



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## INTERVIEWS

Mrs Antoaneta Popescu - Authority for Coordination of Structural Instruments, Programming Directorate, Director General

Mrs Claudia Magdalena – Managing Authority Sectorial Operational Programme, Increase of Economic Competitiveness, Head of Central Evaluation Unit

Mr Sorin Maxim – Regional Development Agency West, Intermediate Body for Regional Operational Programme

Mrs Marilena Alecu - Regional Development Agency South West Intermediate Body for Regional Operational Programme

Ms Luminta Mihailov – Regional Development Agency South-East, Intermediate Body for Regional Operational Programme

Mr Gheorghe Harja – Regional Development Agency North East, Intermediate Body for Regional Operational Programme

Mrs Maria Ivan – Regional Development Agency Center, Intermediate Body for Regional Operational Programme

Mrs Pompilia Idu – MA ROP, Head of Program Evaluation

Mr Petrica Ciupitu – Director Monitoring Intermediate Body - Priority Axis 3 SOP IEC

Mr Iorgovan Vasile – Executive Director County Employment Agency Hunedoara

Ms Alina Boldura - director of the Adult Training Center Deva

## ANNEX 1 - EVALUATION GRID FOR EXAMPLES OF GOOD PRACTICE IN EVALUATION

### Evaluation Grid A - Evaluation of ROP 2007-2013 priorities and projects addressed to the business environment

| BASIC INFORMATION   |   |
|---|---|
| Country: Romania  |   |
| Policy area: Enterprise environment   |   |
| Title of evaluation and full reference:<br>Evaluation of ROP 2007-2013 priorities and projects addressed to the business environment.<br>Project co-financed from ERDF through the ROP 2007-2013  |   |
| Intervention period covered: 2007-2013  |   |
| Timing of the evaluation: 2011  |   |
| Budget: EUR 125 000   |   |
| Evaluator: External   |   |
| Method:<br>Process analysis and case studies  |   |
| Main objectives and main findings:<br>To perform an analysis of the effectiveness of the implementation of the ROP priorities dedicated to the development of the regional business environment with a view to improve implementation and absorption. The findings include: the demand for business infrastructures is lower than estimated; the crisis has considerably affected the results of the projects; in the case of Growth Poles, there is a low interest for business projects   |   |
| Appraisal:<br>The evaluation is the first one at the level of one OP, focused on a narrow area of analysis, business environment, thus allowing an in-depth analysis. Despite there is a process evaluation, the cases studies include the analysis of the achievements and the effect of the economic crisis on the results and the sustainability of the business projects. The analysis was approached from two perspectives: the system (as it is designed and function) and the beneficiaries as they act in their business environment. |   |
| CHECK LIST  |   |
| Score each item listed below from 0 to 2 as follows:<br>0: No; 1: Yes, but not fully; 2: Yes  |   |
| Report  |   |
| Are the objectives, methods and findings of the evaluation clearly set out?   | 2 |
| Are the findings and recommendations clearly supported by the analysis?   | 2 |
| Are the methods used suitable given the objectives of the valuation and have they been well applied?  | 2 |
| Are the quantitative and qualitative data used reliable and suitable for the purpose of the evaluation?   | 1 |
| Are the potential effects of other factors (e.g. the economic situation) on the outcome fully taken into account?   | 1 |
| Is a serious attempt made to distinguish the effects of the intervention from these other factors?  | 1 |

## ANNEX 2 - TABLES

See Excel Tables 1 -4:

Excel Table 1 – Regional disparities and trends

Excel Table 2 – Macro-economic developments

Excel Table 3 - Financial allocation by main policy area

Excel Table 3cbc - Financial allocation by main policy area – cross border cooperation

Excel Table 4 - Commitments by main policy area (by end-2011)

Excel Table 4cbc - Commitments by main policy area (by end-2011) – cross border cooperation

### Annex Table A - Economic growth rate by region

| Regions (NUTS II) | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009  | 2010 | 2011 |
|-------------------|------|------|------|------|------|------|------|------|-------|------|------|
| Nord-Vest         | 7.7  | 7.8  | 4.2  | 8.6  | 2.3  | 7.6  | 10.3 | -0.8 | -5.3  | -1.4 | -0.6 |
| Centru            | 4.6  | 7.3  | 4.5  | 4.8  | 1.1  | 9.9  | 8.6  | 1.4  | -4.4  | -1   | 4.6  |
| Nord-Est          | 10.7 | 5.4  | 3.7  | 4.3  | 1.1  | 4.1  | 6.2  | 3.2  | -5.1  | -4.8 | 3.8  |
| Sud-Est           | 6.1  | 6.7  | 2.5  | :    | -1.6 | 5.9  | 2.3  | 9.6  | -6.1  | -2.1 | 4.1  |
| Sud - Muntenia    | 6.1  | 5.7  | 4.3  | :    | 5.0  | 8.3  | 4.5  | 9.3  | -3.1  | -0.5 | 3.6  |
| București - Ilfov | 0.3  | 3.7  | 4.7  | 8.8  | :    | 7.7  | 8.7  | 19.0 | -11.1 | -1.2 | 0.3  |
| Sud-Vest Oltenia  | 8.3  | -3.9 | 12.3 | 7.5  | -2.1 | 8.2  | 5.4  | 5.5  | -5    | -5.1 | 2.8  |
| Vest              | 9.9  | 6.3  | 7.7  | 10.3 | 2.1  | 11.5 | 6.4  | 1.0  | -6.3  | 1.4  | 4.1  |
| România           | 5.9  | 5.0  | 5.1  | 8.5  | 3.6  | 7.8  | 6.9  | 7.5  | -6.6  | -1.6 | 2.5  |

Source: Eurostat database Real growth rate of regional GVA at basic prices at NUTS level 2 - percentage change on the previous year and National Commission of Prognosis for 2010, 2011.

### Annex Table B - Labour productivity 2000 – 2011, GDP per employed (thousands/Euro per employed)

|         | 2000 | 2011 | Change 2000-2011 (%) | Average Growth rate 2000-2011 (%) |
|---------|------|------|----------------------|-----------------------------------|
| Romania | 3.8  | 15.6 | 308.9                | 13.7                              |
| UE 27   | 47.2 | 59.2 | 25.5                 | 2.1                               |

Source: Baza de date Eurostat GDP level NUTS I ;ifst\_r\_lfe2emp-Employment NUTS 1 (1000) ,National Commission of Prognosis and own calculations

**Annex Table C - Gross Added Value (GVA) by sector in total**

|         | Agriculture Forestry and Fishery | Industry | Constructions | Retailing, vehicles repair, hotels and restaurants etc. | Information and communication | Financial intermediaries and insurance | Real estate | Professional scientific and technical activities; administrative and support services | Public administration and defense; public social insurance system, education health and social assistance | <sup>26</sup> Cultural, entertainment activities; other activities |
|---------|----------------------------------|----------|---------------|---|-------------------------------|--|-------------|---|---|--|
|         | NACE Rev2                        |          |               |   |                               |  |             |   |   |  |
|         | A                                | B-E      | F             | G-I   | J                             | K                                      | L           | M-N   | O-Q   | R-U  |
| 2009    | Share in GVA, %                  |          |               |   |                               |  |             |   |   |  |
| Romania | 7.2                              | 26.7     | 11.7          | 20.9  | 4.3                           | 2.5                                    | 7.3         | 4.4   | 12.3  | 2.6  |
| EU 27   | 1.6                              | 18.3     | 6.7           | 19.1  | 4.7                           | 5.9                                    | 10.4        | 10.0  | 19.7  | 3.6  |

Source Eurostat database Real growth rate of regional GVA at basic prices and own calculations

**Annex Table D - Population at poverty or social exclusion risk, % in the total population**

|                    | 2007 | 2008 | 2009 | 2010 | Change 2007-2010, p.p. |
|--------------------|------|------|------|------|------------------------|
| România            | 45.9 | 44.2 | 43.1 | 41.4 | -4.5                   |
| North-West         | 38.3 | 33.7 | 35.2 | 30.8 | -7.5                   |
| Center             | 37.6 | 37.2 | 33.2 | 30.3 | -7.3                   |
| North East         | 55.1 | 54.5 | 52.9 | 51.0 | -4.1                   |
| South East         | 51.0 | 48.6 | 42.4 | 51.8 | 0.8                    |
| South - Muntenia   | 50.3 | 45.6 | 48.1 | 42.7 | -7.6                   |
| Bucharest - Ilfov  | 35.1 | 36.2 | 41.9 | 34.4 | -0.7                   |
| South West Oltenia | 55.4 | 56.5 | 52.9 | 48.0 | -7.4                   |
| West               | 34.2 | 33.4 | 30.1 | 35.5 | 1.3                    |

Source: Eurostat, At risk of poverty and social exclusion population NUTS II, extracted 02.07.2012

**Annex Table E - ERDF and Cohesion Fund allocation on Convergence Objective (EUR million)**

|                             | EU allocation | ERDF    | Cohesion Fund |
|-----------------------------|---------------|---------|---------------|
| ROP                         | 3,726.0       | 3,726.0 |               |
| SPO IEC                     | 2,554.2       | 2,554.2 |               |
| SOP E                       | 4,565.2       | 1,289.3 | 3,275.8       |
| SOP T                       | 4,513.5       | 1,236.7 | 3,276.2       |
| OPTA                        | 170.2         | 170.2   |               |
| Total Convergence Objective | 15,529.1      | 8,976.5 | 6,552.6       |

<sup>26</sup>Sectors by NACE revision2.

**Annex Table F - Implementation stage at 31 December 2011 (EUR million)**

| OP           | Allocation total (EU +national) | Allocation (ERDF +Cohesion Fund) | 31st December 2010                       |                                       | 31 st December 2011                      |                                       |  | 30-September-2012                        |                                       |  |
|--------------|---------------------------------|----------------------------------|--|---------------------------------------|--|---------------------------------------|--|--|---------------------------------------|--|
|              |                                 |                                  | Payments to beneficiaries (EU +national) | Certified expenditure (EU + national) | Payments to beneficiaries (EU +national) | Certified expenditure (EU + national) | Payments from EC (ERDF +Cohesion Fund) | Payments to beneficiaries (EU +national) | Certified expenditure (EU + national) | Payments from EC (ERDF +Cohesion Fund) |
| ROP          | 4,383.6                         | 3,726.0                          | 588.1                                    | 242.8                                 | 1,016.5                                  | 488.6                                 | 437.2                                  | 135.4                                    | 786.3                                 | 786.3                                  |
| SOP T        | 5,371.7                         | 4,565.9                          | 47.2                                     | 49.2                                  | 139.9                                    | 341.5                                 | 154.7                                  | 422.9                                    | 336.7                                 | 295.2                                  |
| SOP IEC      | 3,011.1                         | 2.6                              | 266.7                                    | 128.0                                 | 452.2                                    | 178.5                                 | 152.8                                  | 563.3                                    | 172.9                                 | 172.9                                  |
| SOP E        | 5,610.9                         | 4,512.5                          | 328.4                                    | 56.6                                  | 576.9                                    | 138.4                                 | 95.8                                   | 778.7                                    | 277.0                                 | 277.0                                  |
| OPTA         | 212.8                           | 170.2                            | 9,080.4                                  | 8.1                                   | 20.7                                     | 20.9                                  | 16.7                                   | 29.6                                     | 29.9                                  | 26.8                                   |
| OP CBC RO-BG | 262.0                           | 217.8                            | 194.8                                    | 0.5                                   | 11.3                                     | 12.1                                  | 10.0                                   | 28.9                                     | 26.3 <sup>1</sup>                     | 21.7                                   |

<sup>1</sup>Available at 31st July 2012

| OP           | Payments to beneficiaries in total allocation (%) |            |            | Certified expenditure in total allocation (%) |            |            |
|--------------|---|------------|------------|---|------------|------------|
|              | 31.12.2010  | 31.12.2011 | 30.09.2012 | 31.12.2010                                    | 31.12.2011 | 30.09.2012 |
| ROP          | 13.4  | 23.2       | 30.9       | 5.5   | 11.2       | 17.9       |
| SOP T        | 0.9   | 2.6        | 7.9        | 0.9   | 6.4        | 6.3        |
| SOP IEC      | 8.9   | 15.0       | 18.7       | 4.3   | 5.9        | 5.7        |
| SOP E        | 5.9   | 10.3       | 13.9       | 1.0   | 2.5        | 4.9        |
| OPTA         | 4.3   | 9.8        | 13.9       | 3.8   | 9.8        | 14.0       |
| OP CBC RO-BG | 0.1   | 4.3        | 11.0       | 0.2   | 4.6        | 10.1       |

**Annex Table G - Implementation by OPs (Convergences Objective) and phases (only EU funding) (%)**

| OP                       | at the end of the year if not specified different | PROJECTS SUBMITTED (ERDF + Cohesion Fund value in total EU allocation) | PROJECTS APPROVED (ERDF + Cohesion Fund value in total EU allocation) | PROJECTS CONTRACTED (ERDF + Cohesion Fund value in total EU allocation) EUR million | PAYMENTS TO BENEFICIARIES (ERDF + Cohesion Fund value including prefinancing in total EU allocation) | PAYMENTS FROM EC (ERDF + Cohesion Fund value in total EU allocation) |
|--------------------------|---|--|---|---|--|--|
| ROP                      | 2009  | 127.8  | 29.9  | 27.1  | 4.8  |  |
|                          | 2010  | 192.4  | 55.8  | 53.7  | 14.9   |  |
|                          | 2011  | 203.8  | 86.1  | 78.2  | 25.0   | 11.73  |
|                          | 30.sep.12   | 206.1  | 96.9  | 90.0  | 32.6   | 21.10  |
| SOP E                    | 2009  | 55.2   | 19.7  | 19.6  | 4.0  | -  |
|                          | 2010  | 93.3   | 44.4  | 43.2  | 7.1  | -  |
|                          | 2011  | 108.0  | 86.2  | 81.6  | 11.9   | 2.12   |
|                          | 30.sep.12   | 121.9  | 91.3  | 91.1  | 15.3   | 6.14   |
| SOP T                    | 2009  | 43.9   | 8.2   | 3.6   | 0.7  | -  |
|                          | 2010  | 77.4   | 15.1  | 13.8  | 1.0  | -  |
|                          | 2011  | 116.6  | 39.7  | 38.5  | 3.1  | 3.39   |
|                          | 30.sep.12   | 142.4  | 61.61   | 56.2  | 9.3  | 6.46   |
| SOP IEC                  | 2009  | 137.9  | 22.6  | 17.6  | 4.7  | -  |
|                          | 2010  | 238.0  | 44.4  | 30.0  | 5.7  | -  |
|                          | 2011  | 281.8  | 70.6  | 42.5  | 15.9   | 5.98   |
|                          | 30.sep.12   | 302.0  | 89.0  | 55.3  | 19.0   | 6.77   |
| OPTA                     | 2009  | 19.9   | 14.7  | 13.1  | 0.4  | -  |
|                          | 2010  | 36.8   | 29.6  | 29.5  | 5.3  | -  |
|                          | 2011  | 42.7   | 36.5  | 34.7  | 12.1   | 9.83   |
|                          | 30.sep.12   | 85.1   | 71.2  | 67.7  | 17.2   | 15.74  |
| SI (note: including ESF) | 2009  | 102.7  | 29.6  | 16.1  | 3.0  | -  |
|                          | 2010  | 155.4  | 48.3  | 42.4  | 8.6  | -  |
|                          | 2011  | 183.6  | 75.1  | 64.9  | 15.1   | 5.55   |
|                          | 2012  | 194.9  | 86.3  | 75.9  | 20.5   | 9.70   |

Source: [http://www.fonduri-ue.ro/res/filepicker\\_users/cd25a597fd-62/rezultate/prj\\_ctr/pc\\_arhive\\_septembrie.2012.zip](http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/rezultate/prj_ctr/pc_arhive_septembrie.2012.zip) and own calculation

**Annex Table H - Stage of implementation by policy area**

| Policy Area                | ERDF and Cohesion Fund Allocation 2007 - 2013 |             |                     | Certified expenditure | Implementation rate against total allocation (%) | Implementation rate against commitments 2011 (%) |
|----------------------------|---|-------------|---------------------|-----------------------|--|--|
|                            | Convergence objective                         | ETC         | Convergence and ETC | 31 12 2011            |  |  |
|                            | EUR million                                   | EUR million | EUR million         | EUR million           |  |  |
| 1. Enterprise environment  | 2,230.1                                       | 33.0        | 2,263.1             | 206.5                 | 9.1  | 16.0   |
| 2. Human resources         | 24.2  | 14.5        | 38.7                | 1.1                   | 2.9  | 22.9   |
| 3. Transport               | 5,330.3                                       | 61.0        | 5,391.3             | 584.3                 | 10.8   | 18.4   |
| 4. Environment and energy  | 5,140.6                                       | 75.8        | 5,216.4             | 168.9                 | 3.2  | 5.2  |
| 5. Territorial development | 2,244.8                                       | 20.0        | 2,264.8             | 167.8                 | 7.4  | 16.1   |
| 6. Technical assistance    | 558.9   | 13.5        | 572.4               | 50.7                  | 8.9  | 28.3   |
| Total                      | 15,528.9                                      | 217.8       | 15,746.7            | 1,179.2               | 7.5  | 13.2   |

**Annex Table I - Expected expenditure to avoid decommitment in 2012 and 2013**

|         | Allocated EUR Million | Certified Expenditure 2011 EUR Million | 2012 EUR million volume of expenditure to avoid decommitment | 2013 EUR million volume of expenditure to avoid decommitment |
|---------|-----------------------|--|--|--|
| ROP     | 4,383.6               | 488.6                                  | 163  | 1,190  |
| SOP T   | 5,697.7               | 341.4                                  | 334  | 1,599  |
| SOP IEC | 3,011.1               | 183.4                                  | 124  | 1,284  |
| SOP E   | 5,610.9               | 138.4                                  | 490  | 1,535  |
| OPTA    | 212.8                 | 20.9                                   | 12   | 58   |
| CBC     | 262.0                 | 12.3                                   | 34   | 72   |

**Annex Table J - List of evaluations and their stage at 15 October 2012 (only ERDF and Cohesion Fund)**

| No | Title   | Stage                               |
|----|---|-------------------------------------|
| 1  | Ex-ante evaluation of 2007-2013 OP  | completed                           |
| 2  | Ex-ante evaluation of Framework Documents for Implementation  | completed                           |
| 3  | Formative evaluation of SI in Romania   | completed                           |
| 4  | Challenges regarding the capacity of beneficiaries of SIs   | completed                           |
| 5  | Examination of investment in transport infrastructure and environment   | completed                           |
| 6  | Intermediary ROP evaluation   | completed                           |
| 7  | Interim evaluation summary report at the OP level   | completed                           |
| 8  | Evaluation of priorities and projects implementation within the ROP 2007-2013 addressed to the business environment | completed                           |
| 9  | Assessing the administrative capacity of regions in regional development area                                       | completed                           |
| 10 | Update interim evaluation of ROP  | In the tender                       |
| 11 | Intermediary SOPIEC evaluation  | completed                           |
| 12 | Assess the implementation of the SOPIEC Communication Plan  | completed                           |
| 13 | Intermediary SOP HRD evaluation   | completed                           |
| 14 | Intermediary TAOP evaluation  | completed                           |
| 15 | Ex-ante evaluation of 2014-2020 programmatic documents  | Tender documentation completed      |
| 16 | Evaluation of TAOP absorption   | completed                           |
| 17 | Prognosis absorption and evaluating options for reallocating funds in NSRF  | completed                           |
| 18 | Evaluation of the pre-funding mechanism   | contracted                          |
| 19 | Evaluation of the application of the equal opportunities' principle   | ongoing                             |
| 20 | Evaluation of the application of the sustainable development principle  | Tender documentation completed      |
| 21 | Survey concerning the statistical registers   | ongoing                             |
| 22 | Evaluation of the territorial distribution of assistance  | Tender documents in the final phase |
| 23 | Analysis of conformity with the provisions of the accession agreement in the field of transport and environment     | In the tender                       |
| 24 | Impact assessment of investments in enterprises based on facts  | Tender documents in preparation     |
| 25 | Impact assessment of investments in the education based on facts  | Tender documents in final phase     |
| 26 | Evaluation of territorial approaches mechanisms   | Tender documents in final phase     |
| 27 | Evaluation of costs per unit  | Tender documents in final phase     |
| 28 | Ex-ante evaluation of 2014-2020 Partnership Agreement   | In the tender phase                 |
| 29 | Ex-ante evaluation of the 2014-2020 Rural Development Programme   | Tender documentation completed      |
| 30 | Evaluation of the network effects (roads)   | not started                         |
| 31 | Impact assessment on municipalities   | not started                         |
| 32 | Evaluation of the equal opportunities using the data from the general census  | not started                         |
| 33 | Impact assessment of the support granted to large enterprises   | not started                         |
| 34 | Impact assessment of the active employment actions based on facts   | not started                         |
| 35 | Impact assessment concerning the support of the infrastructure on the creation of new jobs                          | not started                         |
| 36 | Intermediary SOP HRD evaluation   | Tender documents in preparation     |
| 37 | Development of the mathematic model to set the targets for the indicators related                                   | not started                         |



| No | Title   | Stage  |
|----|---|--|
|    | to the future programming period for the rural development program of Romania   |  |
| 38 | Lessons learnt ROP  | Tender documents in final phase              |
| 39 | Intermediary OPACD evaluation   | on-going                                     |
| 40 | Intermediary SOPT evaluation  | Tender documents in final phase              |
| 41 | Intermediary SOPIEC evaluation  | In the tender phase                          |
| 42 | Jeremie evaluation  | Tender documents in final phase              |
| 43 | Survey to fill out the common and additional outcome indicators provided in the fiches for the measures provided in the NPRD for completed projects | Tender failed, in the process of relaunching |

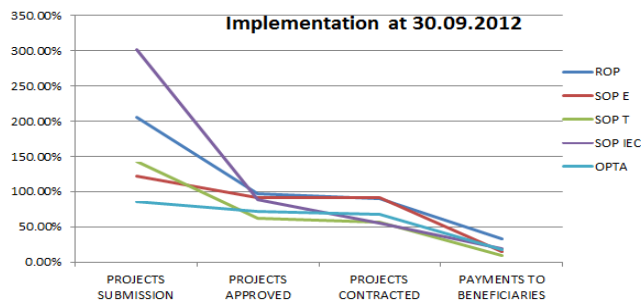
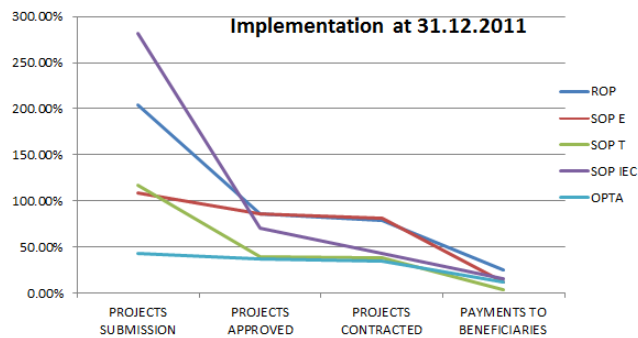
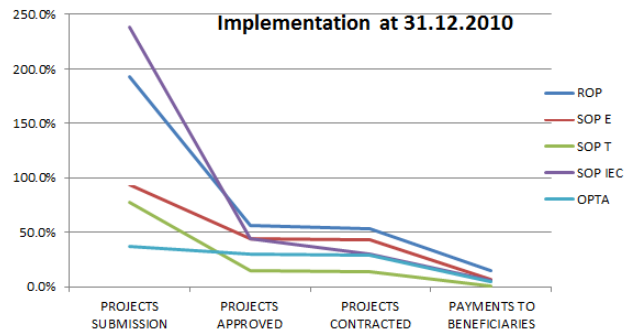
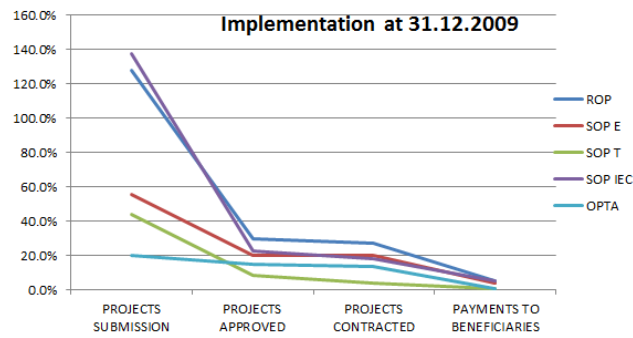
**Annex Table K - Broad policy areas and correspondence with fields of intervention (FOI)**

| Policy area               |                             | Code                   | Priority themes  |  |
|---------------------------|-----------------------------|------------------------|--|--|
| 1. Enterprise environment | RTDI and linked activities  | 01                     | R&TD activities in research centres  |  |
|                           |                             | 02                     | R&TD infrastructure and centres of competence in a specific technology   |  |
|                           |                             | 05                     | Advanced support services for firms and groups of firms  |  |
|                           |                             | 07                     | Investment in firms directly linked to research and innovation (...)   |  |
|                           |                             | 74                     | Developing human potential in the field of research and innovation, in particular through post-graduate studies ...  |  |
|                           | Innovation support for SMEs | 03                     | Technology transfer and improvement of cooperation networks ...  |  |
|                           |                             | 04                     | Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)                     |  |
|                           |                             | 06                     | Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)             |  |
|                           |                             | 09                     | Other measures to stimulate research and innovation and entrepreneurship in SMEs                                     |  |
|                           |                             | 14                     | Services and applications for SMEs (e-commerce, education and training, networking, etc.)                            |  |
|                           |                             | 15                     | Other measures for improving access to and efficient use of ICT by SMEs  |  |
|                           | ICT and related services    | 11                     | Information and communication technologies (...)   |  |
|                           |                             | 12                     | Information and communication technologies (TEN-ICT)   |  |
|                           |                             | 13                     | Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)                       |  |
|                           | Other investment in firms   | 08                     | Other investment in firms  |  |
|                           | 2. Human resources          | Education and training | 62   | Development of life-long learning systems and strategies in firms; training and services for employees ... |
|                           |                             |                        | 63   | Design and dissemination of innovative and more productive ways of organising work                         |
| 64                        |                             |                        | Development of special services for employment, training and support in connection with restructuring of sectors ... |  |
| 72                        |                             |                        | Design, introduction and implementing of reforms in education and training systems ...                               |  |
| 73                        |                             |                        | Measures to increase participation in education and training throughout the life-cycle ...                           |  |

| Policy area               |                                 | Code                     | Priority themes   |
|---------------------------|---------------------------------|--------------------------|---|
|                           | Labour market policies          | 65                       | Modernisation and strengthening labour market institutions  |
|                           |                                 | 66                       | Implementing active and preventive measures on the labour market  |
|                           |                                 | 67                       | Measures encouraging active ageing and prolonging working lives   |
|                           |                                 | 68                       | Support for self-employment and business start-up   |
|                           |                                 | 69                       | Measures to improve access to employment and increase sustainable participation and progress of women ... |
|                           |                                 | 70                       | Specific action to increase migrants' participation in employment ...                                     |
|                           |                                 | 71                       | Pathways to integration and re-entry into employment for disadvantaged people ...                         |
|                           |                                 | 80                       | Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders         |
| 3. Transport              | Rail                            | 16                       | Railways  |
|                           |                                 | 17                       | Railways (TEN-T)  |
|                           |                                 | 18                       | Mobile rail assets  |
|                           |                                 | 19                       | Mobile rail assets (TEN-T)  |
|                           | Road                            | 20                       | Motorways   |
|                           |                                 | 21                       | Motorways (TEN-T)   |
|                           |                                 | 22                       | National roads  |
|                           |                                 | 23                       | Regional/local roads  |
|                           | Other transport                 | 24                       | Cycle tracks  |
|                           |                                 | 25                       | Urban transport   |
|                           |                                 | 26                       | Multimodal transport  |
|                           |                                 | 27                       | Multimodal transport (TEN-T)  |
|                           |                                 | 28                       | Intelligent transport systems   |
|                           |                                 | 29                       | Airports  |
|                           |                                 | 30                       | Ports   |
|                           |                                 | 31                       | Inland waterways (regional and local)   |
| 32                        |                                 | Inland waterways (TEN-T) |   |
| 4. Environment and energy | Energy infrastructure           | 33                       | Electricity   |
|                           |                                 | 34                       | Electricity (TEN-E)   |
|                           |                                 | 35                       | Natural gas   |
|                           |                                 | 36                       | Natural gas (TEN-E)   |
|                           |                                 | 37                       | Petroleum products  |
|                           |                                 | 38                       | Petroleum products (TEN-E)  |
|                           |                                 | 39                       | Renewable energy: wind  |
|                           |                                 | 40                       | Renewable energy: solar   |
|                           |                                 | 41                       | Renewable energy: biomass   |
|                           |                                 | 42                       | Renewable energy: hydroelectric, geothermal and other   |
|                           |                                 | 43                       | Energy efficiency, co-generation, energy management   |
|                           | Environment and risk prevention | 44                       | Management of household and industrial waste  |
|                           |                                 | 45                       | Management and distribution of water (drink water)  |
|                           |                                 | 46                       | Water treatment (waste water)   |
|                           |                                 | 47                       | Air quality   |
|                           |                                 | 48                       | Integrated prevention and pollution control   |
|                           |                                 | 49                       | Mitigation and adaption to climate change   |

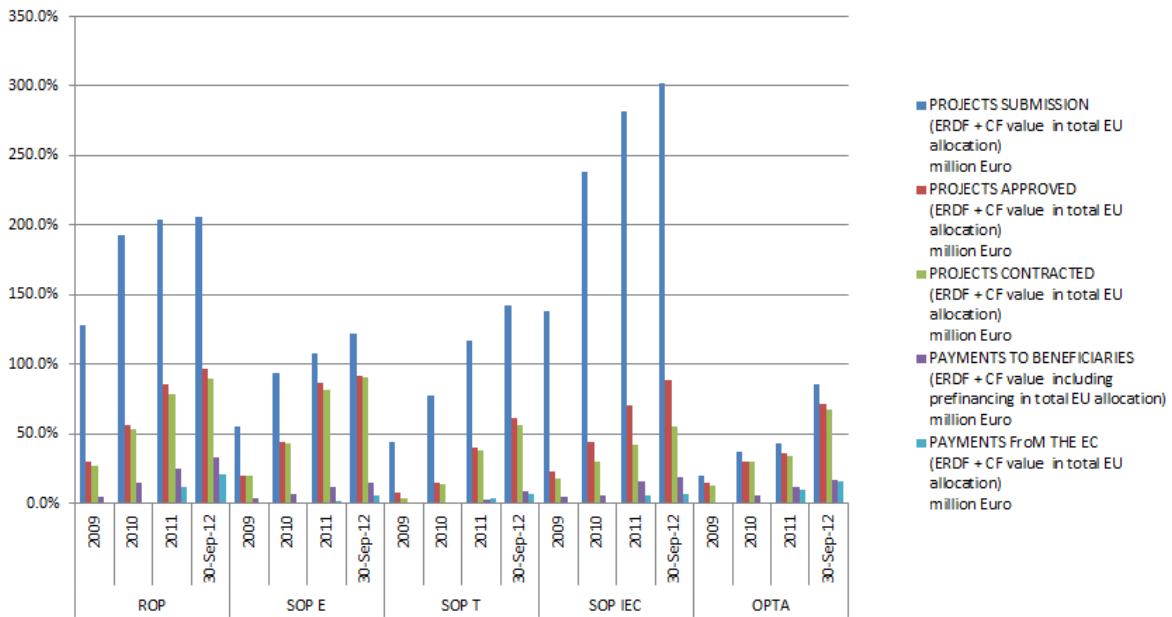
| Policy area                |                             | Code | Priority themes   |
|----------------------------|-----------------------------|------|---|
|                            |                             | 50   | Rehabilitation of industrial sites and contaminated land  |
|                            |                             | 51   | Promotion of biodiversity and nature protection (including Natura 2000)                         |
|                            |                             | 52   | Promotion of clean urban transport  |
|                            |                             | 53   | Risk prevention (...)   |
|                            |                             | 54   | Other measures to preserve the environment and prevent risks                                    |
| 5. Territorial development | Social Infrastructure       | 10   | Telephone infrastructure (including broadband networks)   |
|                            |                             | 75   | Education infrastructure  |
|                            |                             | 76   | Health infrastructure   |
|                            |                             | 77   | Childcare infrastructure  |
|                            |                             | 78   | Housing infrastructure  |
|                            | Tourism and culture         | 79   | Other social infrastructure   |
|                            |                             | 55   | Promotion of natural assets   |
|                            |                             | 56   | Protection and development of natural heritage  |
|                            |                             | 57   | Other assistance to improve tourist services  |
|                            |                             | 58   | Protection and preservation of the cultural heritage  |
|                            | Planning and rehabilitation | 59   | Development of cultural infrastructure  |
|                            |                             | 60   | Other assistance to improve cultural services   |
|                            |                             | 61   | Integrated projects for urban and rural regeneration  |
|                            | Other                       | 82   | Compensation of any additional costs due to accessibility deficit and territorial fragmentation |
|                            |                             | 83   | Specific action addressed to compensate additional costs due to size market factors             |
| 6. Technical assistance    |                             | 84   | Support to compensate additional costs due to climate conditions and relief difficulties        |
|                            |                             | 81   | Mechanisms for improving good policy and programme design, monitoring and evaluation ...        |
|                            |                             | 85   | Preparation, implementation, monitoring and inspection  |
|                            |                             | 86   | Evaluation and studies; information and communication   |

**Annex Figure A - Progress of implementation 2009 - 2012**



**Annex Figure B - Implementation of the Convergence OPs 2009-2012**

**Implementation of the Convergence OPs 2009 - 2012**



**Annex Figure C - Absorption rate 2011 - 2012**

