

Interim Evaluation of the Romania-Bulgaria Cross-Border Cooperation Programme 2007- 2013

Evaluation Report



Common borders. Common solutions.

Commissioned by:

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Executive Summary

Objectives and scope

The overall objective of the evaluation is to contribute to the successful implementation of the “Romania-Bulgaria Cross-Border Cooperation Programme 2007-2013”, by identifying issues affecting performance and recommending solutions for improvement.

The evaluation exercise focuses on four broad evaluation issues:

- Effectiveness of the Programme (financial and physical progress);
- Efficiency of the Programme (implementation system);
- Effectiveness in reaching Horizontal objectives;
- Effectiveness of the Programme Communication Plan.

Clear and pragmatic recommendations are an essential element of the evaluation, in order to support decision-making on improvements of the Programme performance.

The evaluation covers the four PAs of the Programme; Programme evolution from 1 January 2007 to 1 June 2010 and implementation system in terms of planning and launching the call for proposals, quality of the application forms, timeliness and effectiveness of the selection procedures, timeliness and effectiveness of the contracting procedures; effectiveness of the monitoring procedures.

Methodological approach

The methodological approach is based on an evaluation framework structured in the four evaluation themes and the eleven evaluation questions suggested by the terms of reference and associating judgement criteria and indicators/descriptors to each evaluation question. With reference to the methodological approach adopted and delivered we note that:

- ▶ in elaborating the information collected from the field phase, we have decided to treat jointly two questions of the evaluation theme effectiveness (Q3, Q4);
- ▶ financial Progress of the Programme and the status of the applications submitted before the cut off date are updated at 7 December 2010;
- ▶ a sample of 33 projects was included in the analysis, composed of 23 successful applicants and 10 unsuccessful applicants;
- ▶ a counterfactual analysis, based on the interview of five potential applicants has complemented the main methodological approach.

Findings and recommendations

Hereinafter we present the main findings and recommendations of the evaluation exercise according to Evaluation theme. In order to prioritize actions on behalf of the Managing Authority, recommendations are distinguished in recommendations for current and future programming period.

When no recommendation is associated to a finding, it means that either there is no issue in relation to the evidence collected or that an applicable recommendation is provided under a different finding.

Effectiveness of the Programme

Relevance of the strategy

- ▶ **C1, C2, C3:** The Programme area has been affected by the economic and financial downturn which has put a sudden halt to the strong economic growth experienced between 2004 and 2008 and has decreased the overall expectations and confidence of economic actors.

The economic crisis has decreased the financing capacity of beneficiaries but there is little evidence of a net causal effect between the economic recession and the number/type of applications submitted.

The Programme strategy is still consistent with the socio-economic environment: needs of the area and intervention logic remain valid. The Programme identifies clearly the connection between socio-economic analysis, objectives and indicators.

The limitations encountered in updating the initial socio-economic analysis and SWOT revalidation show significant gaps in respect to access to data and information focusing on the Programme area.

- **Recommendation for future period:**
 - Pursue regular specific socio-economic studies in order to gain more knowledge about the Programme area.
 - Specific attention should be paid to external coherence with other Programmes in order to ensure complementarities and avoid overlaps, specifically in fields Environment and Labour market. Complementarities with private investments in ICT should also be considered;

Financial and physical progress

- ▶ **C4, C17:** Despite some delays in establishing the management and control system and the implementation structures of the Programme (now in place and functional), four calls for proposals have been launched until June 2009 and at December 2010, 131 projects have already been selected out of which 57 are contracted.
- ▶ **C4, C8, C9, C14:** The Programme is progressing towards the commitment of the whole financial allocation. 33% of the resources have already been committed, 51% are expected to be committed to selected projects and ERDF requests for over EUR 200 mn are under evaluation. Programme trends are defined and there is a low likelihood that new calls for proposals will be launched.
- ▶ **C5, C9, C12, C18:** Programme expenditure is low and amounts to less than 2% of commitments. At beneficiary level low progress of expenditure is confirmed by low physical progress. There are three main causes for this: late start-date of the projects, due to the duration of assessment and contracting, slow kick-starting of expenditure by beneficiaries, process of verification of expenditure not yet fully efficient.

The expenditure target to avoid decommitment in 2011 is EUR 14.4 mn, while the current level of expenditure amounts to approximately EUR 1.2 million. In 2011 expenditure will need to be produced by the 57 contracted projects and TA measures. Annual expenditure targets will increase in the following years, reaching the peak of EUR 72 mn in 2013.

- **Recommendation for current period**
 - To assess the actual risk of decommitment request updated forecasts of expenditure to beneficiaries and identify number and type of critical projects by updating the risk analysis at project level. Based on the results consider adopting a mix of the following actions: introduce

rules for decommitment, provide assistance to project beneficiaries, raise awareness among beneficiaries about the decommitment target.

Achievement of objectives

- ▶ **C6, C10, C11, C16:** The distribution of financial resources is balanced at **thematic PA level**, but unbalanced within each PA, with 3 Measures, one for each PA, accounting for 90% of the current and perspective commitments. As a consequence only 9 of the 13 specific objectives set at thematic PA level will be achieved, provided that projects are implemented according to expectations. The Programme is unlikely to meet the targets established for output indicators (number of financed projects).

The modality and frequency of launching of the calls for standard projects, was such that when the projects submitted under the first call were still under assessment, a second call was launched. This resulted in the lack of possibility of a more focused approach for the second call, in terms of better targeting KAIs, geographic areas and applicants who were less performing in the first call. Furthermore, the additional pressure provided by the new “batch” of projects accentuated the problems related to the lack of staff capacity and of a perfected management and control system.

TA resources have contributed to ensuring the regular functioning of Programme structures, the execution of activities required in the start phase and to a general perception of transparency about the Programme. However there is limited evidence of a direct cause effect relation with the overall performance of the Programme and PA4 indicators may be improved to ensure better monitoring and evaluation of TA effectiveness.

- **Recommendation for current period:**

- Consider revising the targets of output indicators for the 3 thematic PAs taking into account the first part of OP implementation.
- Introduce SMART TA indicators to better monitor and evaluate effectiveness of TA measures (e.g. “Number of planned Programme evaluations” could be replaced with “Number of carried out Programme Evaluations”). For this purpose the choice of indicators in the Technical Assistance Operational Programme may be considered.

- **Recommendation for future period:**

- A first call for proposals should be used in order to “test” the response of applicants and trends in terms of performing/underperforming KAIs, geographic areas and applicants. Once preliminary results are known, corrective actions can be taken in the form of targeted communication campaigns; launching calls for proposals addressing specific KAIs or with financial allocations by KAI.

The second call for proposals should be launched once the first selection process is completed in order to avoid overloading implementation structures, especially when staff capacity is low or implementation rules are not clear. Should the implementation time frame require an earlier launching of a second call, TA resources could be used to secure external support until programme structures and systems are fully operational.

Participation of territories and organizations

- ▶ **C6, C7, C13, C14:** The distribution of selected projects is, with few exceptions, balanced in geographical terms, both at national and regional level. NGOs and Public Administrations have shown the strongest interest.

98% of the selected projects go beyond the minimum requirements regarding cooperation and 75% are respecting all the four criteria of joint development, implementation, staffing and financing. However there is a need to further clarify the cooperation requirement.

- **Recommendation for future period:**

- Targeted communication campaigns addressing underrepresented KAIs (e.g. 1.2, 3.2, 3.3), types of applicants organizations (e.g. Education and training institutions, R&D Organizations and public employment services) and eligible areas (e.g. Mehedinti, Razgrad) should be considered prior to the launching of calls.

- ▶ **C15, C24:** Sustainability aspects are included in the Guidelines for Applicants within the "Exit/Continuation Strategy" but applicants fail to provide sufficient information.

- **Recommendation for future period:**

- Further detail the mandatory contents to be provided in the section in terms of financial, institutional and political sustainability so as to reduce the level of subjectivity in interpretation. The aspects should be scored in order to select projects that have a high likelihood of sustainability.

Efficiency of the Programme

Guidelines for applicants

- ▶ **C19, C20:** The quality of the application package is satisfactory and enables the preparation of good applications. Guidelines have improved progressively and the managing structures have taken a participatory, transparent approach by requesting and integrating feedback from beneficiaries. Specific improvements can be adopted in order to reduce errors in the preparation, implementation and monitoring of projects as well as strengthening the cross-border character of cooperation.

- **Recommendation for future period:**

- Differences between the Romanian and Bulgarian legislation and rules of procedure should be standardized / harmonized and explained in the Guide for Applicants (e.g. public procurement rules and treatment of labour contracts within the budget categories).
- Develop more detailed instructions regarding the joint character of projects.
- Establish a pre-defined set and/or limit the number of project indicators.
- Establish a clear link between KAI and applicable Programme indicators (for this purpose a drop-down menu would avoid mistakes of applicants).

Assessment and selection process

C21, C22, C23, C24, C25, C26, C27: The assessment and selection process is transparent but has encountered delays attributable to the lack of adequate human resources, extensive focus on administrative and eligibility issues and existence of multiple layers of control. The JSC ensure an adequate participation of local authorities and coordination with other Programmes.

- **Recommendation for future period:**

- An application file in excel format inclusive of automated checks and a limited number of attachments, would reduce the number of administrative errors, clarifications, number of rejected projects for administrative issues.

- Introduce for each scoring criteria intermediate scores, in order to provide further guidance to applicants in the preparation of the applications and to assessors in the assigning of scores.
- Human resources availability should be ensured before the start of the assessment process.
- When using external assessors for the technical and financial assessment, calibration exercises should be carried out to ensure uniform application of scoring criteria.
- With the increase of experience, the JTS should gradually take over the responsibility for project assessment, with a reduced operational involvement of the MA in terms of verification over the work of the JTS, making the respective processes more efficient. Verifications on behalf of the MA should shift towards sample basis.

Contracting

C28, C29, C30: The contracting procedure is transparent and substantially efficient in terms of timing but has been affected by such bottlenecks as late provision of contracting documentation by beneficiaries, controls and verifications performed by the MA over the work of the JTS and project changes requiring the sign-off of addenda to the contract. Staff capacity issues have been solved with the hiring of dedicated personnel within the JTS and MA in the second half of 2010.

- **Recommendation for current period:**

- The procedure for contract modifications should be further detailed, increasing the number of situations in which a simple notification is required versus addenda to the contract.
- Staff capacity related to contracting should be increased in the perspective of contracting an additional number of 74 projects.
- The technical and financial assessment process should “prepare” projects for contracting. In case of budget adjustments, the applicant could provide the revised budget during the assessment process, avoiding the postponing of the revision in the pre-contracting phase.

- **Recommendation for future period:**

- With the increase of experience, the JTS should gradually take over the responsibilities for project contracting, with a reduced operational involvement of the MA in terms of verification over the work of the JTS, making the respective processes more efficient. Verifications on behalf of the MA should shift towards sample basis.

Monitoring

- ▶ **C31, C32, C34, C36:** The system for monitoring is in place but requires improvements in terms of efficiency to serve as a useful tool for Programme governance. The monitoring and information system MIS-ETC has a limited functionality as a reporting tool as it is not able to generate information (reports) that are adequate to the information needs of Programme stakeholders and has generated additional workloads for the MA, JTS, CA which may turn into bottlenecks in the financial circuit.

Procedures for project monitoring are in place and are considered useful by beneficiaries. However there are some specific adjustments to the templates that could make the reporting leaner.

The set of monitoring indicators is well defined and interfaced with the project level. Project specific indicators, due to their high level of specificity, are not useful to identify additional trends at Programme Level.

- **Recommendation for current period:**
 - For ensuring the existence of an adequate monitoring system the MA, in consultation with other Programme stakeholders, should take concrete steps for either the implementation of MIS-ETC reporting function or an ad-hoc software.
 - Revise the progress report templates: the financial section of the monitoring report should be structured in excel format; two distinct tables should be adopted to report separately on PA indicators and Project specific indicators in order to avoid confusion.
 - Staff capacity related to monitoring should be increased in the perspective of contracting an additional number of 74 projects.
- **Recommendation for future period:**
 - Structure project specific indicators in such a manner that applicants may choose among a pre-selected set of indicators that may also capture additional Programme trends and add, on their choice, only a limited number of specific ones.

Financial control

- ▶ **C33, C35, C36:** The Financial control process is not efficient yet. The main reasons are lack of experience of beneficiaries in preparing reimbursement claims, lack of precise guidelines for the use of First Level Controllers and existence of multiple layers of verification in expense validation. Reimbursement claims of low value created inefficiencies in the use of resources.
 - **Recommendation for current period:**
 - Increase the number of informative actions and workshops on the topic of reimbursement claim preparation.
 - Revise the guidelines for First Level Control, in such a manner that they are not subject to the interpretation of controllers and use Technical Assistance to coach controllers on the job for a limited period of time.
 - Set minimum thresholds to the value of reimbursement claims.
 - First Level Control staff capacity should be increased in the perspective of contracting an additional number of 74 projects.
 - With the increase of experience of the FLC, the MA should reduce (as planned) the number of verifications on reimbursement claims to sample checks.

Horizontal issues

- ▶ **C37, C41, C42:** The horizontal issues of equal opportunities, sustainable development and climate change are taken into consideration, from programming documents to selection criteria. Stakeholder interviews suggest some degree of superficiality from applicants in treating horizontal themes in the application process. Such finding was confirmed by screening a sample of actual applications.
 - **Recommendation for current period:**
 - Targeted campaigns could be undertaken in order to raise awareness on horizontal issues and provide guidance on how to concretely embed horizontal issues in project implementations.
 - Consider establishing an Equal Opportunities Counsellor as member of the Joint Steering Committee in order to further embed the treatment of the issue in Programme implementation.

- ▶ **C39, C40:** Compliance with horizontal issues is an eligibility criteria, nevertheless, it is referring to non-hampering rather than promotion of horizontal principles at project level.

Horizontal themes are subject to scoring, but there is a high degree of subjectivity in how to score the applications as no detailed guidelines are issued.

- **Recommendation for future period:**

- For further embedding horizontal issues in project implementation, revise the eligibility condition in terms of verification on how the project aims to contribute to the promotion of equal opportunities, climate change and sustainable development.
- Provide guidelines for evaluators on how to score horizontal principles.

- ▶ **C38:** With the exception of gender balance, project level monitoring and reporting do not capture the contribution of projects to the horizontal themes as no specific indicators exist and the information is not provided in quarterly monitoring reports.

- **Recommendation for future period:**

- Strengthen the monitoring of compliance with horizontal principles by requiring a more enhanced set of indicators to be computed mandatory by all beneficiaries at project level.

Communication activities

- ▶ **C43, C44, C45:** Communication activities based on a clear, coherent and structured Communication Plan, are generally ahead of the intermediate target values for 2010 (including the objective of general awareness) and appreciated by applicants.

- ▶ **C43:** The objective of high absorption of funds has been effectively pursued by means of initiatives aimed at promoting the Programme and the calls for proposals. With an increasing number of projects being contracted, some initiatives related to implementation have already been rolled-out.

- **Recommendation for current period:**

- Communication activities should continue and strengthen their focus on initiatives related to project implementation.

- ▶ **C45:** Steps towards increasing efficiency and transparency have been made by centralizing website and helpdesk functions within the JTS and Infopoint, however this is a timely process and both the MA and NA are still providing information and assistance to applicants and beneficiaries resulting in additional workloads for the staff and possible inconsistencies in the information provided.

- **Recommendation for current period:**

- In order to ensure consistency in the delivery of the help desk function and avoiding additional workload within the MA and NA, beneficiaries and applicants should be redirected regularly to the JTS. In occasion of public events and communication activities the role of the JTS as unique provider of help desk function should be stressed.

- The CBC Official Website, www.cbcmmaniabulgaria.eu, should be the only one to update regularly information; national websites should include a simple presentation of the Programme and have a clear link pointing to it (www.bgregio.eu, www.mrrb.government.bg, www.eufunds.bg).

- **Recommendation for future period:**

- A partner search facility complemented by an online collaborative platform administered by the help desk function hosted by the Programme website, may contribute not only to the creation of partnerships, but also to the generation of new and better project ideas.
- ▶ **C46:** The financial progress of communication activities shows substantial spending economies given the fact that they have benefited of pre-accession assistance in the kick-off phase of the Programme.
 - **Recommendation for current period:**
 - A detailed analysis of future needs of communication activities should be undertaken in order ensure proper allocation of funds.