

ROMANIA



**MINISTRY OF INTERIOR AND ADMINISTRATIVE
REFORM**

Operational Programme

***ADMINISTRATIVE CAPACITY
DEVELOPMENT***

2007-2013



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List of acronyms

AA	Audit Authority
AFCOS	Anti-Fraud Coordination Service
AGS	Agency for Governmental Strategies
AIR	Annual Implementation Report
ACIS	Authority for Coordination of Structural Instruments
B	Beneficiary
CF	Cohesion Fund
CHUPIA	Central Harmonizing Unit for Public Internal Audit
CPA	Certifying and Paying Authority
CSG	Community Strategic Guidelines
CUPAR	Central Unit for Public Administration Reform
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EFF	European Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
GD	Government Decision
GEO	Government Emergency Ordinance
GSG	General Secretariat of the Government
HR	Human Resources
HRM	Human Resources Management
IB	Intermediate Body
ISP	Institutional strategic plan
IMC	Inter-ministerial Committee
MA	Managing Authority
MIAR	Ministry of Interior and Administrative Reform
MERY	Ministry of Education, Research and Youth
MLFEO	Ministry of Labour, Family and Equal Opportunities
MPH	Ministry of Public Health
MEF	Ministry of Economy and Finance
NACS	National Agency of Civil Servants
NARMPP	National Authority for Regulating and Monitoring Public Procurement
NCP	National Commission of Prognosis
NDP	National Development Plan
NIA	National Institute of Administration
NIS	National Institute of Statistics
NSRF	National Strategic Reference Framework
OECD	Organization for Economic Co-operation and Development
OLAF	European Anti-Fraud Office
OP	Operational Programme
OP ACD	Operational Programme for Administrative Capacity Development
OPTA	Operational Programme for Technical Assistance
PA	Priority Axis
PAR	Public Administration Reform
PHARE	Poland and Hungary Aid for Reconstruction of the Economy
PIA	Public Internal Audit
PPU	Public Policy Unit

RTC	Regional Training Centre
SCF	Structural and Cohesion Funds
SEA	Strategic Environmental Assessment
SMIS	Single Management Information System
SOP HRD	Sectoral Operational Programme Human Resources Development
UCVPP	Unit for Coordination and Verification of Public Procurement
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

Glossary of Terms

Operational Programme Administrative Capacity Development	
Central administration	Romanian public central administration consists of ministries, their affiliated institutions and deconcentrated bodies.
Local administration	Romanian local administration consists of two tiers: one at county level and another one at municipal (including municipia and towns) or communal level. There is no subordination between these levels of local public administration.
Municipal and communal authorities	The municipal (municipia and towns) and communal authorities are the elected local councils and elected mayors. These authorities are autonomous administrative bodies and deal with the public affairs of towns and communes.
Municipia	According to Law no. 2/1968 regarding the territorial-administrative organization of Romania: "Towns with higher number of inhabitants, having a special importance from economic, socio-political and cultural point of view, can be organized as municipia".
Deconcentration	According to Law No. 195/2006: "redistribution of administrative and financial competences from ministries and other specialised institutions of the central public administration towards its own specialised structures from the territory."
Decentralisation	According to Law No. 195/2006: "transfer of administrative and financial competences from the level of the central public administration to the level of local public administration or to private sector."
County council	Romania is divided into 41 administrative-territorial units called 'counties' (Ro. 'judet'). The county council is the elected public administration authority that coordinates the municipal/communal councils and deals with public services at county level.
Inter-communality	According to Law No.286/2006: "Cooperation structure with judicial personality, private law, set up by the territorial-administrative units in order to carry out together some development projects of area or regional interest or supplying together some public services, under the term of law. It allows the association of administrative-territorial units to elaborate, in partnership, local and regional development projects, and to deliver public services."
Prefects/sub-prefects	The prefects are appointed by the Government in each county and in Bucharest and represent the Government at local level. They run the prefectural institutions of the counties and have under their authority the deconcentrated public services of the ministries. They are high civil servants, as well as their deputies, the sub-prefects.
Deconcentrated public services	The deconcentrated public services represent the ministries in each county and are subordinated to the prefect. They are not financially autonomous and their financial resources are allocated by the respective ministries.
High civil servants	According to the level of attributions of civil servants, they have the highest level of responsibility and decision (e.g. prefects, subprefects, secretary general, deputy secretary general, governmental inspectors). This corps was made of 178 persons in 2006 (according to the Report for civil service and civil servants management in 2006, from official NACS website).
Leading civil servants	Civil servants working in management positions (e.g. general director, director, head of unit, etc.).
Public managers	Corps of civil servants with special status, who are promoted according to the fast-track system. They are trained under the Young Professionals Scheme (YPS), financed by Phare or the "Romanian Government" Special Scholarship Programme, financed by UNDP.

Management levels	Refers to the various levels of hierarchy (e.g. general director, director, head of unit, etc.) The personnel could be both civil servants and contractual staff.
Professional levels	Refers to the various specialisations across public administration structures (e.g. HRM, legal, financial, ITC, etc.)
Professional training	Training targeting the professional levels.
Public administration authorities	All institutions in the public administration system (e.g. ministries, deconcentrated bodies, prefectures, local councils, etc.).
Agencies of the ministries	Bodies directly subordinated to the ministries (e.g. National Agency for Civil Servants is one of the agencies of the Ministry of Interior and Administrative Reform).
Interministerial council for administration and civil service, decentralisation, local communities	Interministerial working group consisting of high government officials (ministers, secretaries of state, etc.) and debating on the main issues related to Public Administration Reform.
Public policy	A set of rules and procedures at the executive level of public administration, through which the accomplishment of the aims and priorities previously decided upon at political level and which allow the development of all the essential sectors of social life is ensured. (According to the Manual of Methods Used in Public Policy Planning and Impact Evaluation, Bucharest 2006)
Public policy management cycle	According to the Manual of Methods Used in Public Policy Planning and Impact Evaluation, Bucharest 2006, the cycle consists of four main steps: establishing the agenda, policy formulation, decision-making process and policy implementation. The OP extends the definition of the cycle to also include monitoring and evaluation.
Civil servants	Personnel working in Romanian public administration structures, appointed to a public position regulated by the Statute of Civil Servants (Law No. 188/1999, with further amendments and supplements)
Contractual staff	Personnel working in Romanian public administration structures who have positions regulated by the Labour Law No. 53/2003, with further amendments and supplements
Administration staff	Civil servants, contractual staff and other positions holding special status working in public administration structures.
Network of modernisers	Central and local public administration representatives in charge with elaboration/implementation of modernization initiatives, at central and local level (GD No. 544/2005).

INTRODUCTION

The need to invest in institutional capacity is recognised by the Community Strategic Guidelines for Cohesion in those Member States where socio-economic performance and good governance constitute some of the main challenges of the next period¹. Administrative capacity development deals with a set of structural and process changes that allow Governments to improve the formulation and implementation of programmes in order to achieve enhanced results.

The rationale for a separate Operational Programme Administrative Capacity Development

The revised Lisbon Strategy calls for better legislation, policy design and delivery in order to create the conditions for economic growth and job creation. Administrative capacity development can make a direct contribution to the achievement of these objectives.

In the pre-accession period, the Romanian administration, supported by Phare, took deliberate actions between 2001 and 2006 under the plan for Public Administrative Reform (PAR). These actions focused on creating the necessary legislative and institutional framework for improving and strengthening public administration in a decentralised context. Technical analyses carried out by Romanian experts and foreign consultants have confirmed the need to continue these efforts to achieve the long term objectives of improved service delivery and for public administration to support the aims of economic growth, a genuine improvement in social conditions and good governance. The next stage of the reform process is to start operating according to the new legal and institutional framework, to implement the methodologies and procedures that have been prepared under the PAR process to date and to invest significantly in the training of personnel who hold responsibility for the new administrative methods.

In this context, the Priority Axes of the OP ACD are designed to:

- address horizontal management problems at all public administration levels (central and local) with a focus on key attributes that strengthen the reliability of the administration, in particular decision making, better regulation, accountability and organisational effectiveness, and
- specifically target improvements to the decentralisation of service delivery in certain prioritised sectors (Health, Education, Social Assistance) and improve the quality and efficiency of service delivery.

Improvements in responsiveness and reliability that lead to enhanced socio-economic conditions should be reflected in a higher level of trust in public administration. These factors, being in line with the overall ESF objectives and the Community Strategic Guidelines for Cohesion 2007-2013, represent the highest level of strategy stated in the OP ACD.

¹ *Strengthening institutional capacity and efficiency of public administrations and public services in the programming period 2007-2013 – DG Employment and Social Affairs*

Ex-ante Evaluation of the Operational Programme

In accordance with Article 48(2) of the Council Regulation No.1083/2006, the ex-ante evaluation of the OP ACD was carried out by an international evaluation team, in the period August 2006 to January 2007. The evaluation adopted a highly interactive approach with the Managing Authority which enabled the initial recommendations of the evaluators to be taken into consideration in the finalization of the OP. The interaction was organized through interviews with key actors, kick-off meetings, several feedback meetings, seminars on indicators and reports that were disseminated.

In the course of the evaluation process, the key evaluation questions were the following:

- *Relevance*: to what extent are the programme's objectives relevant in relation to the evolving needs and priorities at national and EU level?
- *Effectiveness*: how realistic is the programme in achieving its specific and global objectives by 2013 or earlier?
- *Efficiency*: how well are the resources (inputs) allocated with respect to outputs or results?
- *Consistence and Coherence*: are the proposed objectives and measures logically linked to the socio-economic analysis, are they mutually consistent (consistence) and are they well embedded in the regional, national and Community (e.g. Lisbon Objectives) policy objectives and interventions (Coherence)?
- *Utility*: are the expected and unexpected effects realistic and globally satisfactory in the context of wider social, environmental and economic needs?
- *Sustainability*: will the effects obtained in the proposed programmes remain, even after the end of the programme without further public funding?
- *Management and monitoring arrangements*: how they may affect the achievement of programme objectives & contribute the chosen processes to positive results?

The findings and recommendations of the ex-ante evaluation were:

- Further consultations should be held with NIA, NACS, CUPAR and the three line ministries who manage the three selected priority sectors so as to ensure that the OP reflects existing and urgent needs and to specifically ask for and incorporate the lessons learnt so far in the PAR process;
- A clear distinction between the needs, problems and opportunities of the central and local administration is justified to be incorporated in the text. The third version of the OP ACD changes the distinction between central and local levels. The distinction should become clearer in the detailed programming documents;
- It is advised to undertake a thorough competency analysis of senior and junior civil servants. On this basis a needs analysis should be drawn up, in the form of a detailed analysis. This should focus on the needs for certain functions and the competencies needed in certain jobs and positions. The competency analysis would fall under the remit of NACS/ NIA who are targeted beneficiaries of the OP;
- The strategy should emphasise and concentrate more on the improvement of productivity and efficiency of the public administration according to the Lisbon Agenda. There should be a short justification that the proposed activities and operations lead to this goal;

- Indicators and identified target data should be related to the efficiency and productivity of the Romanian public administration;
- The OP should continue to respond to the priorities of the PAR and to the constant changes in the PAR environment, while continually stressing the need to maintain focus on the selected sectors with a view to serve the Lisbon agenda.

Two ad-hoc analyses were provided during the evaluation process: the first focusing on the revision and lessons learnt from previous capacity building programmes and the second one dealing with the assistance in the justification of the sectoral focus of the OP.

The main recommendations in the first ad-hoc analysis expressed the need for further collaboration between agencies and ministries to ensure that the OP would reflect the urgent needs and also the need for an improved communication and co-operation between the central and the local levels. The collaboration was intensified during the finalisation of the OP.

The second ad-hoc analysis dealt with the rationale for the selection of priority sectors in the OP and reported that in all sectors there are well-developed decentralisation strategies, which often go beyond decentralisation and touch upon many other relevant issues of public administration reform. One important suggestion was to introduce the sectoral issues in the situation analysis, the SWOT analysis, the strategy, the description of the priorities and the implementation chapter. The conclusions were that the current version of the OP ACD had advanced significantly compared to previous versions in its aim to introduce the sectoral focus.

As a result of the recommendations of the ex-ante evaluators, the following actions were taken:

- The reformulation of the Priority Axis 1 and its key areas of intervention;
- The focus on partnership development and the setting up of sustainable partnership structures;
- The planning of strong change management operations, as well as strong political support ensured through high level partnership regular consultations. Sustainability will be ensured by constant training and communication programmes;
- The reformulation of Priority Axis 2 and its key areas of intervention so as to reflect customer satisfaction as a main goal, and the enhancement of quality and efficiency as the means to achieve this goal. The customers' point of view will be taken into account instead of the internal point of view.

On the basis of the bilateral meetings, the OP was redrafted and updated so as to incorporate the guidelines of the evaluators and the outputs of the various debriefing meetings. The ex-ante evaluation was a valuable tool in the programming process as it provided important help in the elaboration of a more cohesive version of the OP.

Strategic Environmental Assessment

Given the nature of the European Social Fund, focussing on immaterial operations related to Human Resources Development, this Operational Programme does not set the framework for operations likely to have significant environmental effects, such as infrastructure projects, especially the one listed in Annexes I and II to Directive 85/337/EEC as amended by Directive 97/11/EC and 2003/35/EC.

Should infrastructure projects be envisaged subsequently, particularly using the flexibility clause of Article 34.2 of Regulation (EC) No. 1083/2006, the need for a Strategic Environmental Assessment would be revisited.

Consequently, the Managing Authority considers – and the Environmental Authority agrees – that there is no need for a Strategic Environmental Assessment of this Operational Programme under Directive 2001/42/EC, at this time. This is without prejudice to any screening determinations that are deemed necessary according to national laws or other measures to implement Directive 2001/42/EC.

1. Current Situation Analysis

The complete text of the current situation analysis is set out in Annex 1 to the OP ACD. This is a summary of the main points.

1.1 Romanian Public Administration Reform Strategy

The Romanian Government has pursued a consistent public administration reform (PAR) strategy since 2001. The strategy, supported by Phare interventions from 2001 to 2006, has three priorities (see Text box 1). The current government reaffirmed the general direction of the reform effort, but placed a higher emphasis on reform of service delivery through a decentralisation process (See Text box 1).

As progress is made in public administration reform, for the next period, the approach to PAR will be to have a portfolio of inter-related strategies building on the achievements of the previous work. The main measures included in the strategies (two of which are in draft stage) are presented in Annex 1.

1.2 Romanian Pre-Accession Experience in Administrative Capacity

There has been consistent Phare support to administrative capacity development. From 2002 to 2004, Phare allocations in excess of M€ 72 have supported PAR projects in the three priority areas and other capacity building projects, notably in support of the strategic plans of the Ministry of Economy and Finance, the General Secretariat of the Government (GSG), the Court of Accounts and the Parliament.

Progress has been uneven. Legislation in support of civil service reform, deconcentration and decentralisation initiatives and, more recently, the improvement of policy coordination and formulation procedures, along with the creation of public policy units (PPUs), has been enacted, but the capacity to implement the new legislative framework is weak. For example, although the impact assessment component of better regulation is introduced, the quantification of the administrative burden imposed by legislation, in the broader context of economic, social and environmental costs, has not progressed yet.

In 2001, Romanian Government has engaged to put into practice an ambitious programme regarding the public administration reform. As part of this programme, the following actions were undertaken:

- The strategy regarding the acceleration of the public administration reform that has been approved by GD no 1006/2001. The major objective of this strategy was to create a new legislative framework in providing the services by the public

Text box 1: Public Administration Reform priorities

Updated strategy for acceleration of public administration reform 2004-2006

Civil service reform – the creation of a stable and politically neutral professional corps of civil servants;

A deconcentration and decentralisation reform to improve service delivery to citizens through fiscal and administrative decentralisation of authority to local administration; and

Support to public policy formulation as part of an improved decision making process at the level of interaction between the political and administrative levels of the administration.

Objectives of the current government programme, 2005 - 2008, Chapter 11

- Reform of basic public services and of public utilities of local interest;
- Consolidation of the process of fiscal and administrative decentralisation;
- Strengthening the institutional capacity of the structures within local and central public administration.

administration, to create new institutional structures, to increase the efficiency and the effectiveness of civil servants activity, to change the perception and the organizational behavior and, last but not least, to create a citizen oriented administration;

- The Governmental Council for Monitoring the Public Administration Reform, having in its composition 8 ministers of most representative ministries and chaired by the Prime Minister, was established in September 2001. This body had as mission to supervise the whole process of the public administration reform, representing the political level. As a result of the central public administration authorities reorganization (according to the Parliament Decision no 16/18.06.2003 and to Emergency Ordinance no 64/29.06.2003), by GD no 925/2003, this body was reorganized in order to increase the coherency of the undertaken actions, to increase its efficiency and flexibility;
- The Central Unit for Public Administration Reform (CUPAR) was established within the Ministry of Interior and Administrative Reform (previously named Ministry of Public Administration) in May 2002, in order to ensure the implementation of the decisions of the Governmental Council;
- National Institute of Administration (NIA) was created in 2001 as a specialized institution for training the civil servants and local elected officials;
- National Agency of Civil Service (NACS) has as task to provide the civil service management and to draw up the normative documents regarding civil service. NACS acts in close collaboration with NIA and CUPAR.

Three years later, in 2004, it was recognized that the outcomes of PAR strategy were not satisfactory. For this reason, following the recommendation of the European Commission, three pillars were identified: civil service, decentralization and deconcentration of public services and public policy formulation process. In this respect, CUPAR elaborated the Updated strategy on PAR for 2004-2006 adopted by the Government (GD no 699/2004).

The institution responsible for the third pillar of the Updated strategy on PAR 2004-2006, public policy formulation process, is the GSG, through its PPU. The main responsibility of PPU is the coordination of the policy planning, formulation and evaluation at central level.

CUPAR's main responsibilities are: monitoring the reform implementation at the central and local public administration level, development and implementation of new instruments, procedures and mechanisms within the modernization process and the coordination of the decentralization process.

CUPAR initiated the creation of a network of modernisers², set up and operationalised at central and local level in order to accelerate the implementation of PAR's objectives and to monitor this reform.

Based on the analysis performed by the European Commission³, CUPAR has continuously strengthened its institutional capacity through hiring new staff and implementing a performant human resources management system. Considering new challenges related to PAR in the

² Central and local public administration representatives in charge with elaboration/implementation of modernization initiatives, at central and local level (GD No. 544/2005);

³ Regular Report on Romania's progress towards accession, 2003, pg 15;

European Union, CUPAR will focus on these aspects for a sound coordination of public administration reform in Romania.

The NACS has made progress with the legislative framework but work on an information system has been slow and the introduction of modern Human Resource Management approaches has made little progress. There has been a delay in introducing the remuneration reform for civil servants⁴ and the reforms to recruitment and assessment of civil servant performance are not yet firmly established. Accordingly, the expected benefits from civil service reform are some years away from being achieved and cannot be assumed for the purposes of the OP ACD.

The NACS has prepared a new draft strategy for civil service reform to address the following four problems:

1. The lack of a unitary motivating and transparent remuneration which, correlated with the lack of efficient human resource policies, leads to an increase in the degree of civil servants demotivation and, as a consequence, to the apparition of at least two major risks:
 - a. a possible major fluctuation of civil servants;
 - b. stagnation and/or decreasing of their professional performances.
2. Poor development of human resource departments in public administration institutions. A first effect of this is an uneven enforcement of the law and the infringement of the existing legislation concerning civil service. A second effect is the weak capacity of managing human resources;
3. Insufficient administrative capacity of NACS in relation to the nature and the volume of their tasks. We should also mention the lack of the direct collaboration with public institutions and authorities, which determines a limitation of the Agency's role in the civil service management process;
4. The deteriorated image of civil servants in the context of the big picture of public administration. The image of civil servants and public administration is determined by the perception of the citizens on the evolution of corruption and by the resistance of civil servants to it.

The response to these problems is proposed to be organised under two specific objectives dealing with (1) the consolidation of the institutional and legal framework and (2) the modernisation of the civil service (with an emphasis on efficiency).

As there is continuing assistance from Phare and the World Bank in support of the first objective, the OP ACD will focus on supporting the implementation measures in support of the second objective.

The NIA has some capacity for the delivery of training, but support to the Regional Training Centres (RTCs) has lagged behind. There is growing evidence of capacity limitations regarding the availability and accessibility of the training services for all public servants in order to provide for the specific managerial training and training in professional disciplines

⁴ The remuneration reform, in the shape of a law, is in the process of approval, after several rounds of debate with the stakeholders. This activity was supported by Phare and World Bank; accordingly, OP ACD will not overlap with previous interventions.

(like financial management, economics, law, HRM, policy analysis and management) needed by the public administration.

Ministry of Interior and Administrative Reform plays the main role in the decentralization process. According to the previous Framework Law no 339/2004 on decentralization, the secondary legislation (GD no 310/2005), as well as the new Framework law on decentralization no 195/2006, the ministry is responsible for the coordination of the decentralization process, through CUPAR.

Since the early 1990s the decentralisation of the competencies of the central public administration authorities has been an important policy initiative in the process of transition to a market economy and a democratic society. The need for continuing the decentralisation process has gained considerable momentum in last years. Thus, according to the Updated Strategy for Accelerating the Public Administration Reform 2004-2006 and to the Government Programme 2005-2008, the decentralisation process has been considered a major priority for the reform of public administration. The Government's commitment is highly reflected in the legislative package adopted in 2006, package which includes: the Framework Law No. 195/2006 on decentralisation, Law No. 273/2006 on local public finance, Law No. 286/2006 for amending and supplementing the Law No. 215/2001 on local public administration, Law No. 251/2006 for amending and supplementing Law No. 188/1999 regarding the civil servants statute, as well as the GEO No. 179/2005 regarding prefect's institution. Based on the recent legal framework, the line ministries⁵ have already considered decentralising more competencies as reflected in their sectoral strategies drafts⁶. The major objectives of the strategies regard decentralising new competencies, as well as increasing the quality of public services that were already decentralised. In order to achieve these objectives, the strategies, envisage through their Action Plans, proper implementation mechanisms and procedures have to be put in place both for central and local public administration.

While some line ministries have strategies for sectoral decentralisation, there is still a need for strengthening the co-ordination structures and procedures for the implementation of these strategies.

The legal framework allows for the possibility of using new instruments and structures to help local administration authorities to increase their administrative capacity in order to perform in accordance with their new authority and thereby increase the quality of the already decentralised public services. For example, the Law on Local Public Administration introduced concepts such as City Managers and Intercommunity Development Associations. It is also recognised that decentralizing new competencies and increasing the quality of the public services requires proper financial support through continuing the fiscal and financial decentralisation reforms.

The first step of the decentralisation process in Romania was rapidly institutionalised at the fiscal level in 1991, by passing the Law on Local Public Administration (No. 69/1991) and the Law on Local Elections (No. 70/1991). The next step was made in 1994, when the

⁵ Ministry of Education, Research and Youth, Ministry of Labour, the Family and Equal Opportunities, Ministry of Public Health, Ministry of Culture and Cults, Ministry of Transport, Ministry of Agriculture and Rural Development, Ministry of Interior and Administrative Reform, Ministry of Economy and Finance;

⁶ The decentralisation strategies of the MPH, MLFEO, Ministry of Transport and Ministry of Culture and Cults have been approved by the Interministerial Decentralisation Working Group and the final versions of the strategies elaborated following the consultation process are to be submitted to the Government for approval; the Decentralisation strategy of the pre-university education, elaborated by MERY, was approved in December 2005 through Memorandum;

adoption of the Law on Local Taxes and Fees represented a significant step towards local government autonomy. Important amendments to these laws were passed in the following years, although quite often these changes were incomplete and sometimes inconsistent and contradictory. In recent years, the legislative framework for intergovernmental fiscal relations has been improved, but many aspects of the system remain inappropriately designed or implemented⁷.

The lessons learned and their implications for the OP ACD are summarised as follows:

Lessons learned from pre-accession work	Implications for OP ACD
Progress is slower than expected.	There is a need for realistic time and resource schedules. A sensitivity analysis is needed.
Many problems arose from difficulties in co-ordination between the institutions involved in the reform process.	As the scope of the OP ACD is wide, there is a greater need for strong management, co-ordination and co-operation mechanisms to achieve the desired long term impacts.
Sufficient training capacity has not been developed to date.	Competency, training needs and training capacity to meet the needs should feature prominently in the OP ACD.
Support has focused on internal restructuring with little direct impact on service delivery.	The OP ACD should include activities that lead to improvements in service delivery. This is likely to be achieved through the definitions of the Priority Axes.
Lessons from the Phare interim evaluators and from ex-ante evaluators	
More attention needed for absorption capacity in the design process. Need for follow-up activities.	Strong co-ordination and monitoring procedures will need to be planned into the work of the MA.
Importance of stakeholders' involvement and commitment.	There must be willingness to promote major policy changes.
Approaches and values prevailing in society are important.	Public trust and responsiveness to public need should be highlighted as themes for the OP. There is a need to monitor changes in public opinion towards public administration and reforms.
Procedures need to be simplified. The definition of procedures should not precede structure.	The OP ACD must have a key area of intervention devoted to process improvement.
Management arrangements must be strong.	Support from top management and a high level of political support is very important.
There is insufficient lesson learning.	The promotion of evaluation (lesson learning) is an important part of the public policy management cycle that should be supported in the OP.

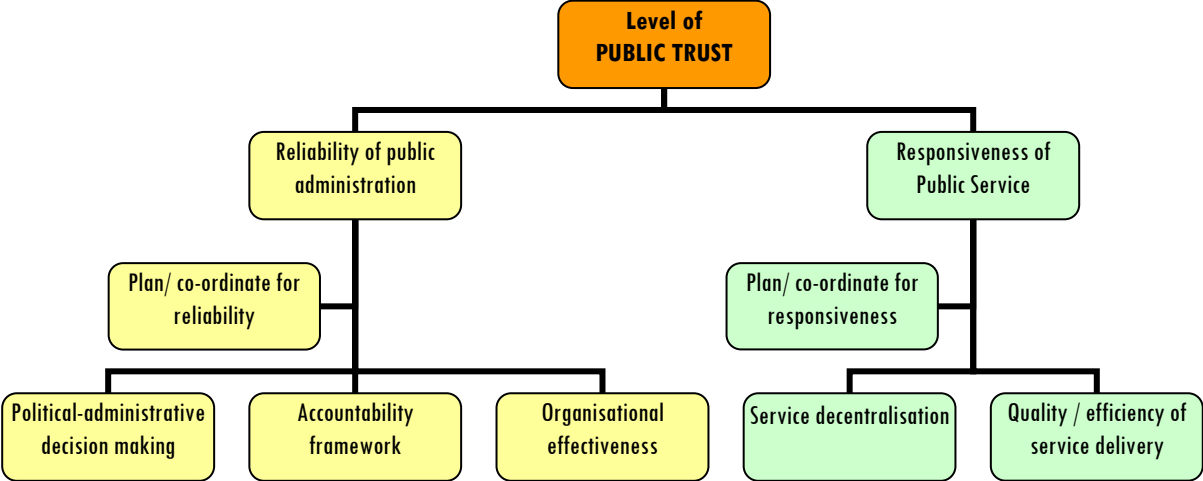
1.3 Problem Analysis

The initial problem analysis for the OP ACD was based on the same assessment that substantiated the programming of pre-accession assistance until 2009. This was consistent with a desire to have a seamless continuation of the reform effort. In the course of 2006, the problem analysis was refined based on consultations for the OP ACD and on comments from

⁷ Martinez Vasquez, Jorge, *Intergovernmental Fiscal Relations in Romania: Challenges and Options for Reform*, 2005

the ex-ante evaluators. The problem tree that emerged was used to provide the logical structure for the objectives, priority axes, key areas of intervention and indicative operations. The problem tree is also an important reference point for the specification of an overall impact indicator for the OP and of result indicators at the level of the Priority Axes. The high levels of the problem tree are shown below. A more detailed version is in Annex II. The supporting working papers take the problem analysis to lower levels in some areas.

Figure 1: Problem tree – high level



Level of public trust

The level of public trust in public administration emerged as a useful reference point that would provide an overall reflection of the lower level problems that the OP ACD may seek to address. In choosing the level of public trust as the focal point of the OP, reference was made to the Kaufmann indicators of trust (World Bank) and to other surveys and polls of the current situation. The Kaufmann indicators include government effectiveness, the rule of law and attempts to combat corruption with the overall calculation of a public trust indicator. Other surveys (from 2003/04) had revealed that the level of confidence in the government was low (23%), while the level of confidence in local administration was higher (52%), but still left room for improvement. Many commentators have associated the causes of low levels of trust with problem issues that emerged at lower levels of analysis, such as:

- the extent and burden of regulation on the citizen;
- the poor timeliness in delivery of the public services;
- weaknesses in administration that foster a climate of administrative corruption;
- poor motivation of civil servants, and its underlying causes in low levels of remuneration and an unreformed civil service;
- imperfections in the legal framework, for example the large number of laws and the need for their frequent modification.

These factors were distilled down to a decomposition of the public trust issue into two separate components:

- problems of reliability in public administration which is associated with structure, decision making, governance and organisational effectiveness. These problems are common to both central and local levels of administration;

- the poor responsiveness of public services to the needs of citizens. This issue was used to group problems that directly affect the provision of services, including resource allocation, the need for greater attention to quality, the opportunities for process change.

The over-arching nature of “reliability” and “responsiveness” problems is reflected in the problem tree by separate recognition of a need to support the planning and co-ordination of areas of support to address these areas. This influenced the definition of the two Priority Axes in the Operational Programme.

Reliability

The problems related to reliability were grouped under three headings: political-administrative decision making⁸, accountability and organisational effectiveness.

The need to improve the competencies and conditions for political-administrative decision making is recognised as a core issue for public administrative reform. Under this heading the need for initiatives to strengthen the capacity for policy formulation, strategic planning and evaluation and to improve the quality of argument and analysis presented to the decision makers were identified. Some activities are already underway in this area. A further problem is the poor capacity to actually implement the laws that are enacted. This is reflected in several ways, including delays in drafting secondary legislation in many areas, the number of drafts returned to ministries for rework and the relatively high number of emergency ordinances. While some progress has been made in the extent of partnership and consultation that support policy formulation, the structures that are in place, including those for inter-ministry consultation, are weak.

Some progress has been made in improving the quality of ex-ante impact assessments for new legislation, but the quantification of administrative/regulatory costs and a method for regulatory impact assessment (RIA) is not in place and is considered a necessary tool to further improve the quality of legislative proposals. The business community perception regarding the efforts to be made in order to comply with governmental requests for information is still unfavourable. This opinion could be maintained if a standard procedure aimed at assessing and minimizing the administrative burden of issued regulations will not be developed.

Pre-accession assistance has strengthened accountability arrangements in many areas but the work is unfinished and institutional capacity is weak in some critical areas. While there is acknowledgement of the importance of evaluation and “lesson learning”, the establishment of the structures managing structural funds is the first step towards an evaluation culture in the Romanian administration. The processes that facilitate this kind of learning are not in place. The current absence of evaluation capabilities and practices is a significant gap in both the management cycle and the accountability cycle.

The poor organisational effectiveness of public institutions at both central and local levels is reflected in the low level of trust of public opinion on government effectiveness. The problem identified is the need to continue and bring together many of the modernisation initiatives that have been supported within the last six years. It is logical to group initiatives that address the

⁸ “Political-administrative decision making” refers to the relation between civil servants and elected officials in the Romanian public administration in the process of public policy cycle management

structural and system review, investments in the administrative capacity of people, particularly at the level of leading civil servants.

Responsiveness

The two problem areas under the responsiveness heading deal with significant gaps that affect service delivery, primarily, but not exclusively, at local administration level. These aspects are even more present in rural areas due to insufficient financial resources allocated to the development of institutions and specific skills of the personnel. Moreover, demand on administrations and institutions in rural areas are likely to widen the gap between them and urban centres. Therefore, public administration in rural areas should be given particular attention.

The decentralisation of the competencies of the central public administration is reflected by an over regulated and remote management of services that focus on rules and regulations rather than on the quality of delivery. A decentralisation response to this problem has been a core element of the overall public administration strategy since 2001. Most of the framework for supporting the decentralisation process is in place. The scale of the initiative is so large that it has been decided to prioritise the available support. A separate sector analysis (see section 1.4) has identified three priority targets.

It is also recognised that the quality and efficiency of existing service delivery does not meet the expectations of citizens. The second responsiveness heading identifies a range of problems that contribute to the current situation, including an absence of cost and quality standards in many cases, over complicated processes, poor use of technology and an absence of a customer service focus.

1.4 Sectoral Analysis

It is agreed that the concentration of assistance on certain key sectors will enhance the prospects for the effectiveness and impact of the OP ACD.

Strengthening the administrative capacity of public administration has an indirect contribution to the achievement of the wider ESF goals and the objectives of the Lisbon Agenda. There is a desire that the results of the OP ACD should have tangible effects on the quality of service delivered to citizens. The OP ACD should achieve real changes in the management of public policy making and service delivery, which includes changes in the capabilities and behaviour of civil servants at all levels and improved jobs definition and satisfaction.

In order to identify priority sectors for the OP ACD, a preliminary consultation was made at top management level based on the current stage of development of decentralisation strategies in the sectors and the increasing responsibilities of public administration due to the overall contribution to the socio-economic development at national level (considering the size of the sectors in the state budget, the number of public servants employed, the number of subordinated institutions and size of the target group (percentage of population who benefit from these particular public services)).

Based on the Government Programme, Chapter 11 for Public Administration Reform, as well as the above mentioned criteria, Romanian Government will concentrate upon three main

sectors for continuing the decentralization process: health, education and social assistance for increasing the quality of public services.

Nevertheless, it is envisaged that other sectors can receive support during the lifetime of the OP ACD, depending on the evolution of the socio-economic conditions and the existing situation in public administration. An evaluation of strategic nature (in line with art. 47.2 of Council Regulation no. 1083/2006) will be carried out twice during the life time of OP ACD to possibly identify new priority sectors.

Health Sector

Current state of play

The Romanian health system is in a period of deep transformation, from the stage when it was almost entirely under state ownership and control to the present stage when there is a contract-based relationship between the insurance entity (the Health Insurance Houses) and the healthcare units.

The fiscal and administrative decentralisation of the health system started with the introduction of the health insurance system. In 1998 the National Health Insurance House and the County Health Insurance Houses were established. There has been a steady decentralisation of health service providers – through the establishment of autonomous health service providers (family doctors, specialty ambulatory, hospitals, etc.). In 2002, the premises of the local and county public healthcare units came under the local administration management in order to increase the sensitivity of local authorities to the issues of community health. Local public administration authorities are responsible for the expenditure on maintenance, management, renovation, consolidation, extension and modernisation of the public healthcare units, within the limits of the budgetary allocation in the local budgets.

Sector reforms to date

The role of the Ministry of Public Health (MPH), as central authority in the public health sector, was outlined in Law No. 95/2006 on health reform and GD No. 862/2006. The MPH has the following functions:

- Ensures the rationale, elaboration and implementation of the national policy for public health; ensures the design and coordination of the national health programmes financed from the state budget, the budget of the National unique fund for social health insurances, as well as from other sources;
- Periodically evaluates the indicators on the state of health of the population and of the programmes for public health, as well as the indicators on the performance of health units;
- Is invested with the responsibility of selecting the manager who ensures the management of the health unit, through contest or public procurement; the manager who is appointed by order of the Minister of Public Health.

The deconcentrated public services of the MPH – the public health authorities at the county level and that of the Bucharest municipality – are responsible for:

- The control and evaluation of the way in which the curative and preventive medical care is ensured;
- Monitoring the application of control criteria for the quality of medical services; and

- Evaluating the human resources at the level of medical assistance in relation with the community needs identified through specific actions.

Sector problem analysis

According to the diagnostic analysis⁹ carried out by the Ministry of Public Health (MPH) through consultation with relevant stakeholders, the Romanian health system is confronted with the following administrative capacity problems:

- Excessive institutional centralization;
- Overlapping between the various structures from the deconcentrated public services of other ministries and the MPH;
- The existence of decision levels that hinder the activity of deconcentrated public services (for example, the requirement for MPH to approve the income and expense budgets, the list of public positions within the ministry, the unlocking of positions, contests etc.); and
- The existence of community interest structures under the authority of MPH (the community assistants, the health mediators, the school medicine, etc.).

Past experience shows an unequal involvement of local public administration in managing the health units, with large variations between counties and localities. This is due to a lack of local management capacity to undertake all the specific functions of the health sector and a lack of training of the personnel who manage public health activities.

Education (pre-university) Sector

Current state of play

Between 1997 and 2004 the Government sought to modernise pre-university education and make it compatible to European education systems. This was achieved by the implementation of a set of normative acts for the partial transfer from central to local authorities of several responsibilities and competences regarding the content and structure of the education process, the school network, the financing and management of school units and human resource policies.

In 2004, by GD No. 1942/2004, 8 pilot-counties were established. In these counties, the provisions of Law No. 354/2004¹⁰ for the modification and completion of the Statute of Education Personnel are currently applied to decentralise the financing and administration system of schools.

In 2005, Ministry of Education, Research and Youth elaborated a decentralisation strategy for pre-university education aiming at ensuring the completion and improvement of the laws adopted in 2004 taking into account that until that date the decision transfer from the central to the local level was performed at a different rate in various fields of the system – curricula, resources, management of the school unit and personnel policies in a legislative framework in which there are still contradictory provisions.

The adoption of the Framework Law on decentralisation No. 195/2006 gave a new dimension to decentralisation efforts in education. The main target of decentralisation is represented by the pre-university education. This involves the transfer of authority, responsibility and

⁹ The decentralisation strategy of the Ministry of Public Health (2007-2009)

¹⁰ The modification and completion of Education Law no. 84/1995 and of Law No. 349/2004;

resources in order to allow general decisions, including financial management decisions, at the level of the local authorities.

Decentralisation in the education sector aims at creating an organised educational system, managed and financed according to European standards as regards the quality of training/educational process, the free and full access of children and youth to education, the compliance of educational offer with the interests and needs of the direct and indirect beneficiaries. The objective is that this process should ensure a balanced and clear-cut division of authority among the representative bodies and institutions of local and regional communities, on the one hand, and central ministries (Education, Research and Youth, Interior and Administrative Reform and Economy and Finance) on the other hand. The decentralisation of decision making will require the development of monitoring systems, regulation, control and assessment, both for local communities and for specialised governmental institutions and bodies.

The decentralisation strategy for pre-university education envisages a transfer of competencies from the central to the local level of the public administration authorities and school units and, implicitly, the improved implementation of these competencies. This process assumes the progressive transfer of the current administrative tasks of the education system from the central to the local level of the public administration by 2010.

At the level of local public administration these competencies will mainly aim at:

- financing the education centres (on the basis of the formula elaborated by the Ministry of Education, Research and Youth);
- ensuring the financial resources needed for the teachers' training (currently, totally ensured by the Ministry of Education, Research and Youth);
- defining/approving the human resource needs and elaborating the proposals of rationalising the school network.

At the level of schools the responsibilities related to the management of human resources will be taken over from the county school inspectorates. The responsibilities of the school administration board in terms of preparation and execution of the budget will increase.

County school inspectorates will have attributions only in terms of controlling and evaluating the education process (through the school inspection); the degree of their involvement in school financial and human resource management will decrease.

Central public administration will redefine its responsibilities as a result of the implementation of the decentralisation strategy in the sense of decreasing the current management attributions and focusing on the elaboration and monitoring the implementation of the education policies at the system level.

The re-assignment of competencies and responsibility of decision making shows a need for proper support in terms of improving the central capacity to elaborate education policies, and co-ordinate and monitor their implementation at the system level and improving the local capacity to administer the education system at the local level.

Sector reforms to date

The working group set up at the level of the Ministry of Education, Research and Youth designed the new institutional system consisting of decentralised bodies at the county level

(the county directorates for pre-university education) with basic centres in the territory (schools having more than 200 pupils or kindergartens having more than 100 children).

Up to February 2007 the activities included in the administrative stage (2005-2006) of the decentralisation strategy implementation schedule have been implemented, as follows:

At the national level

- reorganisation of the school network;
- restructuring of the activity of the administrative boards without assuming the responsibility of selecting and employing the school director;
- partial reorganisation of financial accounting activity within each school;
- elaboration of the training programme for the members of the newly set up administration boards.

At the level of pilot-counties

- making corrections in terms of reorganising the school network;
- implementing the human resource policies on filling the vacancies of teaching positions and the personnel mobility, according to the methodology for 2006 approved by the Ministry of Education, Research and Youth;
- simulating the implementation of the financing formula.

On the basis of the criteria elaborated by the Ministry of Education, Research and Youth, an experiment in administrative and financial management within a decentralised framework was piloted in 50 schools. The drafts for the modification of the primary and secondary legislation were elaborated and different approaches for determining the financing formula have been examined.

The decision to transfer from the central to the local level was performed at a different rate in various areas of the system – curriculum, resources, management of schools and personnel policies in a legislative framework in which there are still contradictory provisions. This has led to a lack of coherence and to dysfunction in the system.

Sector problem analysis

The main difficulties in the education decentralisation process come from the resistance to the newly introduced processes, the intervention of political factors in the employment and promotion of the personnel and in fund allocation procedure. Some of the difficulties identified in the pilot stage of the decentralisation are:

- the unsatisfactory managing experience of the leading positions within the schools which makes them unable to take over and perform the new responsibilities;
- the unsatisfactory experience of the local public administration which makes them unable to take over and perform the new responsibilities;
- the lack of efficiency of several national and local cooperation structures and also the poor cooperation between the local public administration and the school units;

- difficulties in the implementation and evaluation of the pilot stage of the decentralisation process.

Other problems identified in the area of pre-university education can also be solved by developing the capacity of the responsible administrative structures:

- legislative dysfunctions regarding the distribution of tasks and responsibilities and in approving the curriculum;
- the functions of local public authorities in making decisions on the establishment, reorganization, restructuring and shutting-down of education units are not clearly presented. At the moment, the Ministry of Education, Research and Youth (MERY) holds the responsibility for the authorization and certification of functions based on standards and indicators established by law, as well as on the quality assessment of the education process;
- training and professional development of human resources in the education system is centralised and not always correlated with the needs and interests of individual and institutional beneficiaries (didactic personnel, managers);
- the allocation of funds from the state budget to local budgets cannot take into account the standard costs, nor the correction indicators as long as those funds are exclusively meant for scholarships and expenditures related to the personnel; and
- lack of personal responsibility of teachers in terms of reaching targets for the quality of education.

Social assistance

Current state of play

Social assistance is the component which does not contribute to the social security system. It consists of the structures and processes for the prevention, limitation or removal of temporary or permanent effects of situations that contribute to social exclusion.

In the first period after 1990, the social assistance system aimed to provide a minimum level of security (the social safety net). Legislation adopted during this period sought to develop a system of benefits to overcome social hardship in the period of transition towards a market economy. Social assistance institutions functioned under the subordination of the central public administration. This system did not ensure an efficient social assistance provision based on territorial accessibility and local financing sources.

In the period 1990-1993 the Ministry of Labour and Social Assistance initiated the first actions of decentralisation to transfer administrative and financial responsibilities to local levels. Starting with 1997, the child protection system was decentralised. There was also a decentralisation of the institutions and services addressing the disabled by the establishment of the National Authority for Persons with Disabilities following a reorganisation of the State Secretariate for Persons with Disabilities.

In 2003 steps were also taken for the co-ordination of the national system for social assistance: the National Authority for the Protection of Child's Rights and the National Authority for Persons with Disabilities were transferred under the authority of the Ministry of Labour, Social Solidarity and Family and did no longer function as separate authorities under the direct coordination of the Government.

Sectoral reform to date

The social security sector is deconcentrated which means that the administration is based on General Directorates for Labour, Social Solidarity and Family in the 41 counties and in Bucharest. The social assistance sector is decentralised at the county level. The General Directions for Social Assistance and Child Protection (GDSACPs) were set up based on the Law no. 272/2004 on the protection and promotion of child's rights (which came into force on the 1st of January 2005), through the merger of the social welfare public service and of the specialised public service for child protection at county level and at the level of Bucharest's districts and the take-over of the attributions and functions of these services. The GDSACPs implement measures of social assistance in the field of child protection, family protection, or the protection of single people, aged or disabled people, as well as of all people in need at county level and at the level of the Bucharest districts. Therefore, the activity of the GDSACPs is co-ordinated at the central level by the Ministry of Labour, Family and Equal Opportunities through its Social Assistance Department and 3 subordinated agencies: National Authority for the Protection of Child's Rights, National Authority for Persons with Disabilities and National Agency for Family Protection. Besides this, social assistance is administered at the level of municipalities and towns by the Social Assistance Public Services (see Annex III Sectoral Analysis).

In 2006, a new Framework Law no. 47/2006 for the national system for social assistance promotes action to strengthen social cohesion, by fostering solidarity within communities towards the most vulnerable categories of persons. The law makes social policy comply with EU objectives and proposes a modern system which is closer to the citizens, both with regard to the institutional approach and to the management of benefits. The law stipulates that the Ministry of Labour, Social Solidarity and Family (currently the Ministry of Labour, Family and Equal Opportunities) and its authorities and other subordinated institutions, should draft the policies for managing and coordinating the national system for social assistance. The institutions also promote the rights of families, children, elderly people, disabled persons and any other person in need of support, from financial and technical point of view, as the social assistance programmes address these categories of persons. Law No. 47/2006 has regulated the institutional structure of a coherent and coordinated system in the field of social assistance. The setting up of several new institutions started in 2007 as provided for in this law:

- **the Social Inspectorate**, with the aim of controlling the implementation of the legislation in this field, as well as the inspection of the activity of the institutions involved in social assistance (already set up);
- **the National Agency for Social Benefits**, an institution subordinated to MLFEO, in order to ensure a unitary system of payment and management of all social benefits;
- **the Social Observatory**, having the aim of increasing the capacity of MLFEO to define adequate social policies and to make decisions addressing the needs of vulnerable families and groups in Romania.

Sector Problem Analysis

The most immediate administrative capacity issues identified for this sector are:

- administrative structures' resistance to decentralisation at all levels, including the local one, due to the lack of experience in the management and organisation of social services;
- insufficient communication between responsible institutions in the field;

- lack of relevant monitoring and evaluation systems of the services provided;
- the personnel in the local public administration structures is not properly trained for the specific activities;
- structures insufficiently rationalised.

Consideration of these key issues is carried forward in the strategy of the Operational Programme and in the formulation of the indicative operations to address the priority sectors.

2. SWOT ANALYSIS

The SWOT analysis developed for the OP ACD is based on the contributions to a workshop held in November 2005 that involved the key stakeholders in the PAR report process and on the current situation analysis of the PAR process progress and of the above-mentioned sectors. Elements of the SWOT analysis from the National Evaluation Strategy are also included.

Strengths and weaknesses refer to the public administration body itself. The listing of strengths identifies that the key critical elements necessary for successful reform are already in place; legal framework and methodologies, as well as institutional arrangements to improve the public policy making, coordination and planning system of the central public administration, civil service legal and institutional arrangements, clearer allocation of the responsibilities between central and local administration.

The weaknesses that emerged from the SWOT analysis support the approach for reform at both central and local levels of administration, and in particular implementing the legal framework already in place in the fields of public policy, monitoring and evaluation, civil service, decentralisation, coordination between the institutions involved in the reform process. Moreover, there is a need to support public authorities involved in both existing and newly-decentralised responsibilities in the health, education and social assistance sectors. The aim is for a visible improvement in public services that would support economic and social cohesion.

Opportunities and threats refer to external environmental factors that may influence the strategy. The SWOT analysis identifies a number of opportunities that can help gain momentum for further significant transformation of the public administration. There is good reason to believe that the environmental conditions will remain supportive to the reform process.

The threats that emerged from the SWOT analysis are, to some extent, a reflection of the experiences to date. The scale of the reforms, and the absorption capacity, especially for the co-ordination and management of the interventions is very significant. The implementation mechanisms used for structural funds provide a basis for developing the institutional competencies to achieve the desired results.

Text box 2: SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Good building blocks in terms of legal framework and methodologies, as well as institutional arrangements to improve the public policy making, coordination and planning system of the central public administration; • Recent improvements in the civil service legal and institutional framework (recruitment, performance appraisal and promotion based on merit) for a better management of the civil service; • Significant clarification of the allocation of responsibilities and financial resources between the levels of public administration (central and local) in a largely complete legal framework for decentralisation; • Far reaching and accepted reforms and decentralisation strategies in the three priority sectors; • Increased focus on the topic of evaluation, including a draft National Evaluation Strategy aiming to embed evaluation requirements throughout the public administration; • Increased focus on strategic approach in policy making process through adoption of a strategy for improving the public policy making, coordination, and planning system at level of central public administration; • First steps done for ex ante impact assessment in terms of better analysing new legislative proposals. 	<ul style="list-style-type: none"> • Underestimation of the effort needed to bring forward well-researched reform proposals; • Significant deficiencies of many public administration authorities in public policy making: inadequate consultations with stakeholders, delays of legislation planning and preparation which seriously affect the implementation of sectoral policies; too many amendments to legislation that can lead to legislative instability; • Insufficient capacity to apply new methodologies and to respect newly established legal frameworks; • Management information to support decision making and to assess progress being made is very limited; for example: information systems to track outputs and improvements in results do not exist; • Poor efficiency of the public institutions due to: inadequate competences of staff at different levels in the hierarchy (lack of support for competency development in the past years), limited culture in using modern management practice, including monitoring and evaluation, and cumbersome and inadequate operational systems and procedures, compounded by non-optimal organisational structure; • Poor efficiency of the service delivery due to: weak relation between the citizens and the institutions which should offer client-oriented services and improper customer service: citizens are not satisfied with the long period of time and the large number of steps in the application process to access basic public services; • In the priority sectors: inadequate/unclear competencies between various levels, incomplete transfer of the decision powers and financial resources, insufficient preparedness and resources to provide quality services at local level; • Lack of monitoring systems for decentralized public services (standards, indicators); • Lack of a standardized model of measuring the administrative burden imposed by legislation; strong incidence of the overlaps of regulations required by different Governmental bodies and of the double-counting and registration of the same information obligations from existing legislation; strong frequency of reporting requirements for businesses and poor usage of electronic and web-based reporting for them; lack of relevant indicators for monitoring progress in reducing administrative burdens.

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • EU membership and the development requirements in the field of administrative capacity; • Good determination and commitment of the Government for public administration reform and decentralisation process; • Increased availability of the development funds and the need to manage them will increase the pressure to change and develop on those particular parts of the administration which will manage these funds; • Increased awareness of social partners and civil society regarding the role they can play in contributing as partners to good governance; • Combined efforts with the other Operational Programmes can bring about major positive changes in the priority sectors; • An EU-led initiative to promote the culture and develop the practice of monitoring and evaluation across the whole public administration; • Availability of an EU common methodology for assessing the administrative costs imposed by legislation. • Action Programme for reducing administrative Burdens in the European Union (2007 Spring European Council) 	<ul style="list-style-type: none"> • The scope and extent of reform needed is very large which makes the management of reform interventions more complex; • The potential resistance of the actors and citizens to the proposed changes in the priority sectors; • Lack of capacity to absorb the national, EU and other external assistance at local level and the lack of readiness among deconcentrated and decentralised service areas to cope with new demands for support arising from social and economic development that flow from EU membership could threaten the achievement of the objectives of the OP.

3. STRATEGY

Introduction

The Operational Programme Administrative Capacity Development is designed to substantially contribute to the achievement of the thematic priority “Building Effective Administrative Capacity”, established in the National Strategic Reference Framework (NSRF).

Public institutions can contribute to socio-economic development programmes through the performance of the following functions:

- improving decision making processes, including the quality of major investment choices (knowledge and human resources) and project selection (information, regulation and feed-back mechanism);
- ensuring a better implementation and enforcement of legislation;
- improving the regulation mechanism especially through setting up a standardized model for quantifying the compliance costs imposed by issued regulation;
- ensuring adequate framework for economic activities (human resources, data, legal);
- improving the public decision making processes;
- ensuring quality and efficiency in public service delivery;
- increasing the number of civil servants who hold professional qualification in HRM, finance, economics and law.

Taking account of the problem analysis and the SWOT analysis, the Government has identified the following main priority areas where interventions are most needed and are likely to have the highest value-added:

- building effective decision making and accountability processes that enhance organisational effectiveness; and
- improving the quality and efficiency standards in the delivery of public services, primarily on a decentralised basis.

The situation analysis identified three priority sectors for support - health, education and social assistance. This was based on the stage of their decentralisation process - the three sectors being the most advanced - and their overall contribution to the socio-economic development, as indicated by their size in the public expenditure, the number of public servants employed in the sectors, the number of subordinated/deconcentrated institutions and the extent of the population that is reached.

The basic idea is that the funds spent in the priority areas will seek to ensure that Romania has a sufficient, adequately trained, well managed work force, in good health so as to be able to develop the economy on competitiveness terms.

Guiding principles

The OP ACD recognises four guiding principles:

participation: the Government recognises that reforms on the scale intended in the OP ACD can only be achieved by building partnerships between interested stakeholders who share a common final objective. Accordingly, the OP ACD recognises the need to support the setting up of networks and steering groups to oversee the reform efforts. The reforms themselves recognise the importance of communication and consultation strategies in the progress of policy based reform. Finally, the OP ACD seeks to win a higher level of trust from citizens through the impact on the functioning of institutions, improved responsiveness to public needs and thus significantly positive effects on socio-economic development.

rationalisation: the interventions anticipated in the OP ACD are expected to lead to rationalisation of structures – that is the creation of new structures, the modification of existing structures and the disbanding of structures or layers within structures – as part of a drive towards the simplification of processes. At its widest, rationalisation refers to a fundamental change in the relationship between central and local administration, leading to a more responsive and empowered local administration to meet the needs of citizens.

efficiency: the OP ACD seeks a real and substantial improvement in the efficient delivery of decentralised public services at local level, especially in the priority sectors. Efficiency improvements are also sought at central government level. It is anticipated that efficiency will be derived from both (1) a fall in consumption of resources and (2) a qualitative and quantitative increase in output without a comparative increase in resources.

sustainability: the OP ACD seeks sustainable improvement in the supported fields. This is why the interventions are based on an appropriate combination of structural, process and capacity development change.

Also, the OP ACD will encourage initiatives that favour transnational/transregional best practice sharing related to good governance.

Reference strategies

The situation analysis in Chapter 1 provided an indication of the planned continuity that the key areas of intervention proposed for the OP ACD have with pre-accession interventions in the area of Public Administration Reform. The key areas of intervention retain the three priority areas from the Romanian PAR strategy 2004 to 2006. They also seek to bring in other relevant reform interventions, for example, better regulation and a greater focus of programme evaluation. The OP ACD is viewed as an opportunity to deepen the reform efforts, particularly in the decentralisation of service delivery. The choice of a sectoral focus (see below) is also expected to concentrate the interventions in areas of good benefit to citizens and to the economic and social environment.

Considerable consultations were made with CUPAR and the General Secretariat of the Government in the preparation of the OP ACD strategy. A draft updated Government strategy for the period 2007 to 2013 is at the elaboration stage. The draft strategy proposes a continuation of the priority areas. In the consultations with other potential beneficiaries, reference was made to other strategies and plans which have influenced the design of the priority axes and key areas of intervention.

These include:

<i>Author</i>	<i>Strategy/ Plan</i>
Government of Romania	Government Programme 2005 to 2008
Ministry of Interior and Administrative Reform	Updated Strategy for the Acceleration of Public Administration Reform 2004 to 2006
Ministry of Interior and Administrative Reform	Public Administration Reform Strategy (2007-2013) (draft document)
General Secretariat of the Government	Strategy for improving the public policy making, coordination and planning system at the level of central public administration
General Secretariat of the Government	Concept paper for Better Regulation Initiative – draft version
Ministry of Economy and Finance	National Evaluation Strategy
Ministry of Education, Research and Youth	Strategy for decentralisation of pre-university education
Ministry of Public Health	Sectoral decentralization strategy (draft)
Ministry of Labour, the Family and Equal Opportunities	Sectoral decentralization strategy (draft)
National Agency for Civil Servants	Strategy for civil service development in Romania (2007-2010) – draft

The Romanian Government is committed to finalise and adopt the existing draft strategies, namely PAR and Civil Service Development, as well as Better Regulation Initiative, up to the end of 2008.

This OP has taken into account the known priorities in the draft strategies. Beyond 2008, as further Government strategies emerge, the AM OP ACD will make a complementarity analysis to identify new opportunities to support implementation of the strategies using ESF funds. Accordingly, the OP ACD would be revised. The OP ACD already makes provision in support of conducting needs analyses in other administrative reform areas.

Sectoral focus

The strategy outlined in this section anticipates a mix of structural and process change interventions aimed at improved management of resources and more effective delivery of public services. The Government is committed to decentralise the service delivery to the local public administration. The decentralisation approach is focused on sectoral issues. This involves a fundamental change in the relationship between central and local levels of administration and, in particular, the creation of new roles and management functions at local level.

All ministries with decentralisation strategies will be potentially eligible for support under the OP ACD but it is logical to prioritise those sectors that have more direct links to the overall objective of the OP. The revised Lisbon Strategy provides the general framework for Member States to create conditions for preparing and implementing efficient public policies that underpin the Lisbon objectives, including targeted interventions to increase participation to

initial and life-long learning, improve quality of education, increase employment, promote social inclusion for disadvantaged groups and improve the health of active population.

The three sectors will be prioritised by launching separate call for proposals and therefore by allocating separate amounts of money for each of these sectors. The territorial dimension will be actively managed through the selection criteria.

The Government believes that the targets for the OP ACD should include a real customer focused improvement in service delivery. Accordingly, the proposed output and result indicators of the strategy of the OP ACD target real improvements in the delivery of public services and the emergence of a more open, efficient and cost effective public service, knowing that:

1. efficiency in public services lead to increased productivity in the economy, e.g. through simpler procedures, improved customer services, etc.;
2. well-functioning institutions and public administrations are a pre-condition for the successful design of public policy and implementation of strategies in order to promote socio-economic development and to contribute to growth and employment;
3. effective institutional and administrative capacity is the key to good governance - an essential element of the Lisbon Strategy.

The prioritisation of sectors will be achieved by establishing a direct relationship between the Managing Authority and the institutions responsible for the priority sectors (Health, Education and Social Assistance), in order to implement both their modernisation and decentralisation initiatives (key areas of intervention 1.3 and 2.1). It is also envisaged that individual calls for proposals will be made within each sector which means that funding in the OP will be reserved for the priority sectors.

According to estimations, the OP ACD will support the **Health Sector** by providing training for the staff (around 8,000 persons, representing around 5% of the total number of the personnel in the sector¹¹) of the Ministry of Public Health, Public Health Authorities, National and County Health Insurance Houses, as well as training for the management staff of hospitals and other medical institutions (managers and members of managing boards). The training will be in areas such as: public policies, intersectoral cooperation, quality management and information management in the health system.

The OP ACD will also finance technical assistance, consultancy activities and studies to elaborate a procedural manual on the intersectoral cooperation in the area of health policies, to develop intersectoral models of intervention on the factors influencing the state of health and to formalise an integrated information system to support the decentralisation and the reorganisation process.

In the **Education (pre-university) Sector**, the OP ACD will provide technical assistance and training for the authorities of the central and local public administration in order to implement the decentralisation strategy and to efficiently and effectively fulfill the specific attributions of managing the educational system.

¹¹ Calculations based on data from the Statistical Yearbook 2006, National Institute of Statistics

The target group (around 6,800 persons, representing approx. 2% of the total number of the personnel in the sector¹²) is the staff from the central public administration (civil servants working in the Ministry of Education, Research and Youth and civil servants involved in the decentralisation process in the area of education working in the Ministry of Interior and Administrative Reform) and from the local public administration (civil servants working in the local public administration who have responsibilities in the area of education mentioned in their job description and who are part of the schools' administrative boards).

At the local level, in the case of approx. 2,850 communes, there will be selected 2 civil servants who are members of the Administrative Councils of school units from that respective commune (in total 5,700 persons). Regarding the towns' local authorities (216), there will be 3 selected participants – 648 civil servants – and at the level of each of the 103 large cities (*municipia*), 4 civil servants will be selected for training – 412 persons.

In total, the local public administration will provide a number of approx. 6,760 civil servants who will benefit from the OP ACD training activities. At the central level, the Ministry of Education, Research and Youth has a total number of 205 civil servants, but only 40 of them are eligible within the terms of the OP ACD and will be selected.

In total, at the local and central level, the number of civil servants who represent the target group is 6,800 persons, which represents 6.18% of the total number of civil servants.

In the **Social Assistance Sector**, the OP ACD will mainly finance training for the staff working in the National Authority for the Protection of the Child's Rights, in the National Authority for Persons with Disabilities, in the General Directions for Social Assistance and Child Protection and in the Social Assistance Public Services, representing approx. 26% of the total number of the personnel in the sector¹³.

The OP ACD will also provide training for the persons who have responsibilities in this area working in the Ministry of Labour, Family and Equal Opportunities and in the Directions of Labour and Social Protection. The training activities aim at strengthening the capacity of these institutions to coordinate the reform, to formulate sectoral strategies and to efficiently and effectively fulfill their attributions conferred by the law.

This is estimated data. More precise data it is envisaged to be provided through surveys launched for each sectors at the beginning of the implementation of the OP ACD.

The OP ACD will also finance technical assistance, consultancy activities and studies in order to elaborate a procedural manual regarding the attributions of coordinating the reform in this area and the rationalisation/optimisation of the administrative structures.

¹² Calculations based on data from the Statistical Yearbook 2006, National Institute of Statistics

¹³ The personnel of the General Directions for Social Assistance and Child Protection is around 41,000 persons, out of which 3,100 are civil servants. Approximately 3,000 civil servants have to be trained. At the level of towns, municipalities and communes a number of 504 Social Assistance Public Services operate (in which work around 7,800 persons). In the administrative-territorial units where there are no Social Assistance Public Services work around 4,000 persons having social assistance responsibilities. At this level there is a high need of training for 90-100% of the personnel (approximately 11,000 persons)

Training focus

Due to the fact that most of the personnel in the public administration are civil servants, the training activities will target them, particularly. The contractual staff (see the Glossary of terms) is approx. 10% of the total number of civil servants and they will also be targeted pending on the functions they cover within their institutions and in line with the indicative operations envisaged.

In 2006, the total number of civil servants in public administration at central and local level was approximately 110,000 civil servants¹⁴. According to the Romanian legislation in force, 12% of the total number of civil servants are leading civil servants (see the Glosary of terms). All of them are targeted (13,200) in various operations.

In the consultation process the strategic partners of the OP ACD identified many detailed reform ideas. The indicative operations reflected in this strategy are a synthesis of these ideas. A decision was made not to have a separate priority axis for training activities, but it is understood that there will be training interventions to support each of the key areas of intervention identified in the strategy.

The output indicator for training is defined as the “number of participant training days¹⁵”. This is a key indicator that will facilitate a comparison between the training effort across the key areas of intervention in the OP. The participant days will be studied in more detail (for example by gender, sector, territory, institution, subject) at lower levels of implementation, where the difference between the participant training days will appear clearer in the context of the operation they refer to.

3.1 Objectives

General objective

The general objective of the OP ACD is *to contribute to the creation of a more efficient and effective public administration for the socio-economic benefit of Romanian society.*

Impact indicator for the OP ACD

Indicator	Unit	Baseline	Baseline Year	Source	Target (2015)
Impact					
<i>Change in the level of trust / confidence of citizens in public administration:</i> Based on the question: Do these institutions presently work in the public interest?					
Central administration	%	23	2003	Survey/ poll	35
Local administration	%	52	2003	Survey/ poll	60
Government effectiveness ¹⁶	%	56.9	2005	WB	60

Sources for baseline: UNDP, World Bank

¹⁴ National Agency for Civil Servants, Annual Report 2006

¹⁵ The options considered for training indicators were the number of training courses or modules; the number of trainer days or the number of trainee (or participant) days. The number of courses was rejected as there is no common unit of measurement – i.e. one course may last for 10 days while another lasts for 2 days. Similarly, the number of trainer days is unsatisfactory as an indicator because there will be different trainer:trainee ratios. The number of participant days is the only generic indicator that has a common unit of measurement and that supports cross sectional analysis (between final target groups) and vertical analysis from operation up to the priority axis. This appears to be the most suitable basic training indicator for monitoring the outputs of the OP.

¹⁶ http://info.worldbank.org/governance/kkz2005/sc_chart.asp

The OP ACD Managing Authority will collaborate with existing local and international Agencies (World Bank, UNDP, National Institute of Statistics) to monitor the impact indicator. The MA for OP ACD will work with these Agencies and with relevant NGOs to have a regular survey/poll to collect objective data for use in tracking the impact of the interventions of the OP ACD. The basic reference will be to the relevant components of the Kaufmann indicators for governance (World Bank). The initial selection is based on the Kaufmann government effectiveness indicator.

Specific objectives

In order to preserve the programme logic of the OP, specific objectives are stated for each Priority Axis. The specific objectives were developed to be aligned with the key areas of intervention. This approach is to support the development of direct links between specific objectives and results indicators at the key area of intervention level.

There are two specific objectives:

Specific objective 1: To achieve structural and process improvements of the public policy management cycle.

Specific objective 2: To improve the quality and efficiency of the delivery of public services on a decentralised basis.

3.2 Priority Axes

The OP ACD will be implemented through three Priority Axes, including a Technical Assistance Priority Axis as listed below.

Priority Axis 1: Structural and process improvements of the public policy management cycle

Priority Axis 2: Improved quality and efficiency of the delivery of public services on a decentralised basis

Priority Axis 3: Technical Assistance

The first two Priority Axes complement each other, but there are relevant differences between them:

- The Priority Axis 1 deals mainly with conceptual, horizontal issues in the areas of decision making system, aiming at increasing the quality of decisions within public administration by developing mechanisms for substantiating policy initiatives, increasing the effectiveness of organisational structures through better planning, and strengthening the accountability framework. Activities under Priority Axis 1 concern the system for all central and local administration, including the three priority sectors;
- The focus of Priority Axis 2 is on mechanisms for the implementation of policy and the delivery of public services through fiscal and administrative decentralisation from central to local administration and targeted improvements in quality, timeliness and assessment of public services. Both centralised and decentralised services will benefit from Priority Axis 2 but with a strong emphasis on supporting sectoral priorities for decentralisation in the Key Area of Intervention 2.1;
- Both Priority Axes have elements of structural and process change and involve substantial investment in training for civil servants and contractual staff.

This approach of differentiating between quality of service delivery in a decentralised way and strengthening decision making system is considered as sound basis for the development of administrative capacity.

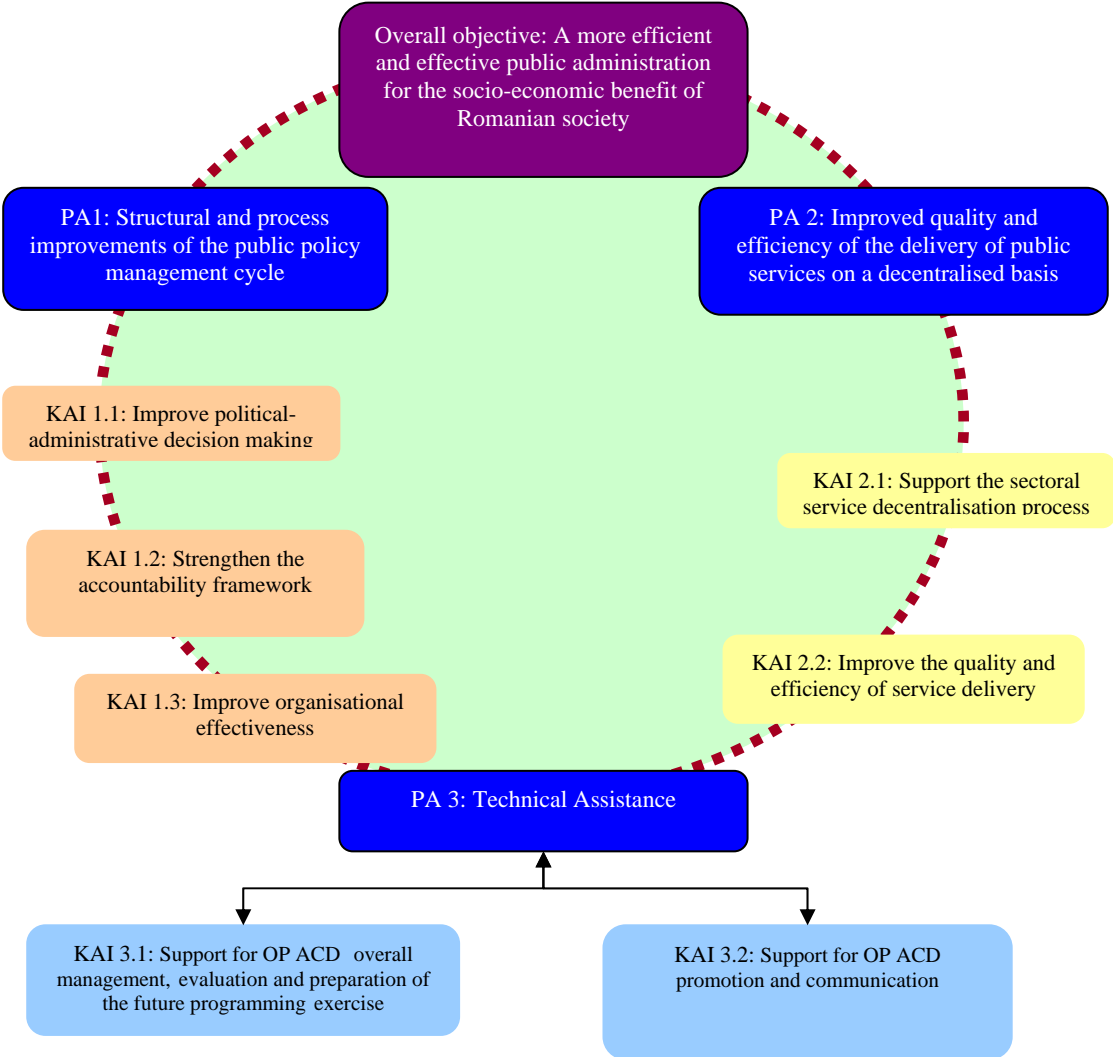
Sectoral focus is ensured not only by including the three priority sectors as potential beneficiaries of all interventions within the OP ACD, but also by ringfencing funds at key areas of intervention level.

As a general approach related to the achievement of the objectives of the OP ACD, it is envisaged that, where it is not clearly specified in the existing strategies or where there is a lack of reliable information, the OP ACD will finance needs assessment studies, as well as policy papers and/or strategies. The results of these studies will be implemented through the OP ACD.

Key areas of intervention

Priority Axes 1 and 2 are supported by five key areas of intervention. These are strategic responses to the problems identified in the analysis chapter and the SWOT analysis. A diagram showing the overall OP objective, the priority axes and key areas of intervention is shown in Figure 2.

Figure 2: Priority Axes and Key Areas of Intervention
(PA=priority axis; KAI=key area of intervention)



3.2.1 Priority Axis 1: Structural and process improvements of the public policy management cycle

Objective

The objective of Priority Axis 1 is to contribute to a sustainable improvement in public administration capacity in Romania, through structural and process improvements to the public policy management cycle.

The operations are horizontal interventions to improve policy making, strategic planning, performance measurement and evaluation, human resource management and the management and co-ordination of training and development. The target groups cover both central and local administration. The interventions include both structural and process improvements and a significant investment in human capital through training. The expected results are a stronger institutional structure for policy making leading to a higher quality of policy initiatives. The operations are designed to support a strategic management approach to the implementation of policy, a strengthening of aspects of the accountability framework (performance reporting, monitoring and evaluation) and a continuation of Romanian public management reform.

In order to increase the effectiveness of the programmed interventions, it will be possible to resort to the principle of complementarity between Structural Funds pursuant to Article 34 of Regulation (EC) 1083/2006, and finance actions falling within the scope of assistance of the ERDF, within the limits and conditions provided for, up to a maximum of 10% of Community funding of this priority axis, provided that these actions are necessary for the satisfactory implementation of the operation and are directly linked to it.

Rationale

The need for the interventions proposed in Priority Axis 1 was identified in the pre-accession period as an integral part of the conversion to democratic structures and the development of a modern policy based public administration for Romania. The Romanian Government accepts that the ability to manage public policy planning, formulation, implementation and evaluation processes (referred to as the “public policy management cycle”) is a core building block in strengthening the capacity for socio-economic development.

Addressing areas like policy formulation, strategic planning, strategic management, monitoring and evaluation and the availability of information on administrative costs is responding to the needs to improve the decision making system and, in this context, to the efficiency and effectiveness in public administration. The strategic management approach and the emphasis on performance measurement, performance based budgeting and evaluation respond to the need for better consultative mechanisms in the development of policy and for the adoption of an output-outcome management approach for government programmes. This is to address the underlying problems of a lack of clarity in objective setting, poor coordination of inter-ministry actions, ultimately leading to low levels of efficiency in service delivery. None of these problems are currently susceptible to measurement. This gap will be addressed through this Priority Axis.

While there has been some development of expertise and framework for planning and management, the feedback and evaluation mechanisms are very weak. There is no culture of “lesson learning” in the administration as well as underdeveloped accountability mechanisms.

The Priority Axis also seeks to address the training needs of leading civil servants. This is in line with the experience of other countries that an investment in the development of this group is an important factor in the overall modernisation programme.

Under this Priority Axis, attention will be given to support the proper enforcement of the requirements of the Directive 2001/42/EC, on the assessment of the effects of certain plans and programmes on the environment (the SEA Directive).

The role of ESF is to supplement the national commitment to these interventions, observing the additionality principle. The significant needs are for training and the development of processes (methodologies and analytical tools).

During the implementation of the OP ACD, through distinct selection criteria, it will be ensured that ESF does not support specific operations being concurrently supported through other transnational/transregional programmes.

Key Areas of Intervention

The key areas of intervention for Priority Axis 1 are:

- Improve political-administrative decision making
- Strengthen the accountability framework
- Improve organisational effectiveness

Indicators

The output and results indicators for Priority Axis 1 are set out in the following table

Improve political-administrative decision making					
Output Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
Guidance manuals/ methodologies/ working procedures	Number	3	2007	GSG	11
Participant training days	Number	1,000	2006	GSG	130,250
Results Indicators					
Percentage of unsatisfactory ¹⁷ policy documents and draft normative acts returned by GSG to initiators	Percent	44	2006	GSG survey	20
Percentage of administrative costs reduction	Percent	TBD	2007	GSG NCP	20
Strengthen the Accountability Framework					
Output Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
Manuals/methodologies/guidelines in force	Number	0	2007	GSG	8
Training modules prepared	Number	0	2007	GSG	3
Participant training days	Number	0	2007	GSG	45,000

¹⁷ Not complying with the regulations in force

Results Indicator	Unit	Baseline	Baseline Year	Source	Target (2015)
Public institutions producing an annual performance report in compliance with Law No. 544/2001	Percent	81.3 ¹⁸	2007	AGS, GSG	95
Monitoring and evaluation reports drafted by central public institutions	Number	0	2007	GSG survey	150
Improve organisational effectiveness					
Output Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
Structural reviews, including sectoral structural reviews	Number	0	2007	GSG	3 priority sectors 90 central 40 local
Participant training days	Number	0	2007	Survey	207,200
Training modules	Number	0	2007	MA for OP ACD	7
Results Indicator					
New and reformed structures operational ¹⁹	Number	0	2007	GSG	287
Personnel holding training certificates supported by ESF	Number	0	2007	Survey	75,000

Beneficiaries and target groups

The beneficiaries for Priority Axis 1 are GSG-PPU, public institutions from priority sectors, ministries, agencies²⁰, local public administration authorities (county councils, municipia, town and communal councils) and their associations²¹, relevant NGOs in the field of public administration (others than the associations of local public administration) and universities.

The target groups for PA 1 are the following:

- “Improve political-administrative decision making”: central and local administration authorities, ministries and their deconcentrated/decentralised structures, NGOs in the field of public policy development;
- “Strengthen the Accountability Framework”: institutions and/or staff involved in performance reporting, monitoring and evaluation in central and local administration;

¹⁸ Survey based estimation in the Romanian Academic Society (2007) Practical Guide: The annual report of public institutions

¹⁹ Having the basic requirements to function: set-up based on official regulation (in the case of new structures), personnel hired (number and qualification) according to the job description necessities, functioning procedures in place

²⁰ In subordination of Government and Ministries

²¹ Associations of the County Councils, of the Municipia, of the Towns and of the Communes; the Romanian Federation of the Local Authorities, other associative structures set up according to the legislation in force (e.g. Intercommunity Development Associations)

- “Improve organisational effectiveness”: ministries and local public administration authorities, and their subordinate bodies (institutions and their staff), leading civil servants.

3.2.1.1 Improve political-administrative decision making

Specific objective

The specific objective is to develop capacity in policy formulation, better regulation, strategic planning and inter-institutional partnership working.

This key area of intervention will use ESF assistance to support the establishment of policy formulation capabilities and strategic planning as the foundation for better policy choices informed by improved availability and analysis of information. The preparations for the introduction of policy formulation and strategic planning have already been made so the operations will focus on the provision of training to staff in the newly formed Public Policy Units of ministries and equivalent units in local administration. Support to set up PPU's in other areas will also be given. Romania has been involved with the EU working group on better regulation and will launch initiatives under this key area of intervention, including regulatory impact assessment, administrative costs, administrative simplification, etc.

This recognises the important contribution that better regulation can make to improve the policy and strategy framework which should lead to a direct improvement in administrative performance. As the most complex areas of policy require inter-institutional responses, the key area of intervention will also support the work of inter-ministerial councils. At the same time, issues regarding strategic planning will also be addressed aiming at improving the policy coherence at institutional level as well as at public expenditure management reforms through performance based budgeting (program budgeting).

The two result indicators focus on monitoring the adoption of policy positions and strategic plans. These are considered to best represent the measurable aspects of decision making that leads to elaboration of policy and strategy. Measurable outputs in terms of the increased number of trained personnel and the availability of procedural and guidance material will also be monitored.

Rationale

The need to modernise the arrangements for policy making has been recognised by the Romanian administration through successive public administration reform strategies since 2001. The operations seek to address the following problems:

- Significant deficiencies in public policy making – especially for consultation with stakeholders, delays in legislation planning and preparation that affect the implementation of sectoral policies;
- Underestimation of the effort and capacity needed to bring forward well researched reform proposals;
- Imperfections in the legal framework – the large number of laws and the need for their frequent modification;
- A high burden of regulation on businesses and citizens and the lack of a standardised model for measuring the administrative burden imposed by regulation;

- A poor history of inter-institutional collaboration to address shared problems.

This key area of intervention focuses on the policy analysis and strategic management capabilities of the staff (civil servants, contracted staff and special status appointments, e.g. public managers) that operates at the interface between the political and administrative levels and those who support decision-making. The OP seeks in the same time to build on a policy formulation reform that is already underway supporting structural reforms of the decision making system (procedures, functions, methodologies etc).

At the same time, this key area of intervention is aiming at increasing the line ministries capacity in performing ex ante impact assessment by developing sectoral methodologies and carrying out detailed training sessions with specialists at all levels of public administration.

Due to the emphasis on quality and frequency of substantiation of policy initiatives, the ability to write accurate policy proposals and law proposals/drafts is considered to be the first step in improving political administrative decision making. This increased ability will reflect on the quality of decisions undertaken at the level of these institutions. From this point of view, this OP will also support decision-makers at central and local levels by providing training in the interpretation of policy proposals including decision theory, policy research methods, decision making models, cost-benefit and cost effectiveness analysis and multi-criteria analysis. The use of consultation with civil society is still weak and social partnership arrangements will be supported as important steps in the policy making process. Interministerial consultation and coordination still needs improvements in order to increase the coherence and predictability of government interventions. The OP ACD will increase the stakeholders' capacity (including NGOs) by training, networking measures, strengthening the social dialogue and activities jointly taken by social partners and public authorities and by reinforcing the mechanisms for consultation with social partners in the field of policy development.

Better regulation will address both existing regulations (stock) - measuring administrative burden using a methodology based on Standard Cost Model, reducing administrative burdens by promoting simplification plans - and the new legislative flow, by introducing administrative costs assessment in the regulatory impact assessment (RIA).

Through the reduction of the administrative costs imposed by legislation, the productivity and the overall competitiveness of the business environment will be considerably improved. Regulatory costs, of which administrative obligations are just one element, must be analysed in an integrated context of economic, social and environmental costs and benefits of regulation.

Lessons learned from pre-accession work point to the importance of stakeholder involvement and commitment in the elaboration of policy options (the consultative process).

In the field of strategic planning²² recent progress can be mentioned: all line ministries have elaborated their strategic plans (management component) and assistance is needed for implementing these, as well as for the program budgeting component of the strategic plans that aims at establishing a clear link between policies and elaboration of the budget.

The role of ESF is to support existing national efforts in building sustainable capacity in these crucial areas, primarily through training and development of procedure and guidance.

²² GD no. 1807/2006 for the approval of the Strategic Planning Methodology (Management component) at central administration level

Considerable work has already been done in terms of legislative foundation for the proposed operations. The first steps to ex-ante impact assessment as part of analysing new legislative proposals have been taken.

Indicative operations

- Elaborate a set of tools, methods and institutional framework (including strategic planning and program budgeting) specific to a policy oriented approach, leading to better regulation (also reducing administrative costs) within the public administration
- Training for specialists involved in public policy formulation process in line ministries and local public administration
- Implementing strategic plans and training on strategic planning (program budgeting included) for management level staff in central and local administration, including the inter-ministerial councils and a train-the-trainer group
- Develop mechanisms to promote and implement partnership initiatives at all levels, in order to ensure the involvement of stakeholders in the policy development process

3.2.1.2 Strengthen the Accountability Framework

Specific objective

The specific objective is to make capacity improvements in the accountability framework.

The focus is on implementation and evaluation elements of the public policy management cycle. The chosen result indicators anticipate the routine availability of performance and evaluation reports to strengthen the discharge of public accountability and provide a more informed basis for reflecting on the implementation of strategic choices.

Rationale

The key area of intervention is designed to address two major problems of Romanian public administration – a lack of reliable performance information to support planning, monitoring and accountability purposes and an acknowledged lack of capacity in evaluation and the proper use of feedback to learn lessons from past experiences. These figure prominently in the SWOT analysis prepared for the OP.

The two indicative areas of support are performance reporting and the development of a culture for programme monitoring and evaluation. Performance reporting deals with strengthening the content of performance reports (financial and non-financial) by training public officials involved in the collection and analysis of performance data and preparing reports and leading civil servants who make decisions based on the content of performance reports. This will also address the need for more transparency by providing the general public with a higher quality of information on public administration activity.

The introduction of programme and policy evaluation based on effectiveness and impact evaluation aims to strengthen the quality of analysis of the outcomes of policy interventions, as well to provide for greater accountability for results and to contribute to further target setting in future policy cycles.

These interventions are considered to be highly relevant to support from ESF as the need is for cultural and behavioural changes at the central management levels and their local administration equivalents.

Indicative operations

- Developing methodologies and tools to improve systems and procedures for performance measurement and reporting, including feedback mechanisms on public administration performance taking into account the public/civil society opinion.
- Training to improve the quality and extent of performance reporting to the direct recipients of public services and to citizen groups by central and local administrative organisations.
- Training in performance measurement and reporting techniques, including performance indicators and monitoring and evaluation.
- The development of a national database for collecting, reporting, analysing and publishing the relevant statistics regarding the local administration performances.
- Elaborating methodologies and the institutional framework for extending the programme/policy evaluation approach at central and local administration.

3.2.1.3 Improve organisational effectiveness

Specific objective

The specific objective is to support structural and process improvements that contribute to organisational effectiveness.

The focus of the key area of intervention is on supporting activity reorganisation, strengthening human resource management practices and consolidating a sustained training capacity for public administration. The result indicators seek to raise the overall standards of knowledge and expertise at the level of leading civil servants. An investment in administrative capacity at this level is considered particularly important to provide a sharper leadership and management focus in public administration.

Rationale

There has been a significant amount of change in both central and local administration structures over the last ten years – specifically the creation of new functions and structures, the introduction of information technology and some elements of civil service reform. These changes bring with them a need for structural review to ensure that public administration organisational structures are appropriate for the conduct of public business. A consequence of the implementation of a decentralisation strategy is the need for further structural realignment.

This is a focus for this key area of intervention.

The key area of intervention for organisational effectiveness combines operations that deal with structural improvements to organisations with interventions to strengthen individual motivation and responsibility. The problems addressed are weaknesses in management capacity within organisations, poor motivation of civil servants, insufficient training capacity and capacity to apply new methodologies or to respect newly established legal frameworks, and low levels of administrative efficiency. The key area of intervention addresses horizontal

problems of public administration and is not dedicated exclusively to the three sectors, although, for reaching more effectiveness in the priority sectors, half of the financial allocation is ringfenced for the three sectors.

Under this key area of intervention, a comprehensive functional review aiming at increasing coherence and clarity (functions, attributions, overlappings, procedures) at the level of agencies and regulatory bodies is envisaged.

The sectoral problem analysis provides practical examples of the problems that are targeted on a more general level, for example:

- In the health sector, it was noted that the high number of decision making levels in institutions hindered front line activity in the deconcentrated services;
- There has been extensive structural change in the education sector. It was found that the functions of local public authorities in taking decisions on the establishment, reorganisation, restructuring and closure of education units are not clearly established;
- Training and professional development of human resources in education is centralised and not always correlated with the needs and interests of individual and institutional beneficiaries;
- In the social assistance sector, there are problems with the level of communication between responsible institutions and this is reflected by inadequate training of officials working in local public administration structures.

Accordingly, it is envisaged that at least 50% of the funds allocated to this key area of intervention would go to the three priority sectors.

Recent improvements in civil service legal and institutional frameworks provide an opportunity to build a stronger management culture in public administration but this also depends on considerable investment in strengthening the competencies of staff both engaged in service delivery and in managing public business. The support to training capacity is directly linked to ESF aims. In particular, the need for structural and capacity responses to address the training deficit in public administration is a high priority. This is further emphasised by the high training requirements that are expected for further public management reforms.

Indicative operations

- Structural review and implementation of proposals resulting from thereof, implementation of modern instruments, setting up and operationalisation of new structures such as the public management reform center, intercommunity development associations, corps of professional public administrators in local administration, etc.
- Introduction of quality management reforms.
- Implementation of the human resource performance management system.
- Development of the training management function in public administration.
- Provision of special graduate level management development programmes for leading civil servants.
- Module-based basic training programmes on topics such as public procurement, ECDL, foreign languages, project development, project tendering and management, etc.

3.2.2 *Priority Axis 2: Improved quality and efficiency of the delivery of public services on a decentralised basis*

Objective

The overall objective of this priority axis is to improve the quality and efficiency of services provided by the public administration (central and local).

Priority Axis 2 is designed with two key areas of intervention that focus directly on the delivery of public services through a decentralisation approach. The results indicators highlight the implementation of decentralisation plans in the priority sectors (KAI 2.1) and a measurable improvement in the efficiency of service delivery (KAI 2.2). This is to be achieved through a combination of training, initiatives in administrative simplification, quality and cost and interventions that seek improved timeliness of operations.

There is agreement at a high level on the need for far reaching reforms and decentralisation strategies in the three priority sectors. Some implementation has already begun.

The three sectors are identified as priority sectors, but this does not exclude the possibility that other sectors can be supported through this Priority Axis.

Sectoral focus is given by launching separate call for proposals and by ensuring ringfenced funds allocation at key area of intervention level.

In all cases, the interventions target a change in the efficiency in public administration through job enrichment and an investment in the training and development of the administration staff.

In order to increase the effectiveness of the programmed interventions, it will be possible to resort to the principle of complementarity between Structural Funds pursuant to Article 34 of Regulation (EC) 1083/2006, and finance actions falling within the scope of assistance of the ERDF, within the limits and conditions provided for, up to a maximum of 10% of Community funding of this priority axis, provided that these actions are necessary for the satisfactory implementation of the operation and are directly linked to it.

Rationale

The Priority Axis is responding to two major problems.

Although there is an absence of reliable performance data for service delivery, there is a general view that poor timeliness in the delivery of public services is a major issue. The Priority Axis addresses this problem in two ways. The decentralisation strategy brings implementation decisions closer to the Romanian citizen and will improve response times. Improvements in structures and processes that address the quality, timeliness and cost of service delivery address the need for greater attention on measurable improvements in performance in terms of costs, quality of output and outcomes for the citizen.

The second problem is the degree of confusion created by inadequate or unclear definition of responsibilities (competencies) between the various levels of the administration, including an incomplete transfer of decision powers in some cases. This is partly due to the extent and speed of change in recent years. KAI 2.1 responds to this problem by supporting the planning and coordination of decentralisation strategies.

During the implementation of the OP ACD, through distinct selection criteria, it will be ensured that ESF does not support specific operations being concurrently supported through other transnational/transregional programmes.

Key Areas of Intervention

The key areas of intervention for Priority Axis 2 are:

- Support the sectoral service decentralisation process
- Improve the quality and efficiency of service delivery

Indicators

The results and output indicators for Priority Axis 2 are set out in the following table.

Support the sectoral service decentralisation process					
Output Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
Structure reviews	Number	0	2007	Survey	42 counties/ 100 municipalities
Guidelines/studies/reports supporting decentralisation process	Number	0	2007	surveys	25
Participant training days	Number	0	2007	Project records	31,300
Results Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
Newly decentralised structures operational	Number	0	2007	Survey	42 counties/ 100 municipalities
Improve the quality and efficiency of service delivery					
Output Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
Sectors in which cost and quality standards are designed	Number	0	2007	MIAR	3
Guidance manuals to improve revenue collection	Number	0	2007	NAFA	2
Participant training days	Number	0	2007	CUPAR	10,500
Administrative simplification reviews	Number	7	2006	CUPAR	250
Results Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
Sectors in which cost and quality standards are introduced	Number	0	2007	MIAR	3
Degree of own revenue collection of the local public administration	Percent	84	2006	MEF	95

Beneficiaries and target groups

The beneficiaries for Priority Axis 2 are public institutions from priority sectors, ministries, local public administration authorities (county councils, municipia, town and communal councils) and their associations, agencies, relevant NGOs in the field of public administration (others than the associations of local public administration) and universities.

The target groups for PA 2 are the following:

- “Support the sectoral service decentralisation process”: bodies responsible for planning and coordination of decentralisation initiatives, priority ministries and their deconcentrated units and decentralised services and local administration;
- “Improve the quality and efficiency of service delivery”: central (including deconcentrated services) and local administration (staff and institutions).

3.2.2.1 Support the sectoral service decentralisation process

Specific objective

The specific objective is to support structural and process change arising from sectoral decentralisation initiatives.

Romania has consistently planned for the implementation of a decentralisation strategy since the early 1990s. In the pre-accession period, some development of the underlying structures at local level (county councils and municipalities) was attempted and a basic infrastructure to support fiscal and administrative decentralisation was created. All ministries have decentralisation plans but some are more advanced than others. The availability of ESF support provides an opportunity to accelerate the decentralisation process in all sectors (in which case indicative operations will be adapted accordingly), starting with the identified priority sectors.

The assistance will finance training and technical support to the decentralisation process, both at policy design level and service delivery.

Specific attention will be given to supporting the co-ordination mechanisms for the strategies in each sector. In the selection of the target groups to receive support particular attention will be paid to the urban-rural divide and to less developed local institutions.

It is estimated that at least 50% of the funds allocated to this key area of intervention to be absorbed in the three priority sectors.

During its lifetime, the OP ACD would be revised in line with the developments related to decentralisation process, in view of introducing new priority sectors for support in their decentralisation efforts.

It is envisaged that the ad-hoc evaluations will include a specific review of the result indicator for this key area of intervention.

Rationale

The need for decentralisation is reflected by the high priority to decentralised service delivery in the government’s public administration reform strategy. Most ministries are at various stages of the preparation of decentralisation strategies. The sector analysis for the OP identified Health, Education (pre-university) and Social Assistance as priority sectors. The sector analysis also highlights the following problems, related to decentralisation, in the three priority sectors that need to be addressed:

- Excessive institutional centralisation;

- Overlapping between structures;
- Legislative dysfunctions for the distribution of tasks and responsibilities;
- Decision making functions are not clearly presented;
- Administrative structures resistance to decentralisation at all levels.

The use of ESF is a reflection of the significant impact of decentralisation on public administration jobs in the central administration and in the local units which take on new operational responsibilities. ESF support is needed for the training and procedural changes to work which are an integral part of decentralisation. At the same time, the development of new management competences and higher standards of customer service are needed to improve the quality of service. Finally, a greater focus on the use and accountability for public money is needed to narrow the gap in citizen satisfaction with the efficiency of public services.

Indicative operations

- Training and technical support for the structures involved in planning and coordination of the decentralisation process (Inter-ministerial technical committee, CUPAR, line ministries).
- Develop procedures for cooperation between central and local administration and local authorities and schools/ hospitals/ decentralised social assistance services or other structures involved in decentralisation process.
- Training for public administration staff at local level, particularly in the education sector (including representatives of local authorities in the school boards) and in the health sector, in order to effectively implement the newly decentralised services.
- Training for the management staff of hospitals and other medical institutions (managers and members of managing boards).
- Support for the evaluation of the pilot phase of the decentralisation process in pre-university education and implementation of the recommendations of the evaluations.
- Optimisation of structures of the newly decentralised/deconcentrated services in the priority sectors.
- Elaboration of studies/strategies to support the decentralisation initiatives.

3.2.2.2 Improve the quality and efficiency of service delivery

Specific objective

The specific objective is to realise improved public services.

Administrative simplification in Romania has primarily been driven by the objective to improve the cost-efficiency of administrative regulations and improve services to-user. It may also have other effects, or, indeed, be driven by other objectives. Many of the administrative simplification tools and practices applied to improve the efficiency of administrative regulations also lead to, or are supported by measures that improve transparency and accountability, and therefore reduce the risk of corruption.

In particular, the improvement and development of new tools, notably IT-based tools, which enable unprecedented possibilities for greater coherence and efficiency in the regulatory interactions between government and businesses and citizens, are needed.

There is evidence that the administrative burden imposed on businesses is significant, with small to medium size enterprises particularly affected²³. It is also important to consider the cumulative effect of all the regulations to which enterprises are subject, not just those that have been introduced recently. Excessive 'red tape' adds to business costs, can impede market entry, reduce incentives to innovate and reduce competitive pressures within the economy. In addition, it creates uncertainty which can disrupt business planning and hinder the ability of businesses to respond quickly to new market opportunities. Ultimately, this weakens competitive pressures within the economy and economic performance will suffer.

The programme logic focus for the key area of intervention is at the point of delivery of public services. The strengthening of administrative capacity in the areas of quality management, timeliness and assessment of services are identified as key drivers for improving the efficiency of public services. The result indicators anticipate the introduction of cost and quality standards and a performance assessment mechanism for service delivery. The efficiency of service delivery will be monitored through cost effectiveness indicators. The key area of intervention will support training outputs and technical support for local initiatives in administrative simplification, the cost analysis and improvements in the timeliness of the delivery of services.

Public services must be delivered according to a set of general principles (e.g. equality, impartiality, continuity, regularity, openness, choice, courtesy, helpfulness, consultation and value for money). The delivery must be based on standards and targets to be measured against actual performance. The policy for improving customer service applies to all government agencies at central and local level.

Rationale

The problem analysis has identified a public concern over the timeliness of the delivery of services over the quality of services and a lack of customer focus from public authorities. There is a lack of reliable information on the quality and efficiency of services and this information deficit needs to be addressed to support improvements that would be visible to the citizen. The intervention needs are summarised as:

- address the complexity of processes and regulations from both the perspective of the citizen and businesses, with a view to simplification and reduction of the administrative burden on citizens;
- monitor and improve the time taken to deliver services (with a corresponding reduction in service cost);
- introduce a quality based system including targets and benchmarks for customer service

²³ At national level there is a study from 2004 regarding the quality of public services delivered by public administration to the citizens, made by Agency for Government Strategies. At international level there is a study made by World Bank, related to ease of doing business (www.doingbusiness.org)

Indicative operations

- Development, testing and roll-out of service cost and quality standards
- Development of methods to measure administrative burdens
- Elaboration of mechanisms/ tools/ procedures for the improvement of tax collection, including the interfacing of existing data bases
- Implementation of initiatives to reduce the time taken to deliver services (eg one-stop-shop customer (physical as well as electronic); service plans, document management, use of the silence-is-consent rule etc)
- Training on service performance assessment
- Review of specific problems in service delivery, in order to simplify and reduce the administrative burden on citizens
- Introducing and applying management systems, including EMAS²⁴
- The use of IT-driven mechanisms, *i.e.* web-based portals and databases
- Implementing service delivery charters (introducing a set of general principles regarding the quality of the services which are delivered to the customers)

3.2.3 Priority Axis 3: Technical Assistance

Objective

The general objective of the Technical Assistance Priority Axis is to contribute to the effective implementation of the OP ACD and the successful preparation for the next programming period.

This Priority Axis supports the work of the Managing Authority of the OP ACD and seeks to ensure the effective and transparent use of the Structural Funds and domestic co-financing by:

- ensuring high quality and coherence of the implementation measures;
- maintaining an efficient management and control system for these funds.

In order to increase the effectiveness of the programmed interventions, it will be possible to resort to the principle of complementarity between Structural Funds pursuant to Article 34 of Regulation (EC) 1083/2006, and finance actions falling within the scope of assistance of the ERDF, within the limits and conditions provided for, up to a maximum of 10% of Community funding of this priority axis, provided that these actions are necessary for the satisfactory implementation of the operation and are directly linked to it.

²⁴ The Eco-Management and Audit Scheme (EMAS) is the EU voluntary instrument which acknowledges organisations that improve their environmental performance on a continuous basis. EMAS registered organisations are legally compliant, run an environment management system and report on their environmental performance through the publication of an independently verified environmental statement.

Rationale

Starting with 2007, projects will be financed through the OP ACD from the ESF and the responsible bodies will begin to implement them in an effective, efficient and transparent way, taking into account the relevant requirements of the EU regulatory framework.

Although some significant experience was acquired during the implementation of the pre-accession instruments, the new regulations for the structural instruments represent an important challenge to the Romanian administration. Thus, special attention must be given to the principles underlying structural interventions, and consistency must be ensured with the EU strategies and policies of partnership, subsidiarity, shared management and additionality.

The implementation in a sound and cost-effective manner of the specific requirements for the management of structural instruments is a complex process, taking into account the substantial increase in funding proposed for this period. Also, the fact that most of the staff is either newly employed or have little experience in dealing with structural instruments and regulations is an important aspect to be taken into consideration.

The Technical Assistance Priority Axis will be used by the MA for OP ACD in order to help it operate in a coherent way and to ensure that the most effective use is made of the opportunities presented by the OP, while observing EU regulations.

The rationale for the Technical Assistance Priority Axis is summarised by article 46 of the Council Regulation No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, dedicated to Technical Assistance of the Member States, which states that:

“at the initiative of the Member State, the Funds may finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes together with activities to reinforce the administrative capacity for implementing the Funds [...]”.

The Technical Assistance Priority Axis of OP ACD provides specific assistance for project preparation, monitoring, evaluation and control, as well as communication activities, but only to those related to the specificity of the OP ACD.

Also, funding is available under this priority for data gathering (surveys, studies, etc) in order to fill in the gaps related to lack of baseline data, especially for indicators.

The institution responsible for the implementation of this Priority Axis will be the MA for OP ACD.

Key Areas of Intervention

The key areas of intervention for Priority Axis 3 are:

- Support for OP ACD implementation, overall management, evaluation and for the preparation of the future programming exercise;
- Support for OP ACD promotion and communication.

Indicators

The output and result indicators for Priority Axis 3 are set out in the following table.

Support for OP ACD implementation, overall management, evaluation and for the preparation of the future programming exercise					
Output Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
Participant days	Number	0	2006	Monitoring reports	700
MA for OP ACD meetings organised (including Monitoring Committee meetings)	Number	0	2007	Monitoring reports	At least 18
Result Indicator	Unit	Baseline	Baseline Year	Source	Target (2015)
Attaining commitment targets	%	0	2007	Monitoring reports	100
Support for OP ACD promotion and communication					
Output Indicators	Unit	Baseline	Baseline Year	Source	Target (2015)
Number of communication events organised	No	0	-	Monitoring reports	30
Result Indicator	Unit	Baseline	Baseline Year	Source	Target (2015)
Potential applicants reached through communication events	Number	0	2007	MA for OP ACD	500

Beneficiaries and target groups

The beneficiary for Priority Axis 3 is the MA for OP ACD.

The target groups for PA 3 are the following:

- “Support for OP ACD implementation, overall management, evaluation and for the preparation of the future programming exercise”: MA for OP ACD, OP ACD Monitoring Committee and potential beneficiaries;
- “Support for OP ACD promotion and communication”: MA for OP ACD, potential beneficiaries and general public.

3.2.3.1 Support for OP ACD implementation, overall management, evaluation and for the preparation of the future programming exercise

This key area of intervention aims at supporting the efficient management, monitoring, evaluation and control of the OP ACD, and at supporting the MA in accomplishing its task to prepare and coordinate the procedural rules for managing, monitoring, evaluation and control within the framework of the existing institutional, legal and financial systems.

At the same time, the complex process of preparing for future structural funds interventions is also envisaged through this key area of intervention. The main targets are to ensure the smooth implementation and the overall management of the OP, to ensure the preparation of

the future structural funds interventions and to ensure support for the evaluations activities of the OP.

Indicative operations

- Support the overall management of the OP ACD. This may include ensuring external expertise, commissioning studies in order to improve the data on public administration, ensuring training of the staff, ensuring support to Monitoring Committee meetings, etc.
- Support the OP evaluation activities, in order to ensure the effective implementation of the OP ACD
- Support the preparation of future structural funds interventions. This may include ensuring external expertise, elaborating needs assessments for next programming period, etc.

3.2.3.2. Support OP ACD promotion and communication

This key area of intervention aims at developing an efficient system of promoting the OP ACD through the dissemination of the relevant information and at having, as a result, a positive impact on the absorption of the funds. It is acknowledged that an effective communication strategy will have a positive impact on the absorption of the funds. In order to achieve the goals, several actions will be taken, such as developing a communication plan for the OP, establishing a system of public information concerning the OP, producing several information materials and establishing an information exchange system with the beneficiaries and other interested parties.

Indicative operation

- Support the communication and promotion activities of the OP ACD. This may include developing and implementing the OP ACD communication plan, establishing a system of public information related to the OP, etc.

3.3 Coherence and Compliance with Community and National Policies

3.3.1 Community policies

The OP ACD is consistent with the priorities laid down in the Community Strategic Guidelines on Cohesion (CSG), where investment in administrative capacity development is needed. The CSG state that “increasing productivity and quality at work in the public sector - especially in the [...] employment, social, educational, health [...] is essential to pursue and accelerate reforms [...]”. The OP ACD attaches high priority to improving administrative capacity and public services in the mentioned sectors. The OP ACD is also in full accordance with the Fourth Progress Report on Cohesion,²⁵ supporting the reform of public administration and public services through strengthening institutional capacity and the efficiency of public administrations and services.

²⁵ *The Growth and Jobs Strategy and the Reform of European Cohesion Policy – Fourth progress report on cohesion*, 12.06.2006, Brussels, COM(2006 281)

<i>Main provisions of EU policy</i>	<i>How reflected in the OP ACD</i>	<i>OP Priority Axis</i>
Ability of Member States and regions to contribute to EU objectives, take full benefits of membership and achieve significant progress in socio-economic development.	Strengthening the policy management cycle should lead to more effective government and improved efficiency in service delivery. Linkages between efficient public services and increased economic productivity by way of faster procedures, deregulation and decentralisation to local levels.	Priority Axis 1 Priority Axis 2
Good governance	Strengthening of human capital and institutional capacity in public administration is vital to prevent regions lagging behind. An important requirement is the involvement in these processes of social partners, civil society, NGOs, research institutes and the media. Participation is seen as important for transparency, responsiveness and accountability.	Priority Axes 1 and 2

Sustainable development

The OP ACD Priority Axes have sustainability built into the proposed objectives, thus contributing to the implementation of the EU Sustainable Development Strategy (Renewed Strategy, adopted by the European Council in June 2006). Moreover, synergies will be sought with other EC co-financing streams (ERDF, EAFRD, EFF, LIFE+, CIP, RTD, etc.)²⁶. The key areas of intervention target formulation of objectives, implementation and evaluation processes, leaving no part of the policy cycle untouched. The expectation is for a self-sustaining management culture to emerge in the public administration. Closer linkage between the public sector and citizen groups is expected to enhance longer term sustainability.

The programme's activities will follow the principle of sustainable development during the various stages of implementation, taking into account environmental aspects. In fact, it is envisaged that each training curricula will pay particular attention both to raising awareness on the importance of environment protection and sustainability and to training in environmental skills and management.

Taking into consideration the importance of the subject in matter, projects' selection criteria will include environmental considerations; accordingly, the following indicators will be measured in terms of sustainable development and overall protection of the environment during the OP implementation:

1. Rate of projects with one or more environmental awareness raising components²⁷ (target 2015 - 60%)
2. Rate of persons trained in environmental skills and management (target 2015 - 50%).

²⁶ LIFE+ (new Financial Instrument for the Environment), Research and Technological Development (RTD), the Competitiveness and Innovation Programme (CIP)

²⁷ An environmental awareness raising component might include: a specific training module dealing with awareness raising for participants on climate change consideration, energy efficiency for buildings, waste management within the public organisations, green public procurement choices, promotion of environmental policies, provision of practical advice and information.

As soon as the legislation related to Green Public Procurement is adopted by the Romanian authorities, the OP ACD will provide support for proper enforcement of its requirements .

Equal opportunities

It is envisaged that the completion of civil service reform will achieve a merit based, equal, fair and transparent civil service. As civil service reform will deal with the other branches of administration, it is anticipated that equal opportunity in respect to the nine grounds for discrimination will apply for all key areas of intervention.

Equality of opportunity is fundamental to economic development and the successful delivery of the OP ACD. Every opportunity will be taken to use the leverage afforded by the OP ACD to help achieve this. The actions to be undertaken to achieve this will be:

- Mainstreaming equal opportunity into all priority axes;
- Each priority axis will identify the actions needed to integrate equality of opportunity into the outputs to be delivered through inclusion of equal opportunities in selection criteria;
- Applicants will be asked to demonstrate how their project will address key equality issues;
- The Technical Assistance Priority Axis will improve the information base in order to monitor the application of equal opportunities in the outputs and results;
- There will be specific reference to equal opportunities in the regular reports for the OP ACD;
- Promoting fairness and balance on the OP ACD Monitoring Committee.

Competition policy and State Aid

This Operational Programme has been developed having regard to the Community rules on State aid. The provisions of Articles 87 and 88 of the Treaty in relation to state aid rules will be fully respected. Any public support under this programme must comply with the procedural and material State aid rules applicable at the point in time when the public support is granted.

Acting according to its competence set out in the national legislation, as the national State aid authority²⁸, the Competition Council has provided support to the MA OP ACD in respect of State aid applicable rules and it is providing on-going operational advice and guidance, including the process of drafting normative or administrative acts by which state aid measures are instituted.

The Competition Council, acting as the Contact Point as regards State aid, between the European Commission on one side and Romanian authorities, State aid's grantors and beneficiaries on the other side, shall ensure the strict observance of the notification requirements. With regard to the block exemption regulations all information required by the relevant regulations will be provided.

Notifications of state aid measures, respectively information on state aid measures subject to block exemptions, are submitted for consultative opinion to the Competition Council. Subsequently, the Competition Council will submit these notifications/information to the

²⁸ Competition Law no. 21/1996, republished and the Government Emergency Ordinance no. 117/2006 on State aid, republished;

European Commission, through Romania's Permanent Representation to the European Union. Authorities, grantors and state aid beneficiaries are obliged to provide to the Competition Council all the required information, in order to be sent to the European Commission. For those operations where the public financing does not fall under the above mentioned categories (e.g. "de minimis aid"), the relevant authorities will ensure compliance with the state aid regulations and procedures.

Within the programming period, the schemes designed by the granting authorities and/or ad hoc aid will be submitted to the Commission, whenever the EC rules request an ex-ante approval from the Commission. Specific obligations with regard to individual notification of aid granted under aid schemes will be respected.

The Member State will have the full responsibility to ensure compliance with State Aid rules in the context of Structural and Cohesion Funds. The actual implementation will be the responsibility of the Managing Authority. Questions demanded of applicants, the guidance given, as well as the provisions of the financing agreement will ensure that the applicants understand the limitations on assistance given and provide sufficient information to highlight any potential problems and corresponding obligations. Procedures will ensure that compliance is checked during claim checks and on the spot checks during verification and certification.

The OP ACD Annual Implementation Reports will detail the measures undertaken in order to ensure the compliance of all operations with State Aid rules with respect to the provisions of block exemptions (referring to: small and medium-sized enterprises, employment, training, services of general economic interest and transparent regional investment state aid), "de minimis aid" and other types of state aid under notification obligation (such as: research, development and innovation state aid, regional state aid, risk capital, environmental state aid etc.), should the case be. In addition, any information required by the Commission and by the World Trade Organization regarding state aid schemes, individual state aids or "de minimis aid" shall be provided according to the applicable rules.

Public Procurement

The procurement of all contracts financed through the Structural and Cohesion Funds and corresponding national co-financing shall be done in compliance with EU legislation and primary and secondary national legislation implementing the EU provisions on public procurement.

In order to ensure coherence with EU procurement policies, the Romanian authorities transposed the Directives No. 17/2004/EC and No. 18/2004/EC, by adopting the Law No. 337/2006 for approving the Emergency Government Ordinance No. 34/2006 on awarding of the public procurement contracts, public works concession contracts and services concession contracts. The secondary legislation was also adopted. This legislation also takes into account the provisions of the Commission interpretative Communication on concessions under Community law of 29 April 2000 and the Commission interpretative Communication on the Community law applicable to contracts awards fully or not fully subject to the provisions of the public procurement directives of 1 August 2006.

To enforce the legal provisions, the National Authority for Regulating and Monitoring Public Procurement (NARMPP) was set up. This body has the role to develop public procurement strategies, ensure coherence with Community acquis, ensure conformity in the application of legislation, fulfil EU Directive obligations, monitor, analyse and evaluate the methods used

for awarding public contracts, as well as advice and train personnel involved in procurement activities. The NARMPP has set up the framework for Romanian national procurement methodologies and is providing advice and support.

All public procurement contracts will be awarded in compliance with the new harmonised national legislation. The principles applied in contracting are: non-discrimination, equal treatment, mutual recognition, transparency, proportionality, efficiency of used funds and accountability.

The general procedures for concluding public procurement contracts are the open and the restricted tender. Only as exceptions, the competitive dialogue, the direct negotiation or offer request, the framework agreement, the electronic auction and the dynamic purchasing system are foreseen by the law. The General Inspectorate for Communication and Information Technology is the operator of the electronic system for public procurement (ESPP).

The contracts are published in the ESPP, in the National media and, where the relevant thresholds under Community Directives are applicable, in the Official Journal of the European Communities.

The eligibility and selection criteria make reference to the personal situation, the ability to exercise the professional activity, the economic and financial situation, the technical and/or professional capacity, quality assurance and environmental standards. The awarding criteria are: the most economically profitable offer or, exclusively, the lowest price.

The NARMPP provides training, courses and seminars for the main purchasers from central and local level, including institutions involved in the management of the SCF and potential beneficiaries.

The ex-ante control system in the public procurement field has become functional through the GEO No. 30/2006 and the GD No. 942/2006 for approving the methodological norms for GEO No. 30/2006. In this respect, the Unit for Coordination and Verification of Public Procurement (UCVPP) within the Ministry of Economy and Finance has been appointed as the body responsible for ensuring ex-ante verification of public procurement procedures, including those carried out under the Structural and Cohesion Funds programmes.

UCVPP works together with the NARMPP, the Managing Authorities and with any other public institution in the field of public procurement.

In order to improve the quality of the public procurement system and to ensure the compliance with the national legislation in the field, the Ministry of Economy and Finance, through its specialized structures at central and territorial level, verifies the process of contract awarding based on risk analysis and on a selective basis. For performing the task of verification, for those projects considered to have a certain risk, UCVPP shall appoint observers during all stages of the public procurement procedure. The observers will issue activity reports and if they detect inconsistencies during the procedure they will give a consultative opinion. The opinion will be sent to the NARMPP as well as to the authority hierarchically higher to the contracting authority. In case of projects financed through Structural and Cohesion funds, the opinion and the activity reports are sent also to the competent Managing Authority.

The contracting authority has the responsibility for the decisions made during the process of awarding public procurement contracts. The decisions made by the contracting authority are sent to the NARMPP and UCVPP.

This established system on the ex-ante verification procedure, as part of the entire management system of the SCF, is ensuring the efficiency and effectiveness of the use of the Funds by guaranteeing the compliance of the public procurement procedure with the national legislation and with the EU directives.

3.3.2 National policies

The OP ACD contributes to the implementation of the fourth National Development Priority of the NDP 2007–2013 “Development of human resources, employment, social inclusion and strengthening administrative capacity” so as to obtain the highest positive impact upon public administration in order to stimulate the economic development.

The OP ACD supports the reforms in public administration addressed in Romania’s National Reform Programme related to the increasing of the quality of public services and efficiency of public administration.

OP ACD is designed to substantially contribute to the achievement of the thematic priority *Building Effective Administrative Capacity* established in the National Strategic Reference Framework (NSRF). The OP ACD is also related with the priorities laid down in the “Updated Strategy for the acceleration of public administration reform 2004-2006” and chapter 11 of the current Government Programme.

3.4 Complementarity of the OP ACD with other Operational Programmes and operations financed by EAFRD and EFF

Training activities in the public administration structures for central professional levels and leading civil servants, management levels in deconcentrated services and local administration management levels are eligible under the OP ACD. The OP ACD finances training for all levels of public administration, in order to generally enhance the management skills, ability to attract and manage development funds, accountability, decision making in such structures, without a specific focus to Structural and Cohesion Funds (SCF).

The targeted beneficiaries for the OP ACD are the central administration (ministries, their affiliated institutions and deconcentrated bodies) and the local administration (county authorities, municipalities, and communes). In some specific cases (for example, the support to local partnership initiatives), NGOs at local level may also benefit from assistance. The beneficiaries are a distinct group that is not expected to be eligible for assistance for administrative capacity development interventions (except project cycle management) under any other OPs. Overlap is avoided not by beneficiaries but by the focus.

The Managing Authorities of the other OPs are specifically excluded from benefiting from the OP ACD as they are eligible for administrative capacity development assistance under the OPTA and technical assistance priority axes of their OPs.

There is a clear delineation between the expected beneficiaries of the OP ACD and the SOP HRD. The SOP HRD will not finance the training actions having as a target group the staff

from the authorities and public bodies at central and local level, except for the staff in the National Agency for Employment.

In order to avoid overlapping, the ESF Coordination Directorate, acting as „Head of Mission” within the Managing Authority for SOP HRD, ensures the complementarity, as well as clear demarcation lines related to target groups and/or operations between the two programmes (ACD and HRD). The ESF Coordination Directorate is also in charge with the horizontal technical and financial co-ordination of ESF interventions.

The Technical Assistance Priority Axis of OP ACD provides specific assistance for project preparation, monitoring, evaluation and control, as well as communication activities, only with regard to the specificity of OP ACD. The OP TA ensures the horizontal training on Structural and Cohesion Funds implementation for the personnel involved in the management and implementation of such funds, as well as for the potential beneficiaries for SCF with a view to the common needs and aspects across the structures, SMIS maintenance and development, as well as the general measures on information and publicity of overall SCF assistance; the other OPs finance specialised training programmes in the field of SCF tailored to the specific needs and actions of each OP. Overlap is avoided not exclusively by beneficiaries but by the focus of training.

The OP ACD also aims at promoting the evaluation culture at national level, for the authorities that are not directly involved in the management or implementation of Structural Instruments; OPTA finances evaluations of OPTA, NSRF and NDP; the specific OPs undertake evaluation activities for the purpose of the respective OPs. The coordination of the interventions will be ensured by the Evaluation Working Group.

Until the termination of pre-accession assistance in 2009 and post-accession assistance in 2010, the Managing Authority will ensure the coordination between the two instruments, PHARE/Transition Facility and ESF, and all Phare and Transition Facility experience will be taken into consideration.

4. FINANCIAL PLAN

General considerations

The OP ACD has been prepared on the basis of an expected ESF allocation of €208,002,622, matched by national co-financing. When Romanian co-financing is taken into account, this provides a minimum fund for the OP ACD of some €246,014,081. No private funds or funds from other donors have been identified at this stage. The potential of private investment in public administrative reform will be reconsidered at the mid-term stage as further experience is gained of public private initiatives in other operational programmes more suited to private investment.

It is estimated that most of beneficiaries and target groups of the funds will be public institutions (ministries and local public authorities), so that almost all the national co-financing will come from public sources.

The ESF proposed allocation by Priority Axis is:

Priority Axis 1: 56%

Priority Axis 2: 40%

Priority Axis 3: 4%

The rationale for the allocation is the following:

The projects under Priority Axis 1 are expected to be far-reaching and complex. These projects will develop basic improvements to executive decision making, accountability and organisational effectiveness that will be implemented at central, as well as local level. These types of projects are expected to include, besides support to implementation expenditures, also a technical assistance component, which is, usually, costly.

The second largest allocation is to the Priority Axis 2, which reinforces the commitment to a sector decentralisation approach. The allocation also reflects a commitment of the OP ACD towards achieving real socio-economic improvements through an increase in performance in service delivery to the citizen.

The priority sectors will be catered for in both Priority Axes by ring-fencing the funds required to support their modernisation and decentralisation strategies.

Table no. 1

Financing Plan of the OP ACD giving the Annual Commitment of Each Fund in the Operational Programme

Operational programme reference (CCI number): 2007 RO 051 PO 002

Year by source for the programme, in EUR:

	Structural Funding (ESF) (1)	Cohesion Fund (2)	Total (3) = (1)+(2)
2007	20,162,952	-	20,162,952
2008	28,143,236	-	28,143,236
2009	40,850,990	-	40,850,990
2010	41,668,010	-	41,668,010
2011	29,865,828	-	29,865,828
2012	24,604,847	-	24,604,847
2013	22,706,759	-	22,706,759
Grand Total 2007-2013	208,002,622	-	208,002,622

Note: All fundings are for regions without transitional support

Table no. 2

Financial plan of the OP ACD giving, for the whole programming period, the amount of the total financial allocation of each fund in the operational programme, the national counterpart and the rate of reimbursement by priority axis

Operational programme reference (CCI number): 2007 RO 051 PO 002

Priority axes by source of funding (in EUR):

	Community Funding (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of the national counterpart		Total funding (e) = (a)+(b)	Co-financing rate* (f) = (a)/(e)	For information	
			National Public funding (c)	National private funding (d)			EIB contributions	Other funding
Priority Axis 1	116,481,469	20,555,553	20,555,553	-	137,037,022	85.00	-	-
Priority Axis 2	83,201,049	14,682,538	14,682,538	-	97,883,587	85.00	-	-
Priority Axis 3	8,320,104	2,773,368	2,773,368	-	11,093,472	75.00	-	-
Total	208,002,622	38,011,459	38,011,459	-	246,014,081	84.55	-	-

*The co-financing rate for all Priority Axes are calculated on a public cost basis

Categorisation

The OP ACD contains the indicative breakdown of funds allocation by categories (Annex IV of OP ACD), in line with the provisions of Articles 37, par.1 (d) and according to the Commission Regulation No. 1828/2006. The categorisation represents the ex-ante estimation on how the funds allocated under the OP ACD are intended to be spent according to the codes for the dimensions 1 (Priority Theme), 2 (Form of finance) and 3 (Territory type) of the Annex II of the Commission Regulation No. 1828/2006. This information will help the Managing Authority to monitor the programme implementation by investment categories and to provide to the Commission uniform information on the programmed use of the Funds in the annual and final implementation report (ex-post information), according to Art. 67, Council Regulation No. 1083/2006.

In the case of this OP, three codes were identified according to the priority themes. These are *81- Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes*, *85 - Preparation, implementation, monitoring and inspection* and *86 - Evaluation and studies; information and communication*. For the form of finance the only code identified is *01 - Non-repayable aid*, and for the territory this is *00 - Not applicable*.

According to the NSRF, Romania is committed to contributing to the achievement of Lisbon goals and regards the principle of Lisbon earmarking as an important tool for monitoring at national and Community level the actual performance in gearing Structural and Cohesion Funds towards Lisbon-related areas of intervention.

Based on the categories listed in Annex IV of the Council Regulation No 1083/2006, the OP ACD expenditure does not directly count for achieving the Lisbon goals. Nevertheless, as acknowledged in NSRF, increasing the capacity of public and central authorities is a top priority for Romania, that needs to be addressed in the present programming period and which will unquestionably have a positive impact on the creation of jobs and fostering of economic growth, contributing thus to the objectives of the Lisbon Agenda.

Therefore, the Romanian authorities have complemented the list of categories of Annex IV with the expenditure related to the strengthening of administrative capacity and consider that OP ACD contributes 100% to the achievement of Lisbon objectives since it is designed to ensure the increasing of the administrative capacity of public and central authorities.

5. IMPLEMENTATION

The system of implementation of the OP ACD follows the requirements defined in Article 43 of Council Regulation (EC) No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999.

5.1. Management

Overall responsibility

The Romanian Government has overall responsibility for the commitments embodied in the strategic documents concerning the Structural Funds and its correct and efficient implementation. In particular, it will ensure the availability and system of access to the financial and other resources necessary to the measures described in the OP ACD.

Managing Authority for the OP ACD

The Government of Romania designated the Ministry of Interior and Administrative Reform–General Directorate for Administrative Capacity Development as Managing Authority for the Operational Programme “Administrative Capacity Development” through the Government Decision No. 128/2006 amending Government Decision No. 497/2004 establishing the institutional framework for the coordination, implementation and management of the Structural Instruments, and Government Decision No. 137/2006 amending Government Decision No. 725/2003 regarding the organization of the Ministry of Administration and Interior.

The Managing Authority is responsible for the efficiency and accuracy of management and implementation of the OP ACD according to the requirements of Article 60 of Council Regulation (EC) No. 1083/2006 and Government Decision No. 497/2004 with subsequent amendments:

- Elaborates the OP ACD, in correlation with the objectives and priorities set forth by the National Strategic Reference Framework;
- Ensures the consistency of the OP ACD with the other operational programmes under the coordination of the Authority for Coordination of Structural Instruments (ACIS), the coordinating body of the National Strategic Reference Framework;
- Monitors the achievement of the general objectives and the impact defined in the operational program;
- Is responsible for the efficient, effective and transparent use of the funds for the OP ACD;
- Carries out evaluations during the programming period of the OP ACD, informs the Monitoring Committee of the results of the evaluations, the recommendations of the Commission and the way to put them into practice;
- Ensures the development of the administrative capacity of the structures involved in the execution of the OP ACD, as well as the consolidation and extension of the partnerships throughout the planning process and all the implementation phases of the OP ACD;

- Ensures the implementation of the OP ACD according to the recommendations of the Monitoring Committee (see Section 5.2), the regulations of the European Union and the Community principles and policies, especially the ones in the fields of competition, public procurement, environment and equal opportunities;
- Develops and promotes partnerships at the central level, as well as between the central, regional and local levels, including public-private partnerships;
- Elaborates and ensures a functional system to collect, process and manage the information and statistical data regarding the implementation, evaluation and monitoring of the OP ACD;
- Prepares procedures and guidelines for OP ACD implementation;
- Analyzes and proposes amendments to the OP ACD and submits the proposals regarding fund re-allocation between the priority axes of the OP ACD to the Monitoring Committee;
- Elaborates and submits to the Monitoring Committee the annual reports on implementation and after their approval sends the reports to the Commission;
- Ensures and is responsible for the accuracy of the operations financed under the OP ACD and for the implementation of an internal control system in accordance with the principle of sound and transparent financial management;
- Elaborates the implementation procedures for the OP ACD;
- Establishes the selection and evaluation criteria for projects and ensures that operations are selected for funding in accordance with these criteria;
- Sends reports to the Certifying and Paying Authority regarding the recovery of the unduly paid sums and the unused funds;
- Performs financial corrections;
- Provides proper information to citizens and mass-media regarding the role of the European Union in the implementation of the OP ACD and raises awareness of the potential beneficiaries and professional organizations regarding the opportunities within the OP ACD;
- Sets up the Monitoring Committee for the OP ACD in accordance with the principles of partnership, representativeness, equal opportunities, and guides its work; ensures the presidency and the secretariat of the OP ACD Monitoring Committee;
- Participates in the annual meetings of the European Commission aiming the examination of the results of the previous year;
- Sets up procedures to ensure an adequate audit trail;
- Ensures that the Certifying and Paying Authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification.

During the implementation period, the MA may propose decisions on changes and transfers of funds between the OP ACD priority axes. Each proposal to change the contribution from the Structural Funds and to reallocate the financial resources under the OP ACD priorities shall be made endorsed by the OP ACD Monitoring Committee, in agreement with the ACIS. The decision is sent to the European Commission for approval.

For the implementation of this OP the Managing Authority has decided not to delegate any of its tasks to an **Intermediate Body**. The reasons for this decision are two fold: there is a small amount of money involved (approx. 250 MEuro) and the MA for OP ACD has been resourced to be fully capable to manage efficiently its implementation.

In the framework of the Regions for Economic Change initiative^{29,30} the Managing Authority commits itself to:

- Make the necessary arrangements to welcome³¹ into the mainstream programming process innovative operations related to the results of the networks in which the region is involved;
- Allow in the Monitoring Committee the presence of a representative (as an observer) of the network(s) where the Region³² is involved, to report on the progress of the network's activities;
- Foresee a point in the agenda of the Monitoring Committee at least once a year to take note of the network's activities and to discuss relevant suggestions for the mainstream programme concerned;
- Inform in the Annual Report on OP ACD implementation of the regional actions included in the Regions for Economic Change Initiative (where applicable).

5.2. Monitoring and Evaluation

Monitoring Committee

The Monitoring Committee for OP ACD shall be set up to oversee the implementation of the programme and its evaluation. It shall draw up its rules of procedure within the Romanian institutional, legal and financial framework and adopt them in agreement with the MA in order to achieve its mission in accordance with the Council Regulation (EC) No. 1083/2006. It shall be chaired by a representative of the MA. The membership of the OP ACD Monitoring Committee shall be proposed by the Managing Authority. It will be assisted by a permanent secretariat responsible for the preparation of papers for discussion by the Monitoring Committee and for written procedure, agendas and minutes of meetings.

At its own initiative or at the request of the Monitoring Committee, a representative of the Commission shall participate in the work of the Monitoring Committee in an advisory capacity.

The Monitoring Committee for OP ACD will reflect the principles of partnership. It will comprise representatives from Ministry of Interior and Administrative Reform, Ministry of Economy and Finance, General Secretariat of the Government and other Ministries and Government bodies, the European Commission (in an advisory capacity), social and

²⁹ Communication from the Commission "Regions for Economic Change", COM(2006) 675 final, 8.11.2006, {SEC(2006) 1432}, http://ec.europa.eu/regional_policy/conferences/regionseconomicchange/doc/comm_en_a.cte.pdf;

³⁰ Commission Staff Working Document accompanying the Communication from the Commission "Regions for Economic Change", SEC(2006) 1432/2, http://ec.europa.eu/regional_policy/conferences/regionseconomicchange/doc/staffworkingdocument_en.pdf

³¹ Create the channel to appropriate priority for financing;

³² A Region can be a Region (NUTS 2) or a Member State (e.g. when no Regional level foreseen in the OP)

environmental partners and other national organisations interested in the effective implementation of the OP ACD.

The Monitoring Committee shall be set up no later than three months after the notification by the Commission of the decision approving the OP ACD.

The OP ACD Monitoring Committee may organise its activity in working groups, if necessary.

The Monitoring Committee for OP ACD will normally meet at least two times each year and will oversee the implementation of the programme, in particular:

- a) by considering and approving the criteria for selecting the operations financed through OP ACD within six months from the approval of the operational programme; it shall approve any revision of those criteria in accordance with programming needs;
- b) by proceeding with periodical reviews in order to check progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the MA;
- c) by examining the results of implementation, particularly achievement of the targets set for each priority and the evaluations;
- d) by considering and approving the annual and final reports on implementation referred to in Article 66 of the Council Regulation (EC) No. 1083/2006;
- e) by receiving information on the annual control report, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- f) by proposing to the MA any revision or examination of the operational programmes likely to make possible the attainment of Convergence objective or to improve its management, including its financial management;
- g) by considering and approving any proposal to amend the content of the Commission decision on ESF contribution.

Monitoring and reporting system

Monitoring is an on-going process and has an important role to play in the management of the Operational Programme, in confirming that it is making good progress, determining whether or not the programme continues to pursue the original targets and in identifying potential problems so that corrective action can be taken.

The OP monitoring system takes into account the needs of different user groups and different levels of the management structures. The potential users of information are the stakeholders who have their own areas of responsibilities and, therefore, their distinctive information needs, as follows:

- Beneficiaries,
- Managing authorities,
- Monitoring committees,
- Government of Romania,
- European Commission,
- External evaluators,
- Wider public and NGOs.

The monitoring system is based on an exhaustive and regular examination of the context, resources (inputs), outputs and results of the programme and its interventions. It is composed of a mechanism of coherent information including progress review meetings and progress reports providing periodic summaries which incorporate key information from the physical and financial indicators. The purpose of the reports is to provide updates on achievements against indicators and milestones and they will be written in a standard format allowing for comparison between reports over time.

The core piece of information to be provided in the reports is related to indicators capturing the progress of the interventions vis-à-vis the goals set in the programming phase. In this respect, a system of indicators for each OP has been developed under the coordination of ACIS. Although adapted to the specific feature of the OP, the indicator system pursues the uniformity of the core data allowing information to be bottom-up, aggregated at different levels of interventions (projects, key areas of intervention, priority axes, OP, NSRF), themes, sectors, etc. The system will be detailed with guiding elements providing a common understanding throughout the stakeholders, such comprehensive lists of monitoring and evaluation indicators, definition of each indicator, responsibilities, periodicity and ways of data collection and processing, as well as indicator tables to be generated by SMIS providing a clear picture of the interventions' context and progress. Whenever appropriate, the indicators will be broken down by different criteria (territorial, gender, target groups, size of the recipient, etc.). For ESF interventions, the Annex XXIII: Data on participants in ESF operations of the Implementing Regulation No 1828/2006 will be observed.

The Managing Authority will collect data on the implementation of the Operational Programme at both project and programme level. In the normal course of project implementation and financial control, the project and control officers will receive or collect data to support project outputs and results. At the programme level, the unit in charge with the Operational Programme monitoring within the Managing Authority, will be responsible for the maintenance of the data on indicators specified in the Operational Programme which will form the basis for the annual implementation reports. The requirements to provide data to support the proper monitoring of the implementation of the Operational Programme will be included in the contracts with the beneficiaries. An information system will be developed in the Managing Authority to store the data on indicators in a structured way. This information system will support the provision of information to the SMIS system.

The use and improvement of the set of indicators as part of the monitoring system is a continuous task during the programming period. ACIS and the Managing Authority will check periodically the reliability of the information collected and will coordinate an on-going process of improving the functioning of the monitoring system. Evaluations and quality checks of the monitoring system concerning its coverage, balance, and manageability will be carried out. The individual indicators will be assessed in terms of their relevance, sensitivity, availability and costs.

The Monitoring Committee will be consulted on the indicators system at an early stage of programme implementation as well as during the entire programming period in order to verify that:

- the indicator system as a whole has been set up properly, and
- the information is sufficient for its own work.

Although the monitoring system will be largely responsible for generating output data, some output, and most result data may require additional efforts (e.g. surveys, field work, collecting

information from other organisations). On the other hand, official statistics generating context indicators will need to be supplemented with surveys, studies or other techniques of data collection and interpretation. The specific needs for complementary information and related planned activities will be included in the OP and NSRF Evaluation Plans that are described in Evaluation section of this document.

In accordance with Article 67 of Council Regulation (EC) No. 1083/2006, the Managing Authority will submit an *Annual Implementation Report* to the European Commission, for the first time in 2008 and by 30th June each year. The report will be examined and approved by the OP ACD Monitoring Committee before it is sent to the Commission.

The implementation reports must include the following information:

- the progress made in the OP ACD implementation and its priority axes compared to the established indicators – the stage of the projects implementation;
- the financial implementation – the breakdown on each priority axis of the incurred expenditures, their distribution on the national contribution and ESF contribution;
- the stages follow-up by MA for OP ACD and the Monitoring Committee in order to ensure the implementation quality and efficiency, especially:
 - the monitoring and evaluation measures, including the data collection arrangements;
 - a summary of all the difficulties meet in the implementation and all the taken measures;
 - the manner of using the technical assistance;
 - the measures taken for the publicity achievement and the information provision regarding OP ACD;
- a declaration regarding the observance of the Community regulations regarding the OP ACD implementation.

A Final Report will be submitted to the Commission by 31 March 2017. The final report will cover all information of the entire implementation period from 2007 to 2015.

The annual examination of programmes. In line with Article 68 of Council Regulation (EC) No. 1083/2006, every year, when the annual implementation report is submitted, the European Commission will review the main outcomes of the previous year with the OP ACD Managing Authority with a view to improving implementation. Any aspects of the operation of the management and control system raised in the annual control report may also be examined.

After this review, the European Commission may make comments to the OP ACD Managing Authority and to the Romanian Government. The OP ACD Managing Authority will inform the OP ACD Monitoring Committee of these comments. The OP ACD Managing Authority will inform the Commission of the action taken in response to these comments.

Within the Managing Authority, the institutional framework for monitoring will be divided between all three operating Units. The Implementation Unit, Financial Management Office and the Control Unit will be active in the collection and analysis of data at project level. The Programming Unit will evolve to take responsibility for Programme co-ordination and synthesis, including the secretariat function to the Monitoring Committee. This Unit will produce the annual implementation plan and maintain a high level relationship with the beneficiaries to monitor results and impact from a holistic Programme perspective.

Evaluation

Regulatory framework

Evaluation of Operational Programmes is an activity inseparable from the overall OP management and implementation arrangements, as a tool for assessing the relevance, efficiency, effectiveness of the financial assistance deployed, as well as the impact and sustainability of the results achieved.

The requirement to conduct systematic evaluation activities of the Operational Programmes and the general rules for those activities are provided for in the Council Regulation (EC) No 1083/2006 of 11 July 2006, laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (Articles 37, 47 – 49).

In accordance with Articles 47-49 of the Council Regulation (EC) No. 1083/2006, three main types of evaluations will be carried out for OP ACD:

- *An ex-ante evaluation;*
- *Ongoing evaluations* (during the period of implementation of the OP);
- *Ex-post evaluation.*

Ex-ante evaluation. For the programming period 2007-2013, the ex-ante evaluation of the OP ACD was carried out by an external evaluator (a single contractor). The management of the ex-ante evaluation contract was ensured by the ACIS through the Evaluation Central Unit in close cooperation with the Managing Authorities and other main stakeholders.

Ongoing evaluations to be carried out during the period of implementation of the OP ACD: shall be of three types – *a) interim, b) ad hoc* and *c) with a cross-cutting theme*, as follows:

The Interim Evaluation will aim at improving the quality, effectiveness and consistency of the assistance and the strategy and implementation of operational programmes. The interim evaluations will support the OP management process by analysing problems which occur during the implementation and propose specific solutions to improve the operation of the system.

There will be 2 interim evaluations of the OP ACD: one evaluation to be carried out at the end of 2009 and one in 2012. The first interim evaluation will examine progress to date in implementing the OP, looking particularly at issues such as management of the OP, whereas the second interim evaluation will focus more on priorities, looking towards the next programming period.

Ad-hoc evaluations will be carried out where programme monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of operational programmes. Ad-hoc evaluations can also address either implementation or management issues of an individual priority axis or key area of intervention, or can be “thematic”. At the proposal of the Managing Authority, the Monitoring Committee will decide on the subjects and timing of the ad-hoc evaluations, based on the examination of the financial and physical data provided by the monitoring system.

Interim and ad hoc evaluations will be managed by the evaluation function of the Managing Authority for OP ACD and will be conducted externally, by independent evaluators.

Evaluations with a cross-cutting theme will be carried out where the evaluation is of a horizontal nature and completion of the evaluation demands involvement from more than one operational programme. These evaluations may examine the evolution of all or a group of Operational Programmes in relation to Community and national priorities. They may also examine particular management issues across all OPs.

Evaluations with cross-cutting themes will be managed by Evaluation Central Unit of the ACIS and will be commissioned to external consultants.

Specific objectives, evaluation questions, tasks and expected results of interim, ad-hoc and cross-cutting evaluations will be defined separately for each evaluation to be conducted.

Ex-post evaluation shall be carried out by the Commission, in close cooperation with the Member State and the Managing Authorities according to art. 49 (3) of the Council Regulation (EC) No. 1083/2006.

The Commission may also carry out *strategic evaluations*, as well as evaluations linked to the monitoring of OPs, in accordance to art. 49 (2) of the Council Regulation (EC) No. 1083/2006.

Institutional framework for evaluation

The national institutional framework for evaluation comprises two levels:

- an overall coordination level, ensured by the **Evaluation Central Unit** established within the ACIS structure, Ministry of Economy and Finance;
- a functional level composed of the **evaluation unit established within each MA**.

The **coordination role** of the Evaluation Central Unit can be summarised as follows:

- Carrying out cross-cutting evaluations;
- Providing capacity building activities to support and develop the operational capacity of the evaluation units established in the OP Managing Authorities;
- Providing overall quality assurance activities to ensure the quality of all evaluations.

The evaluation unit established within the MA for OP ACD will be responsible for interim evaluations and ad-hoc evaluations.

The evaluation unit will act in co-operation with the Monitoring Committee and will interact on a constant basis with the Evaluation Central Unit.

Evaluation Plan

The MA evaluation unit will draft an OP Evaluation Plan, which will comprise the indicative evaluation activities it intends to carry out in the different phases of the programme implementation, collection of complementary data that is not delivered by the monitoring system, the indicative human and financial resources allocated for each evaluation activity, the actions aimed at capacity building, as well as the incumbent responsibilities. This planning shall be done in accordance with the Community Regulations on Structural Instruments; the methodological working papers on evaluation issued by the European Commission; the methodological working papers on evaluation issued by ACIS - Evaluation Central Unit. The OP Evaluation Plan shall be subject to the Monitoring Committee approval.

The following indicative evaluation subjects may be included in the OP ACD Evaluation Plan: the quality and relevance of the quantified objectives (e.g. data availability, indicators), the overall performance of the OP ACD (e.g. administrative structure, implementation process, absorption capacity), evaluations dealing with Priority Axis 1 (Structural and process improvements to the public policy management cycle) and with Priority Axis 2 (Improved quality and efficiency of the delivery of public services on a decentralised basis), an evaluation on the impact of the OP ACD interventions, as well as ad-hoc evaluations whenever a request is made by the Monitoring Committee or whenever monitoring data reveals a significant departure from goals initially set.

In addition, an Evaluation Plan at NSRF level will be drafted by the Evaluation Central Unit of ACIS. The NSRF Evaluation Plan will aim at providing information for the strategic decision making process and will plan evaluation activities at macro socio-economic level. Possible evaluation themes to be included in the NSRF Evaluation Plan may be linked to the NSRF priorities (infrastructure, economic competitiveness, human resources development, administrative capacity and territorial dimension) or may concern the delivery system such as the horizontal ad-hoc external evaluation with a special focus on the implementation and process issues across the OPs as well as on the external coherence of the programmes with national policies that will be commissioned by the ACIS in 2008.

Operating arrangements

Each OP will have an Evaluation Steering Committee, which should convene for each evaluation exercise. A Strategic Evaluation Steering Committee will be established also at the level of NSRF for evaluations with cross-cutting themes. The steering committee will fulfil, as a minimum, the following tasks: set the terms of reference for individual evaluations, facilitate the evaluator's access to the information needed to perform his/her work; support the evaluation work, particularly from the methodological standpoint; ensure that the terms of reference are observed; exercise quality control in relation to the evaluation performed.

Under the coordination of Central Evaluation Unit, a follow-up mechanism of the evaluation recommendations will be set-up in the Evaluation Procedures Manual to be applied by the MA for OP ACD.

As concerns the availability for the public of the evaluation results, at least the executive summary of the evaluation reports will be made available to the public. The means of communication will be readily identifiable and accessible.

5.3. Financial Management and Control

The Ministry of Economy and Finance is designated to fulfil the role of **Certifying Authority** for all OPs, responsible for drawing up and submitting to the Commission certified statements of expenditure and applications for payment in line with the provisions of Article 61 of the Council Regulation No. 1083/2006. The Certifying Authority is a department in the Certifying and Paying Authority within the Ministry of Economy and Finance.

The **competent body for receiving the ERDF, ESF and Cohesion Fund payments from the European Commission** in respect of all OPs is the Certifying and Paying Authority within the Ministry of Economy and Finance.

The **body responsible for making the payments to the Beneficiaries** is the paying unit within the Managing Authority for Administrative Capacity Development, Ministry of Interior and Administrative Reform.

An associate body of the Romanian Court of Accounts has been designated as **Audit Authority** for all OPs, in line with the requirements of Article 59 of the Council Regulation 1083/2006. The Audit Authority is operationally independent of the Managing Authorities, Certifying and Paying Authority.

Certifying and Paying Authority shall be responsible in particular for:

- 1) Certification of expenditure, which means drawing up and submitting to the Commission certified statements of expenditure and payment applications in computerized form.

It is certifying that:

- the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;
- the stated expenditure complies with applicable Community and national rules and was incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme.

Within this purpose, the task of the Certifying Authority is to ensure that the received information on the procedures and verifications carried out in relation to expenditure and included in expenditure statements provides an adequate basis for certification, which entails:

- to verify the compliance of the claimed amounts with the database;
- to verify the correct calculation of the total amount of eligible expenditures;
- to take account of the results of all audits carried out by or under the responsibility of the Audit Authority/internal audit body or European Commission;
- to maintain accounting records in computerized form of expenditure declared to the Commission;
- to keep a debtor ledger.

2) Receiving payments from the Commission

- to receive from the European Commission the amounts from ERDF, ESF and CF, as pre-financing, intermediate and final payment;
- to draw up and submit annually to the EC the provisional forecast of likely applications for payments for the current financial year and for the subsequent one;
- to return to the EC non-eligible expenditures, recoveries as a result of an irregularity or the funds that were not used, including interest of late payment.

3) Making payments to the beneficiaries for SOP Environment and SOP Transport and transferring the EU Funds to the paying units for the other OPs

- to make payments to beneficiaries from the ERDF and CF and the co-financing amounts, for SOP Environment and SOP Transport;
- to transfer the funds from the ERDF and ESF to the paying units, for the other OPs.

The paying unit within the MA for OP ACD, Ministry of Interior and Administrative Reform has the following main responsibilities:

- to receive transfers of the Community contribution to the OP from the Certifying and Paying Authority;
- to make payments to the beneficiaries from the ESF and the co-financing amounts.

The Managing Authority of OP ACD is responsible for managing and implementing its Programme efficiently, effectively and correctly in line with the provisions of Article 60 of the Council Regulation No. 1083/2006. The Managing Authority will work closely with the designated Certifying and Paying Authority in fulfilling the responsibilities of financial management and control to ensure that:

- Money is used most effectively to achieve the objectives of each OP;
- Use of resources is publicly accountable to the EU and the Member State;
- Budgetary control is effective so that commitment is sustainable within each OP and financial planning profiles are adhered to;
- Contracting is within budget;
- Procurement of goods and services under projects financed:
 - takes place;
 - conforms to EU and Member State rules;
 - represents value for money;
- Financial statements sent to the European Commission and other bodies are correct, accurate and complete:
 - correct - funds are applied correctly;
 - accurately – free from errors;
 - complete – all relevant items have been included;
- Payments to Beneficiaries are made regularly and without undue delay or deductions;
- Co-financing resources are provided as planned;
- Payments are properly accounted for;
- Irregularities are notified in line with EU regulations;
- Any sums wrongly paid out are recovered swiftly and in full;
- Unused or recovered resources are re-committed within the respective OP;
- De-commitment is avoided – particularly in relation to the n+3/n+2 rule;
- Closure of each OP takes place smoothly and on time.

Before submitting the application for reimbursement, the Beneficiary verifies the accuracy, actuality and eligibility of expenditure according to the national legislation on internal control.

Within the purpose of expenditure certification to the European Commission, checks for OP ACD are carried out on two levels:

- 1) verification of expenditures at MA level;
- 2) certification of expenditure at Certifying Authority level.

Regarding the payment process at the Ministry of Economy and Finance level, it was taken the decision to have two payment flows:

- a) direct payment for European Union financial contribution and co-financing amounts from the Certifying and Paying Authority to the beneficiaries, in the case of SOP Transport and SOP Environment;
- b) indirect payment, through the paying units that are established near the Managing Authorities, for the other Operational Programmes (SOP Competitiveness, Regional Operational Programme, OP Technical Assistance, SOP Human Resources Development, OP Administrative Capacity Development).

The Financial flow of the OP ACD is presented below:

Irregularities

The legal basis is represented by Commission Regulation No. 1828/2006 setting out rules for the implementation of Council Regulation No 1083/2006 and of Regulation No 1080/2006, the Council Regulation No. 2988/95 on the protection of the European Communities' financial interests and the Romanian Government Ordinance No. 79/2003 with subsequent modifications and completions which settles the ways of control and recovery of sums from non-reimbursable EU financial assistance.

The objective of this section is to describe the identification and reporting of any suspected fraud or other irregularity. This section will also deal with the importance of the immediate implementation of corrective action (including sanctions and launching of civil or criminal proceedings) deemed necessary as a consequence of the investigation of an irregularity.

Irregularities involving loss of EU funds of less than 10,000 Euro are not required to be reported to the Commission under Commission Regulation (EC) No. 1828/2006 unless the Commission requests it.

Therefore, irregularities of over 10,000 Euro and all irregularities committed intentionally must be reported to the European Commission. These reports are aggregated and checked by the Certifying and Paying Authority and then are forwarded to the Fight Against Fraud Department (DLAF) for transmission to OLAF on a quarterly basis. The Certifying and Paying Authority receives the reports from the MA for OP ACD and it must include any reports on irregularities within the Certifying and Paying Authority itself.

In order to allow a proper process of prevention, detection and reporting of irregularities, at the level of the MA, an irregularities officer is appointed. The irregularities officer appointed at the level of the MA prepares quarterly and ad-hoc reports and submits them to the Certifying and Paying Authority.

Any person involved in the implementation of the OP ACD can report the suspected case of fraud to the irregularities officers of the Certifying and Paying Authority, MA, or to the Internal Audit Units of the Certifying and Paying Authority, MA either formally or anonymously. The person reporting the suspected case will have no further involvement in the irregularity process for personal security reasons.

Suspected irregularities will be analysed and investigated by the competent services and the response will be sent according to the internal procedures of the competent authority and to the Romanian legal framework in force.

The irregularities officer takes action both from own initiative and on the complaints received. The irregularities officer carries out its activity based on the Irregularities Manual that will be prepared by the MA.

Internal audit

Within all ministries involved in the implementation of the Operational Programmes have been established Internal Audit Units that are independent from the structures performing the tasks of Managing Authorities (or Intermediate Bodies) and are directly subordinated to the heads of the institutions concerned.

The methodological coordination of these Units is ensured by a special unit within the Ministry of Economy and Finance, namely the Central Harmonizing Unit for Public Internal Audit (CHUPIA).

The attributions of Central Harmonizing Unit for Public Internal Audit

- Developing and implementing uniform procedures and methodologies based on international standards agreed by the European Union, including internal audit manuals and audit trails;
- Developing risk management methodologies;
- Developing the Ethical Code of the internal auditor;
- Endorsing the methodological norms on Public Internal Audit (PIA), specific to the different domains of activity in the field of public internal audit;
- Developing a reporting system for the results of all public internal audit activities and elaborating an annual report;
- Verifying whether norms, instructions, as well as the Ethical Code are respected by internal audit services in public entities; it may initiate the necessary corrective measures in co-operation with the Head of the respective public entity;
- Co-ordinating the system of recruiting and training in the field of public internal audit.

The tasks of the Public Internal Audit Unit

Public Internal Audit Unit within the Ministry of Interior and Administrative Reform has specific audit manuals for the European Funds. According to the law, the tasks of the Internal Audit Unit are the following.

- Performing internal audits activities in order to assess whether the financial management and control systems of the public entity are transparent and comply with the norms of lawfulness, regularity, cost-effectiveness, effectiveness and efficiency;
- Informing CHUPIA on the recommendations not followed by the head of the audited public entity and of their consequences;
- Reporting periodically on the findings, conclusions and recommendations resulted from its audit activities;
- Preparing an annual overview of its activities in the annual report;
- Reporting immediately to the Head of the public entity and to the inspection unit in case of detecting any serious irregularities or fraud cases.

Audit Authority

Romania has established an **Audit Authority** for all Operational Programmes through Law No. 200/2005, which will perform the functions established in the Article 62 of the Council Regulation No. 1083/2006.

The **Audit Authority** is an associated body to the Court of Accounts, without legal capacity, operationally independent from the Court of Accounts and at the same time independent from all the Managing Authorities and Certifying Authority.

In accordance with to the provisions of the Law No. 200/2005, Article 14², the Audit Authority has the following responsibilities:

- system audit, sample checks and final audit;
- checks and external audit for the structural and cohesion funds;

- annual checks of the management and control systems;
- checks of the statements of expenditure, on the basis of an appropriate sample;
- carries out appropriate checks in order to issue winding-up declarations at the closure of the programmes;
- checks the existence and correct use of the national co-financing.

Assessment of the compliance of the management and control systems

As required by Article 71 of the Council Regulation No. 1083/2006, an assessment of the compliance of the management and control systems for OP ACD will be submitted to the Commission before the submission of the first interim application for payment or at the latest within twelve months of the approval of the OP.

5.4. Information and Publicity

The Managing Authority for the OP ACD will ensure that the implementation of the programme complies with the information and publicity requirements for the programme, as set out in Article 69 of Council Regulation (EC) No 1083/2006 and Section 1, Information and Communication, of Commission Regulation (EC) No 1828/2006.

OP ACD includes a budgetary allocation (Priority Axis 3 – Key area of intervention 3.2) to cover costs of information and publicity at OP level (Communication Action Plan).

A special unit responsible for information and publicity was established within the MA for OP ACD. The tasks of this unit mainly include initiating and organizing publicity and information activities regarding the OP ACD and the projects financed under this OP, as well as acting as main contact point for potential beneficiaries.

Information and publicity activities are subject to the regular MA for OP ACD evaluation and to OP ACD Monitoring Committee's review. Information actions, apart from providing information for applicants, will include publicizing achievements of the OP ACD, underlining the EU contribution to the undertaken measures.

The main promotion activities for OP ACD are the following:

- dissemination of relevant information through an efficient communication system:
 - internal communication between MA units;
 - external communication with the beneficiaries and relevant Romanian institutions.
- establishment and development of an efficient system for OP ACD promotion, through:
 - caravans;
 - publishing publicity materials (posters, leaflets, brochures, CD's);
 - audio video materials transmitted within audio-video space provided by the Information and Public Relations Department within MIAR;
 - press conferences, with Information and Public Relations Department within MIAR;
 - drawing promotional materials;
 - establishing a website for MA for OP ACD and updating regularly the information posted;
 - establishing a help-desk for technical assistance, in collaboration with the others unit of MA for OP ACD.
 - elaboration and implementation of the Communication Plan for OP ACD.

The Communication Plan elaborated by the Managing Authority for Operational Programme Administrative Capacity Development sets out the objectives, strategy, content, target groups, budget allocation and criteria to be used for evaluating the effectiveness of the measures as well as the responsible department or body for each publicity and information measures. The MA OP ACD will submit the Communication Plan to the EC.

5.5. Single Management Information System

Concept of the Single Management Information System

The Single Management Information System is a nation-wide web-based information system, supporting all Romanian organisations implementing the National Strategic Reference Framework and Operational Programmes. The system is addressing the needs of all management levels (Managing Authorities, Intermediate Bodies, Certifying Authority etc.) and through all the stages of the programme cycle (programming, tendering, contracting, monitoring, evaluation, payments, audit and control). SMIS main characteristic is that it provides its users with a single mechanism for assisting them in accomplishing their everyday tasks.

As a monitoring tool, SMIS is the main provider of information on progress regarding the implementation, at both project and programme level, allowing monitoring reports to be automatically generated.

The SMIS has been developed under the coordination of ACIS and in close cooperation with the representatives of all structures involved in the management of Structural Instruments. During the implementation period, the SMIS will be managed and further developed by ACIS.

SMIS design and functionalities

The SMIS design follows three main principles: data *availability* (data are directly available following the request of an authorized user); data *confidentiality* (data are provided only to those users authorized for accessing that specific piece of information); data *integrity* (data processing should occur only by authorized users under authorized means). As means for implementing the three aforementioned principles the system supports multiple users categorized into a number of user groups/roles. In that way user permissions are easily organized and managed and the access to information can be thoroughly audited and logged in a flexible way.

In order to provide an effective management tool, the functional model of the SMIS is based on a set of modules, which together reflect the broad range of functionalities the System is designed to perform, as follows:

- *Programming*, which allows the registration and the modification of the main information on the NSRF broken down at lower levels by OPs priority axes, key areas of intervention and operations;
- *Project management* (registration and the modification of the main information on projects, including the contracts³³);

³³ A contract is a legal commitment concluded between the Beneficiary and the Grantee or Provider of the services, works or supplies necessary to implement a part of a project

- *Monitoring*, which allows observing the NSRF progress in at all levels, where appropriate against targets previously set; it also allows automatically bottom-up aggregation of the *actual value* of the core data which are registered at lower levels of the System;
- *Audit and Control* which registers the control and audit finding;
- *Funds flow*, which deals with payment request forecasts, inflows, project revenues, suspensions and recoveries of funds.

Data will be introduced in SMIS at the appropriate level, based on clearly defined user rights profiles. The access to the system will be granted based on username/password, obtained from ACIS following a specific procedure which involves the heads of the institutions managing the Structural Instruments.

SMIS Coordinators' network

At the level of the Managing Authorities, Certifying and Paying Authority and Audit Authority, SMIS Coordinators have been designated, responsible for collecting and pipelining the needs of their institutions, concerning the improvement of the system and for up keeping the integrity and uniformity of the procedures followed in the implementation of Structural Instruments.

Among the SMIS Coordinators' tasks and responsibilities, the following can be mentioned:

- To act as an interface between MA for OP ACD and ACIS concerning SMIS issues;
- To collect and disseminate information from and within the institution they represent;
- To be the first line of help desk function;
- To be in-house trainers of users, including for the new employees.

Electronic data exchange with the European Commission, according to Art. 40-42 of the Commission Regulation no.1828/2006, will be done through an interface between SMIS and the System for Fund management in the European Community 2007-2013 (SFC2007).

6. PARTNERSHIP

According to Article 11(2) of the General Regulation No. 1083/2006, the partnership principle has to cover the preparation, implementation, monitoring and evaluation of the OPs. In this respect, each Member State has to organise, in accordance with current national rules and practices, a partnership with all relevant stakeholders.

The partnership principle was taken into account since the beginning of the elaboration of the OP ACD. In this respect, an inter-institutional task-force was created, in October 2005, by the Central Unit for Public Administration Reform (CUPAR) within the Ministry of Interior and Administrative Reform, in order to establish the objectives and priorities of the OP ACD. This task-force has been involved both in analysing the current situation and elaborating a SWOT analysis, as well as in identifying the strategic priorities for capacity development for 2007-2013.

The membership of the task force consists in representatives from the academia, the associative structures of local public administration, the ministries directly involved (Ministry of Economy and Finance, Ministry of Interior and Administrative Reform, Ministry of Labour, Family and Equal Opportunities, Ministry of Public Health, Ministry of Education, Research and Youth) and other institutions, including the National Institute of Administration, the National Agency for Civil Servants, as well as the Public Policy Unit from the General Secretariat of the Government.

On the 22nd of November 2005 a stakeholder workshop on administrative capacity development was organised with the representatives of the institutions involved in the task force. The objectives of the seminar were to clarify, together with future potential partners, the main parameters of the OP, to identify the themes for the projects which would be eligible to be financed by this programme and to attract and identify new members in the inter-institutional task-force which would develop/monitor the activities of the programme. During the workshop, a number of conclusions regarding the weaknesses of public administration, both at central and local level and several processes common to these two levels were identified.

The workshop was followed by a series of bilateral consultations in December 2005 and January 2006 in order to deepen the understanding of the objectives of the ESF and maintain a wide sense of ownership of the emerging objectives of the OP ACD. Some of the key issues, process deficiencies and conclusions that support the proposed objectives of the OP ACD Priority Axes were already presented in the current situation analysis chapter.

On the 18th of January 2006, a working group with the major stakeholders took place, aiming at agreeing on the structure of the OP ACD, matching the list of priorities to the implementation structures and establishing the rough allocation of funds for these priorities. The participants were representatives of the Ministry of Economy and Finance, the Ministry of Labour, Family and Equal Opportunities, the Ministry of Justice, the Public Order structures of the MIAR, NIA, NACS, the MA for OP ACD and foreign experts. The efforts of drafting the OP in accordance with the partnership principle continued through organising, between January and March 2006, several bilateral meetings of the MA OP ACD with potentially involved partners, particularly with the GSG-PPU, NACS and CUPAR.

In the consultations for the development of the OP ACD, it was realised that overall success in the modernisation of the functioning of the public policy cycle in Romania would require a

holistic view of the reform effort and that support was needed at the key points of the cycle. One area that had been overlooked until recently was the feedback step of monitoring and evaluating the results of programme implementation. Accordingly, consultations were held with the Ministry of Economy and Finance to encourage them to take advantage of the availability of the OP ACD in the implementation of a performance evaluation culture as the final step in the policy and programme implementation process.

In order to extend the consultation process, the OP was sent for comments to the local authorities' association representatives from all over the country. Also, the OP ACD was posted both on the website of the Ministry of Interior and Administrative Reform and on the website of the Ministry of Economy and Finance, along with all the other OPs, for comments.

After the official transmission of the OP ACD to the European Commission, in April 2006, several steps were taken in order to ensure the proper dissemination of the OP and enable large consultation process with all potential final beneficiaries, from both central and local level.

Along with the OP, a framework project fiche template was posted on the website and all the interested beneficiaries were invited to fill it in with their project ideas and to send it to the MA for OP ACD. As a result of this action, a number of approximately 400 project fiches were sent to the MA by the local authorities during the following months, showing a real interest of the potential beneficiaries to apply for funding from the OP ACD. Due to bilateral consultation with partners, other 12 project proposals were received from the central administration.

The aim of sharing the objectives of the OP with as many as possible potential local beneficiaries was put in practice through the presentation of the OP ACD with the occasion of the General Assembly of the Romanian Municipalities Association, which took place in Mangalia in July 2006.

In order to extend the consultation process and to promote the NSRF, Operational Programmes and the Structural and Cohesion Funds, an information campaign was organised at regional level during August - December 2006. The conferences provided the opportunity of discussing with a wide range of partners such as representatives of local administrations, NGOs, business environment, academic institutions. The conferences respected the interactivity principle and the participants had the chance to add important inputs to be taken into consideration in the process of the OP ACD revision.

In September 2006, the OP ACD was also presented to an audience formed of prefects who were attending a training course that took part in Galati. Furthermore, in October 2006, the OP ACD was debated with the staff in the municipality of the district no 2 of Bucharest, on two consecutive sessions (management level and executing staff in charge with modernisation of the institution).

As a result of the recommendations of the ex-ante evaluators, several reunions took place at central level with the relevant actors that were involved in drafting the OP in the first place: GSG-PPU, CUPAR, NACS and NIA. These reunions were good opportunities of discussing the priorities of the OP and of adjusting them in accordance with the key actors' input.

Due to the ad hoc analysis made by CUPAR on possible focus areas of this OP, mostly taking into account the progress towards decentralisation, the MA for OP ACD started in October

2006 a series of activities regarding close collaboration with the public administration institutions from Health, Education and Social Assistance areas. The first ministries to be addressed were the three line ministries in charge: Ministry of Public Health, Ministry of Education, Research and Youth and Ministry of Labour, Family and Equal Opportunities. Specifically, in January 2007, meetings were held with the National Authority for Persons with Disabilities, the National Authority for the Child's Protection Rights (institutions subordinated to the Ministry of Labour, the Family and Equal Opportunities), the Ministry of Education, Research and Youth and the Ministry of Public Health.

In January 2007, a final set of bilateral consultations was held with the core stakeholders in order to ensure that the OP ACD reflected the latest strategic decisions made by these groups.

Also, from the beginning of January 2007 other bilateral meetings were held with the potential beneficiaries (eg the Ministry of Justice).

A formal consultation meeting with eighty stakeholders was held at the Ministry of Interior and Administrative Reform on the 30 January 2007, where a presentation of the OP was made and discussions were held on how the target groups might benefit from the OP's input. There was a considerable attendance from all line ministries, local administration and relevant NGOs in the area.

During March and April the implementation methodologies were elaborated to include a project development approach. The idea of this approach is that the MA for OP ACD will actively support and encourage potential beneficiaries in identifying relevant interventions to optimise the results of the OP ACD. Accordingly, regular meetings were held with the main potential beneficiaries, which were already mentioned above.

The work in partnership with the three mentioned ministries, their deconcentrated services, local public administration structures with direct involvement in the targeted areas and other organisations involved will continue during the programming period.

In order to prepare the implementation of the OP, twenty bilateral consultation groups were established (line ministries, local administration) at the level of indicative operations, in order to deepen the alignment of the OP ACD strategy with those of the beneficiaries. The Communication Plan will also accommodate the formal consultation with stakeholders.

Further on, a partnership and consultation scheme will be put into place regarding the implementation, monitoring and evaluation of the OP ACD. This scheme will consist of regular meetings with the relevant stakeholders and consultation with partners in the territory.

ANNEXES

Annex I - Current Situation Analysis

Public Administration Reform Strategy

In 2004, the Romanian Government adopted the “Updated strategy for the acceleration of the public administration reform 2004-2006”. The updated strategy reaffirmed the general direction of the earlier 2001 reform priorities. The approach to Public Administration Reform (PAR) was favourably received by the European Commission, as reflected by consistent PHARE support to the three priorities of the strategy, which were:

- **civil service reform** to ensure the creation of a professional corps of civil servants, stable and politically neutral, through creating an unitary and coherent legal foundation and offering professional training and human resources management with the full commitment of ministries, agencies and all other governmental institutions;
- **continuing the decentralisation/deconcentration** process to improve public service delivery and to create a coherent assignment of responsibilities, financial resources and rights to all levels of local government;
- strengthening the process by which **public policies are formulated** by creating coordinated systems and improving the capacity for the management of governmental structures.

Chapter 11 of the current Government Programme for 2005-2008 sets out the main objectives for public administration reform. These are:

- Reform of basic public services and of public utilities of local interest;
- Consolidation of the process of fiscal and administrative decentralisation;
- Strengthening the institutional capacity of the structures within local and central public administration.

The overall direction is an uninterrupted continuation of the previous programme. In seeking to deal with the weaknesses noted in the 2004 Regular Report, there was a change in focus to emphasise the importance of improved service delivery to the citizen. The decentralisation/deconcentration process is seen as the appropriate approach to achieve this. The government programme directly refers to the need to strengthen institutional capacity of central and local structures. The emphasis on improved service delivery through a decentralised structure fits well with the aims of ESF.

In summary, there has been a consistent approach to PAR since 2001. The current PAR objectives are consistent with the objectives that underpin allocations under the ESF and, accordingly, the OP ACD is a suitable mechanism to continue its reform efforts.

Romanian pre-accession experience in administrative capacity

The basic idea of improving service delivery through a reformed local Public Administration is not new. From 1992 to 2001 there were a number of Phare supported interventions aimed at developing local public administration. At the central administration level, a 1998 Phare project sought to design and implement *Public Administration Reform* through the creation of a permanent, competent and politically neutral civil service on the basis of a new set of Civil Servants Laws. The project also assisted in the design of a consistent reform policy in the area

of public administration which led to the adoption of a formal strategy in 2001. Since 2001, there have been eleven separate projects in administrative capacity supported by Phare.

Table I-1: Pre-accession projects in administrative capacity development

Year/ Project reference	Title	Phare Allocation €
2002	Strengthening Administrative Capacity	33,550,000
586.03.01	Strengthening the Romanian administrative capacity to manage, monitor and assess EU financed programmes	10,050,000
586.03.02	Decentralisation and development of the Romanian local public administration	4,000,000
586.03.03	Further institutional strengthening of the Court of Accounts	2,100,000
586.03.04	Support for the Strategic Plan of the Ministry of Public Finance	15,300,000
586.03.05	Strengthening and extension of the SAPARD programme implementation system	2,100,000
2003	Strengthening administrative capacity	27,395,000
551.03.01	Support for the Public Administration Reform process in Romania	4,380,000
551.03.02	Strengthening the administrative capacity of the Romanian Parliament	2,000,000
551.03.03	Capacity development within the Romanian administration to manage and monitor EU pre-accession funds in an adequate and efficient way	11,015,000
551.03.04	Support to the Ministry of Public Finance in the implementation of the IT strategy	10,000,000
2004	Public administration reform	11,500,000

Source: Phare financing memoranda, 2002, 2003 and 2004

Public administration reform projects

All three elements of the 2001 PAR strategy were supported by Phare to some extent, but progress has been uneven. The civil service reform interventions addressed fundamental changes to the employment status, conditions and remuneration of administration staff at central and local levels. The aim was to create a unitary civil service led by a corps of professionally qualified managers and administrators. This would fundamentally change the relationship between political and administrative functions in public administration. It was envisaged that policy formulation would become an administrative function at central level.

The PAR strategy selected a deconcentration and decentralisation approach. Deconcentration refers to the transfer of public services delivered by the central administration to regional and local levels while remaining under central control. At the same time, it was proposed that a programme of fiscal and administrative decentralisation would increase the authority and responsibility for the standard of delivery of public services at the local levels of county councils, municipalities and communes. The underlying assumption was that the efficiency and quality of service would improve if management decision making was moved closer to the point of delivery.

Considerable progress to date but more to be done

Considerable progress has been made on all fronts. The National Agency of Civil Servants (NACS) and the National Institute of Administration (NIA) were established. The NACS is responsible for the civil service management while NIA is responsible for ensuring the continuous training of civil servants and contractuels within the Romanian public administration. Phare also supported the establishment of the Central Unit for Public Administrative Reform (CUPAR), a small Unit headed by a Secretary of State with overall responsibility for the PAR strategy.

In the decentralisation reforms, the basic legislative changes have been made and some services have already been transferred to the local level. The statute of prefects has been changed and, since January 2006, they are senior civil servants. This was supported by a conversion training programme for prefects and sub-prefects organised by NIA. The preparations for administrative and fiscal decentralisation have included relevant legal changes³⁴ which are supported by the implementation of two Phare 2004 projects. These pilots will run for most of 2007. A network of modernisers at county level brings together representatives of public institutions at the county level, business sectors and NGOs (up to 20 per county) on a consultative and collaborative basis and is intended to improve community awareness and support for the change in arrangements. There has also been a successful grant scheme to improve absorption capacity for implementing decentralisation³⁵.

Progress with the creation of structures to support the introduction of policy formulation capabilities has lagged behind the other two elements due to a shortage of resources capable of absorbing the technical assistance that was potentially available. Considerable progress has been made recently through a successful twinning project³⁶ with Latvia on the preparation for the introduction of a strategic planning initiative. Legislation has been passed to create Public Policy Units (PPUs) in each ministry and these have been physically created and staffed, in many cases, by public managers who are highly trained civil servants graduated from the Young Professional Scheme, which was also supported by Phare.

Development of PAR strategies for 2007-2013

A small indication of the progress being made is that the responsibilities for the next wave of strategies for the three PAR pillars has been broadened. CUPAR maintains a co-ordination role but focuses particularly on decentralisation. NACS has prepared a draft civil service strategy for the period 2007 to 2010 and the GSG has developed a strategy for the development of policy analysis through the PPUs. It is logical that all three organisations should be beneficiaries of the OP ACD.

The draft PAR Strategy for 2007-2013, being developed by CUPAR, anticipates the following measures:

Decentralisation

- Continuation of the process of decentralization of basic public services: education, health and social assistance;

³⁴ See pp. 3-4;

³⁵ Phare RO2002/586.03.02 "Modernisation fund for the local administration development";

³⁶ Phare RO2003/IB/OT-10 "Strengthening the Romanian Government's capacity for policy management and co-ordination and for decision-making";

- Limiting the functions of deconcentrated services through the transfer of competencies to the authorities of local public administration;

Public Policy cycle

- Implementing a system of strategic planning for each authority within the system of central and local public administration in accordance with the public services it provides.
- Establishing a system of evaluation and monitoring of the public service performances;

Quality and efficiency of services

- Developing and implementing instruments in order to increase the performance of public administration;
- Strengthening the institutional capacity of public administration, both central and local, for assuring the delivery of those public services (social benefits, compulsory education, primary health care services) that still cannot be provided by the private sector;
- Elaboration and implementation of the chart of public services that would include the quality standards for services and their assessment methodologies;
- Introduction of quality standards by the competent public authority that can allow the monitoring and assessment of a public service;
- Introduction of the cost standards corresponding to the quality standard of a public service, so that the public expenditure become justified, transparent and submitted to financial control;
- Simplification of administrative procedures for increasing the efficiency of public services delivery

The draft Civil Service strategy developed by NACS has the following expected results:

Specific objective 1 – consolidating civil service system:

1. Result 1 – consolidate the HR units in public institutions;
2. Result 2 – strengthen the administrative capacity of the Agency;
3. Result 3 – improve the image of the civil service system

Specific objective 2 – modernising civil service:

1. Result 1 – increase the perspectives for career development
2. Result 2 – increase the professional abilities of civil servants
3. Result 3 – motivate civil servants
4. Result 4 – prevent and fight against corruption

The adopted strategy „For improving the public policy planning and formulation system at central level” developed by GSG UPP, list the following directions of activities (measures):

1. Elaboration of tools for ensuring good policy making system;
2. Coordination of policy making process;
3. Establishing the linkage between policy planning and budget preparation processes;
4. Developing the roles of professional civil service and political decision makers in policy making process.

Lessons learned

The progress achieved to date is slower than expected, reflecting a need for more realistic time schedules. While the core legislation for a new civil service law has been passed, there has been a need for a high number of emergency ordinances to deal with unforeseen issues that arose in the implementation of the new laws. There were delays in resolving basic issues surrounding the remuneration reforms. Progress on IT projects at NACS has also been slower than expected which has meant that planned information systems are not yet fully on stream. These delays have also meant that important aspects of human resource management reform, like the introduction of a professional human resource management capability, including performance management principles, have not progressed as quick as expected. The implication for the OP ACD is a need for project management discipline for time and resource management.

NIA does not have sufficient capacity to address the training needs that exist, especially at management and professional levels of the civil service. There is a degree of market failure in the provision of training in professional management disciplines associated with the unique characteristics of public administration. These include policy analysis, programme analysis, public sector performance measurement, policy based research, public sector accounting and budgeting and human resource management. It is likely that the scale of the OP ACD will require some support to strengthen the external capabilities of training providers in universities, colleges or professional institutions in the private sector to provide the necessary capacity to meet the training needs of the OP ACD which are expected to be significant.

Inter-agency co-ordination has been weak. Feedback from Phare projects indicates that many problems arose due to difficulties in co-ordination between those organisations that share ownership of key elements of reform. A critical success factor for the OP ACD is the strength of cooperation and co-ordination between the institutions that are responsible for the design and development of different components of reform. While CUPAR is responsible for the government's PAR strategy, a public management reform has other components that are co-ordinated by bodies outside CUPAR or the Ministry of Interior and Administrative Reform. Several other reform partners, including the GSG-PPU and the Ministry of Economy and Finance, have already been identified as important partners for the achievement of the overall objective of the OP ACD.

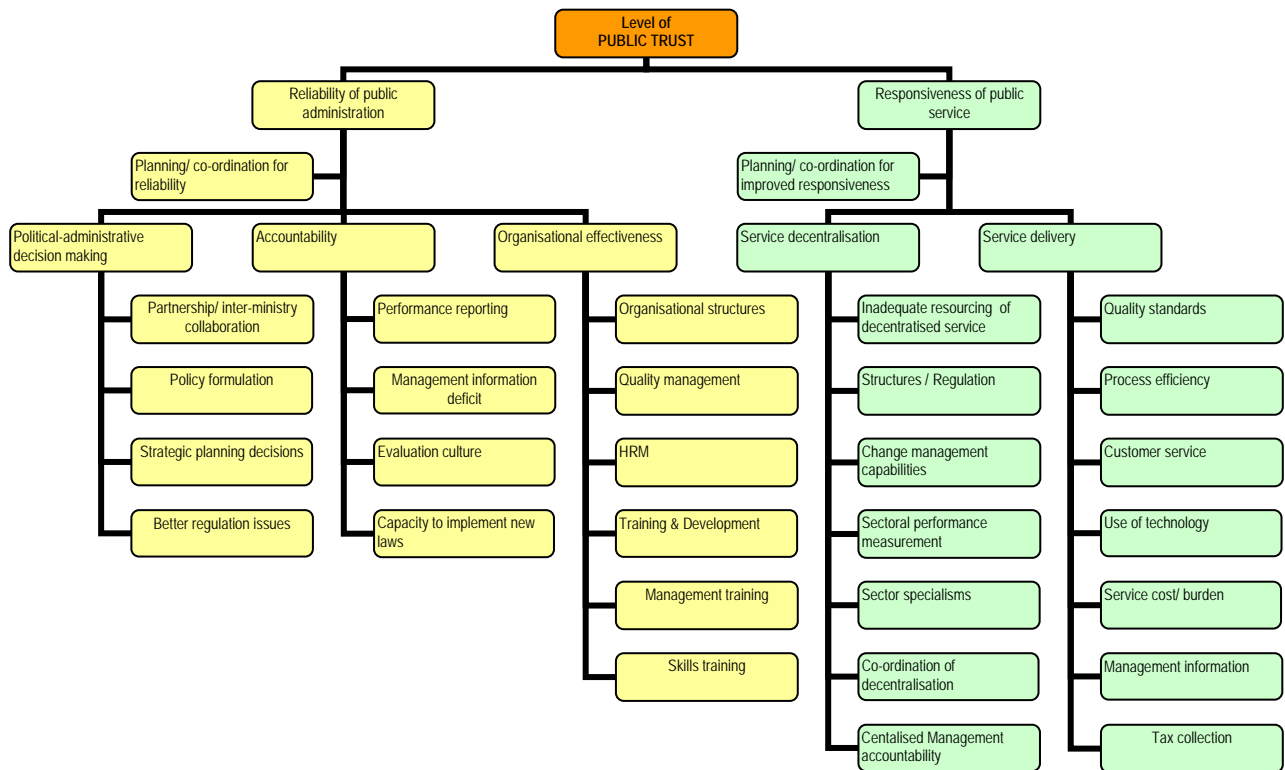
Phare support to PAR in Romania has focused on internal restructuring with little direct impact on service delivery. The challenge is for the next phase of decentralisation to carry through to improved measurable external service delivery to the communities served. While the beneficiaries of the OP ACD are likely to be public institutions, an important distinction between projects to date and those provided for under the OP ACD is that the final target groups will be, in many cases, the direct consumers or users of public services. The government believes that the way to address this is to apply a sectoral approach to the prioritisation of the decentralisation of services.

There was limited capacity to absorb the available level of support in some cases, notably the policy formulation initiative. It is possible that the OP ACD will also initially face limited absorption capacity in some areas. This is viewed as a potential risk factor that should be built into programme and project design.

Other administrative reform interventions

Pre-accession assistance has supported administrative capacity development in other areas, notably key governance and accountability functions, including the strategic plans of the General Secretariat of the Government and of the Ministry of Economy and Finance, strengthening the capacity of the Court of Accounts and supporting the administrative capacity of Parliament. This work provides a platform for the OP ACD to develop the accountability framework and support financial management reform. These are a core part of the portfolio of public management reforms. Accordingly, there is an opportunity to begin to join up the various strands of reform with a view to securing tangible results and impact in the overall performance of the public administration at both central and local level.

Figure II-1: High level Problem Analysis



The level of trust in public administration

The basic problem that the OP ACD seeks to address, at the highest level, is a need to raise the level of trust in the public administration. As various studies³⁷ show, more than half of the urban population of Romania perceives as weak or very weak their relationship with authorities and institutions which offer citizen-oriented services. The majority of the citizens are not satisfied with the long period of time and the large number of steps in the application process to access basic public services.

The socio-economic context of public trust is marked by the high cost of living, poverty, corruption, law infringement and unemployment, the inadequacy of communication between citizens and public institutions. In a public administration context, citizens consider that the main factors of dysfunctionalities in their relation with institutions have to do mainly with:

- The extent of regulation, the time required to deliver public services and lack of transparency;
- Weaknesses in public sector organisations leading to administrative corruption and poor motivation of civil servants;
- The limited coherence of the legislative system (the great number of laws and their frequent modification).

³⁷ *Analysis on the quality of public services in the context of the direct relation between administration and citizens*, 2004, Study provided by the Governmental Strategies Agency;

The studies indicate that citizens have a better appreciation of services delivered by local public administration, especially those that are closer to them, but it is recognised that there is a need for raising the overall standard of performance.

The problem analysis decomposes the issue of trust into two parts - the reliability of the work of decision makers at central and local levels of administration and the responsiveness of the public service to the needs of citizens.

Planning and co-ordination for improved reliability and responsiveness

The co-ordination of the PAR process is increasingly difficult due to its growing complexity. An increasing number of actors take part in the process. The evolving legal and institutional framework creates pressure to step-up efforts to maintain coherence and effectiveness of the new structures. The pace of change has accelerated with EU membership and the scope of reform under the OP ACD is wider than PAR. There is a need to monitor the progress of the reform, to regularly evaluate its achievements, to identify and implement corrective measures. The OP ACD will need to create these effective planning and co-ordination mechanisms. CUPAR is responsible for the accelerated strategy of PAR, but since its establishment, CUPAR has not had the required staffing to adequately discharge its stewardship role. Some of the reform efforts can be described as singular and uncoordinated.

Between 1990-2005, there were a series of changes to the structure of the Government regarding the number, role and attributions of ministries, governmental agencies and other institutions. Responsibility for reform is shared between CUPAR and institutions like the GSG, NACS and NIA and the Ministry of Economy and Finance.

Reliability of the Public Service

The pre-accession period focused on legislative and structural change in preparation for membership. The OP ACD must focus on the reliability of the delivery by a member state of a more efficient and extensive portfolio of services. The current problem analysis has identified the following key issues:

- There is considerable pressure on the decision making bodies - the key actors at the political-administrative interface (Ministers, Secretaries of State, General Directors, Prefects and Mayors). Policy formulation processes to support key strategic decisions are only being introduced. The quality of information supporting policy options is limited;
- The system of management accountability remains highly centralised which limits the flexibility and responsiveness of local administrations to changes in the need for services;
- Organisational effectiveness needs to be improved, in particular:
 - The institutional capacity for the management of service delivery is weak at all levels of the administration;
 - While employment conditions in the public service continue to improve, there is a fundamental lack of a modern human resource management approach that motivates civil servants and rewards better performance;

- Management information to support decision making and to assess progress being made is very limited. In particular, information systems to track outputs and improvements in results do not exist.

The problem analysis identifies a number of gaps in capacity to support high level decision making in public administration, as follows:

- poor levels of consultation and communication channels;
- the absence of a robust policy formulation function and the technical capacity to elaborate public policy;
- a need to strengthen the technical and management capabilities of the actors at the political-administrative interface.

A major initiative has already been launched in the area of public policy formulation. A Public Policy Unit (PPU) has been created, under the subordination of the General Secretariat of the Government (GSG), which main attributions were to strengthen the Government's capacity to formulate, implement and monitor coordinated public policies at central level. Eleven permanent inter-ministerial councils, organisations with a consultative role but without judicial personality, were set up. An inter-ministerial committee for the co-ordination of public policies has also been established. Their role is to elaborate, integrate, correlate and monitor policies. PPU's have also been established in each ministry.

Procedures to elaborate, monitor and evaluate public policies at central level came into force on the 1st of January 2006. During 2006 the "Strategy for improving the public policy making, coordination and planning system at the level of the central public administration" was adopted. The next step is to carry on the process by strengthening the capacity of central public administration to actually start operating according to the new legal provisions. There remain significant delays of legislation preparation and planning which seriously affects the implementation of sectoral policies. A consequence of this is that although the number of emergency ordinances issued by the Government has decreased, it remains at high level. At the same time, there are, in general, too many amendments to legislation that can lead to legislative instability.

Three other contributing factors to the potential for improvement in high level decision making were identified. There is a need for support to partnership-based collaboration between the highest levels of the central administration and social partners. The practice and capacity for consultation also needs to be promoted. The skills and expertise of decision makers and the quality of data and analysis that support the description of policy options need to be strengthened. Finally, there has been much criticism of the quality and timeliness of the production of secondary legislation and the capacity to implement laws that have been passed. The OP ACD needs to consider including this area among its key areas of support.

Accountability framework

There has been good progress in many aspects of accountability processes, but the structures in some areas are not fully operational. Requirements for public authorities to produce annual reports on their performance were recently put in place, but the content of these reports needs to be developed. Also, the relationship between Parliament, the Court of Accounts and the Ministry of Economy and Finance in the consideration of state audit reports could be improved. There is a growing knowledge of value for money concepts like the switch in focus from the management of inputs to the management and allocation of resources based on expected outputs and outcomes. The widespread adoption of these ideas require the

development of new systems for data collection on outputs and an upgrading of financial and costing systems.

The promotion of an evaluation culture that places emphasis on lessons learned is an important part of a stronger accountability framework. While there is a strong culture of reporting in the Romanian administration, the focus is on describing activity rather than evaluating it. Data is not collected in any systematic way. The type of data collected for reporting purposes is primarily financial, and does not extend to non-financial measures of outputs and results. Programmes and projects that have received pre-accession EU funds have monitoring systems well established at central, regional and local level, so there is a good level of monitoring capacity, but the capacity for programme evaluation is non-existent in the public administration.

Consultations were held with the Ministry of Economy and Finance to take advantage of the availability of the OP ACD in the implementation of a performance evaluation culture as the final step in the policy and programme implementation process. Evaluation is at an embryonic stage and does not yet take place in many domains. The language currently used to describe evaluation is confusing. An additional problem is the inter-changeability in Romanian of the terms "assessment", "survey", "screening", "monitoring", "audit" and "evaluation." There is not enough clarity regarding the different dimensions of evaluation – a control tool or a management tool, internal versus external, different types of evaluation.

In mid 2005, the Authority for Coordination of Structural Instruments (ACIS)³⁸ within the Ministry of Economy and Finance started work for elaboration of a national evaluation strategy. The National Evaluation Strategy is an important tool that could bring together all of the disparate strands currently trying to drive evaluation in Romania, and represents an opportunity to develop an evaluation culture that will underpin more effective governance within the country. The ultimate aim of the National Evaluation Strategy is for “a functioning national evaluation system, the parts of which reinforce each other; encompassing the public and private sector and civil society; and contributing to the effective management of public intervention and the accountability of policy makers and management levels. There shall be recognition of the importance of evidence based policy making.”

The interest in evaluation is growing, but concrete demand for evaluation is still in its infancy. No examples are available where evaluation (*ex-ante*, *interim* or *ex-post*) was employed outside the framework of EU-funded programmes. Demand for evaluation is dependent on the existence of legislation requiring evaluation to be performed and on a general recognition of the necessity and usefulness of evaluation in the policy implementation, strategic management and budget formulation cycles.

At present, the problem is that there is a view in various circles that unless an adequate legal framework is in place, demand will not develop. Evaluation primarily takes place in EU-funded or other foreign donor funded programmes and is low within the public administration vis-à-vis national public interventions.

There is no institutionalisation of evaluation in public administration, except in the structures managing the EU funds. A significant spontaneous development of evaluation in Romania is unlikely to occur without support to providing the knowledge skills and awareness of the benefits of evaluation. The ACIS will continue to strengthen the evaluation capacity by

³⁸ Which coordinates the evaluation and monitoring of Phare and the Operational Programmes funded from EU Structural Instruments

developing the general framework for enhancement the evaluation culture (eg evaluation standards), as well as both supply side (academia and private sector evaluators) through networking support, and the demand side through an evaluation facility that will encourage the management levels to evaluate their interventions. The OP ACD will support the mainstreaming of evaluation as a key step in the management cycle.

Organisational effectiveness

There are significant deficiencies with the management of the whole public policy cycle. The noted deficiencies start with the current practice of sectoral planning by line ministries. Very little evidence was found that sectoral planning is performed with a clear link to strategic targets. An improvement in translating policy choices into strategic and action plans is needed. Reforms to human resource management and financial management also need continued support. This widens the scope of PAR to a public management reform package that places emphasis on external delivery rather than on internal rearrangements.

Strategic planning

The problems associated with strategic planning are:

- Lack of culture for strategic management, as well as lack of specialised personnel. The administrative culture is instead characterised by the importance given to the control of inputs and activities and an upward delegation of responsibility and decision making. A top-down strategic approach has not been yet consolidated;
- Inadequate skills to undertake legislation and policy planning under a sectoral strategic framework, due to lack of practice; particularly, inadequate skills for policy formulation and planning of all leading civil servants;
- Methodology and procedures for strategic planning have only recently been adopted.

Human resources management

Law No. 251/2006 (and the related secondary legislation) amending Law No. 188/1999 represents an important stage within the legislative development in the field of civil service and civil servants. The legal framework had also been improved through adoption of Law No. 161/2003 on certain measures for ensuring transparency within the exercise of civil service positions, public dignities and the business environment, prevention and sanctioning of corruption.

The distribution of civil servants between central and local levels of administration has been changing. The following table provides background about the size and dynamic of the body of civil servants.

Table II-1: Comparative situation of civil servants in the period 2003-2005

Synthetic indicator	2003		2004		2005		Change (2005/2004)
	No.	%	No.	%	No.	%	
Number of established positions							
Total number of civil service positions	110,426	100%	112,847	100%	107,058	100%	-5.1%
Occupied positions	97,142	88%	94,576	84%	91,546	86%	-3.2%
Vacant positions	13,284	12%	18,271	16%	15,512	14%	-15.1%
Positions in central versus local administration							
Number of civil service positions within the central public administration	65,497	59%	62,707	56%	*	*	-15.0%
Number of civil service positions within the local public administration	44,929	41%	50,140	44%	*	*	-23.7%
Analysis by level							
High civil servant positions	310	0.2%	246	0.2%	181	0.1%	-26.4%
Leading civil servant positions	11,824	11%	12,267	11%	10,838	12%	-11.6%
Executing civil servant positions	98,292	89%	100,334	89%	80,527	88%	-19.7%
Analysis by nature of position							
Debutant civil servant positions	3,566	3%	6,286	6%	*	*	+ 76% **
Permanent civil servant positions	106,860	97%	106,561	94%	*	*	- 0.3% **
Occupied Positions							
Number and percentage of occupied civil service positions within the central public administration	60,459	92%	55,380	88%	53,312	*	-11.8% ***
Number and percentage of occupied civil service positions within the local public administration	36,683	81%	39,196	78%	38,234	*	+4.2% ***

Source: National Agency of Civil Servants

Percentage of occupied positions to established positions

* Not available data; ** Change for 2004 over 2003; *** Change for 2005 over 2003

Significant progress has been made in civil service reform which includes:

- Creating and implementing a system for recruitment, performance appraisal and promotion based on merit;
- Monitoring and managing contests organised to fill vacancies in the public service structure is now well performed;
- Defining career structures, as well as preparation of procedures for appraisal and promotion has advanced;
- Some training to support the implementation of the new procedures has been delivered;
- A basic general competency framework for the public services has been established, but is not yet rolled out;
- Law No. 251/2006 sets up new steps in decentralising jobs contest of civil servants to local public authorities;
- There has been a fundamental legislative change in the roles and classification of prefects, who are a professional corps of high civil servants.

Current problems

One of the drawbacks of the current situation is that there is no real opportunity for a career structure and it is possible for “promotions” to be organised to favour the candidate whose promotion is desired by the institution. Law no. 251/2006 stipulates that civil servants have the right and obligation to continuously improve their abilities and professional training. Different studies revealed that almost half of the total civil servants did not attend any training course, almost 23% attended only one and approximately 14% attended two such courses.

The PAR 2004-2006 Strategy identified a number of issues that have not been fully dealt with in the pre-accession period. The specific problems relevant to the OP ACD include:

- Insufficiently integrated regulation for the management of the public administration personnel;
- Inadequate institutional capacity of the National Agency for the Civil Servants and of the National Institute of Administration;
- The system of continuous training of the civil servants was not yet satisfactorily established.

Implementing new work practices - such as improving the public policy cycle – necessitates upgraded skills through training. To that end, priority should be given to civil servants in management positions, as introducing new practices is usually a top-down process. The management of the training functions for the entire civil service system needs further strengthening.

Professional qualifications of civil servants

Statistical data regarding the academic and professional qualifications of civil servants reveal an extremely favourable image in terms of the academic qualifications held by civil servants. At the end of 2004, over 75% of the total civil servants within the ministries and other central agencies, over 58% of the civil servants within the deconcentrated services and almost a half of the civil servants within local administration had long term higher education.

This data should be treated with some caution. Due to weaknesses in the recruitment process (which are being addressed), a high percentage of civil servants do not have basic studies appropriate to their position. Accordingly, even though the Romanian public administration has a valuable pool of human resources, the professionalism of civil servants does not rise to the expected level nor meet the current needs. This is a reason for prioritising professional training in the OP ACD.

Law no. 251/2006 includes restrictive provisions concerning political involvement for leading civil servants and high civil servants. Also, this law complets the existing legal framework with new rules referring to acceding to the category of high civil servants and their evaluation.

Rationalisation of structures

The government appreciates that structural change does not always keep pace with process change or with changes in the individual employment conditions of civil servants. It is expected that the scale of change is likely to reveal a mis-allocation of human resources and cases where there are structural gaps in the assignment programme implementation

responsibilities. Accordingly, there is a need for reviewing the appropriateness of the structures of ministries and their agencies to complement the introduction of strategic management and performance assessment. Because the focus has been so far on developing the human resources management side, less attention has been paid to improving organisational structures.

Responsiveness of public services

Decentralisation of service delivery

In June 2006, the *Inter-ministerial council for administration and civil service, decentralisation, local communities* established working groups in order to facilitate the collaboration of the relevant actors in the fields of administrative and fiscal decentralisation. The council also decided that line ministries should develop their sector decentralisation strategies which are expected to have a prominent role under the OP ACD. CUPAR has the role of coordinating the decentralisation reform.

In the process of the decentralisation of public services several laws have been adopted, but the allocation of responsibilities among central and local authorities remains unclear, as local authorities lack adequate financial resources, and some “re-centralisation” of decision-making power to national ministries has occurred.

The Romanian Constitution and the new Law no. 286/2006 added provisions for enhancing local autonomy, endowing the authorities with means for increasing the efficiency and the quality of the administrative act, focusing also on the accountability of the local elected officials in the management process of the communities they represent. A Memorandum signed in February 2006 identified the current stage of the allocation of the responsibilities between the central and local level. Significant progress has been made. A legal package was approved by the Parliament, creating an improved legal framework for the continuation of the administrative and financial decentralisation process. The adoption of Law no. 273/2006 on local public finance completes the legal framework supporting the decentralisation process. A draft monitoring system which can be used by the ministries in order to assess the effects of decentralisation in all sectors is currently under elaboration, benefiting from Phare support³⁹.

These recent developments contribute to the clarification of the allocation of responsibilities and financial resources between the different levels of public administration, and to the justification of the transfer of new responsibilities to the local public administration. More significantly, they clear the way for actual implementation of sector decentralisation on a significant scale. The multi-annual Phare 2004-2006 interventions are continuing to prepare the groundwork for the creation of an infrastructure that can successfully complete the decentralisation/deconcentration reform (tools and procedures) as a basis for better managed services to the general public. The project will take decentralisation to a pilot stage working with three sectors. A considerable benefit of the work to date has been to support the development of decentralisation strategies in a number of sectors, including health, education (pre-university schools) and social assistance.

³⁹ Twinning PHARE RO/2004/IB/OT/01 - Decentralisation and De-concentration Process led by the Central Administration; Twinning PHARE RO/2004/IB/OT/02 - Strengthening financial autonomy of local authorities through continuation of fiscal and financial decentralisation

A key part of the government strategy is that the OP ACD should support the practical implementation of administrative and fiscal decentralisation in these sectors. These areas, particularly education and social assistance, are highly relevant in the context of the revised Lisbon Strategy and the quality of the services provided by the local administration in these areas is considered vital for local economic development.

While efforts to date have focused on the decentralisation process, less attention has been given to improving the general quality and efficiency of services already decentralised or to the management capacity of the local public administration in a co-ordinated way. It is recognised that there are problems with achieving a basic customer focus. In considering this problem, it was felt that the lack of a quality standards culture was a contributory factor. There is also scope for much improvement in process efficiency through a reduction or simplification in the number of steps in the delivery process, and a change in the levels of bureaucracy in local administration. The lack of a customer service plan weakens the mental attitude towards service quality. There is also little information about service costing.

The conclusion is that there are two primary problem areas to be addressed at local level to improve the responsiveness of service delivery:

- insufficient progress in the decentralisation of service delivery, particularly in sectors that have the greatest impact on the quality of life of citizens;
- a need to address problems with the general level of quality and efficiency of the delivery of services.

Annex III - Sectoral Analysis

One of the expected benefits of EU membership will be a massive social and economic transformation of the country in all sectors. The ESF plays an important part in this partly by promoting regional economic growth, but also through social development. Consolidation of the agricultural sector is expected to transform the rural economy. Basic public services in key areas like education, labour redistribution and the environment will face new challenges. Social assistance will need to reach a new level of operation to support the massive changes that are likely to occur within a very short period of time. The problem can be viewed from a number of perspectives – lack of capacity for the absorption of EU assistance in the counties, municipalities and communes and lack of readiness among the decentralised bodies to cope with new demands for support arising for social and economic development. A symptom of this is the almost total lack of data on the likely scale of support that will be needed.

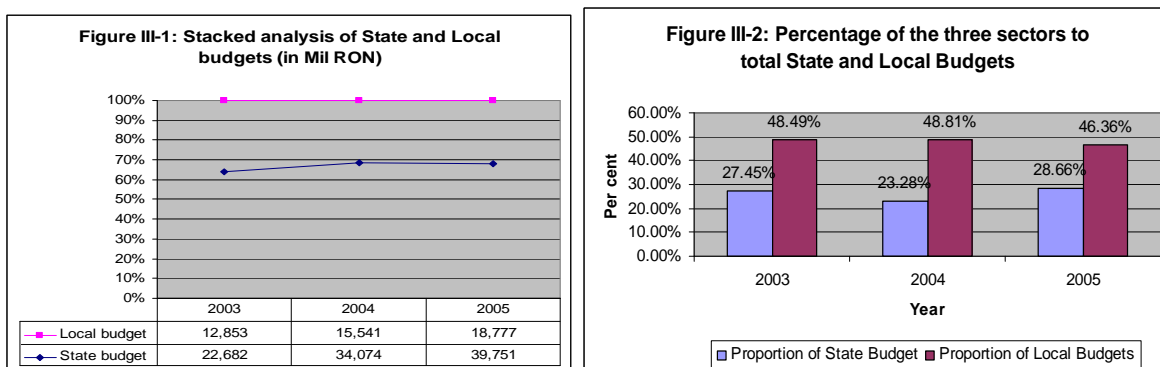
While all ministries with decentralisation strategies will come under pressure, it is logical to prioritise those sectors that will receive most support. Four primary selection criteria were applied for the identification of the priority sectors:

- the level of public spending and financial resources of the sector;
- the number of the public institutions (authorities/organisations/agencies) involved in related service delivery;
- the number of the employees in the sectors, working at central and local level;
- the huge number of ultimate beneficiaries of the services (population).

The chosen priority sectors are in urgent need of strengthening their administrative structures, as the above-mentioned four criteria show they have a crucial overall contribution to the socio-economic development of the country, in line with cohesion goals.

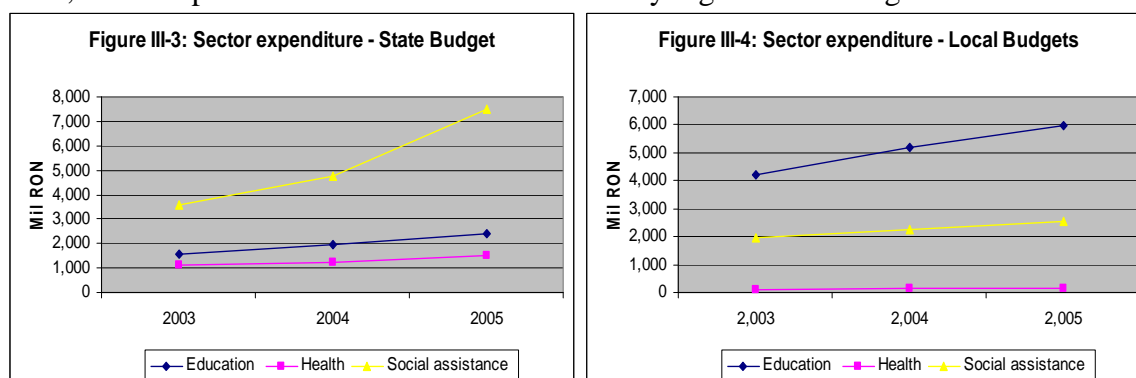
Level of public spending

Figure III-1 is a stacked line graph that shows the relative proportion of state and local budgets from 2003 to 2005. While the overall amounts of expenditure increased significantly in these years, the ratio of local budgets to state budgets has remained approximately the same at 70:30. Figure III-2 shows the relative percentage share of the three sectors of the total state budget and total local budgets. This reveals that the three sectors consumed 23% to 29% of the state budget and 46% to 48% of local budgets between 2003 and 2005.



The trend in actual expenditure for the three sectors was analysed. Expenditure in all three sectors has been increasing at both state budget level (Figure III-3) and at local budget level

(Figure III-4). These graphs also reflect the relative significance of the sectors at each level. For example, expenditure in education is much higher than for the other two sectors at local level, while expenditure on social assistance is very high at state budget level.



The significance of the expenditure supports their prioritisation in the OP ACD.

Number of public institutions

Health

The trend in the number of selected Health institutions with majority state ownership is as follows:

Table III-1: Selected Health Institutions

	1999	2002	2003	2004
	number	number	number	number
Hospitals	425	442	422	416
Medical clinics	1,234	442	304	267
Health centres	89	74	65	61
School medical surgeries	0	716	733	771
Individual family surgeries	0	8,803	9,278	9,049

Source: National Institute of Statistics

There is a steady increase in private sector involvement in the health service provision. Further opportunity for rationalisation in the Health sector is evident from a comparison of relevant institutions in majority state ownership versus majority private sector ownership. Currently, there is a transformation of the health system from a centralised one (before 1990) towards a social health insurance system.

Table III-2: State versus private participation in selected health institutions

	1999	2002	2003	2004
	number	number	number	number
<u>Polyclinics</u>				
Majority state ownership	303	44	40	32
Majority private ownership	144	161	168	204
<u>Dental surgeries</u>				
Majority state ownership	-	2,989	3,275	3,262

	1999	2002	2003	2004
	number	number	number	number
Majority private ownership	3,405	4,536	4,934	5,282
Pharmacies				
Majority state ownership	534	503	495	504
Majority private ownership	3,518	3,766	3,933	4,268

Source: National Institute of Statistics

Education

The extent of the number of institutions involved in the education system and some current performance issues are apparent from the following table:

Table III-3: Number of school units relative to the number of pupils

	1999/00	2002/3	2003/4	2004/5
Number of school units	27,633	23,679	18,012	14,396
Number of pupils	3,509,449	3,270,786	3,214,999	3,108,634

Source: National Institute of Statistics

The overall number of school units has decreased by almost 50% while the number of pupils has declined by a much smaller percentage (%) and the number of students has increased. The decline is partly explained by a fall in the number of kindergartens. This has occurred at a time when the number of enrolled have increased.

Social Assistance

An illustration of the number of institutions involved in the processing of social assistance is given in the following textbox. This gives some indication of the complexity of the structural issues that arise in the system. The OP ACD is aiming to address process efficiency and customer service issues.

Number of employees in the candidate sectors

The relative significance of public sector employment in the overall labour market and an analysis of the public sector labour market are reflected in Tables III-4 and III-5. This provides convincing evidence of the importance of the Health, Education and Social Assistance sectors from a labour market point of view.

Table III-4: Summary Sectoral Overview of the Romanian Labour market

Numbers employed by Sector	2002	2003	2004
	'000	'000	'000
Agriculture, hunting and fishing	3,015	2,888	2,638
Industry and construction	2,488	2,455	2,471
Trade and services	1,736	1,840	1,940
Public sector	1,090	1,123	1,189
Total	8,329	8,306	8,238
Public Sector percentage	13.1%	13.5%	14.4%

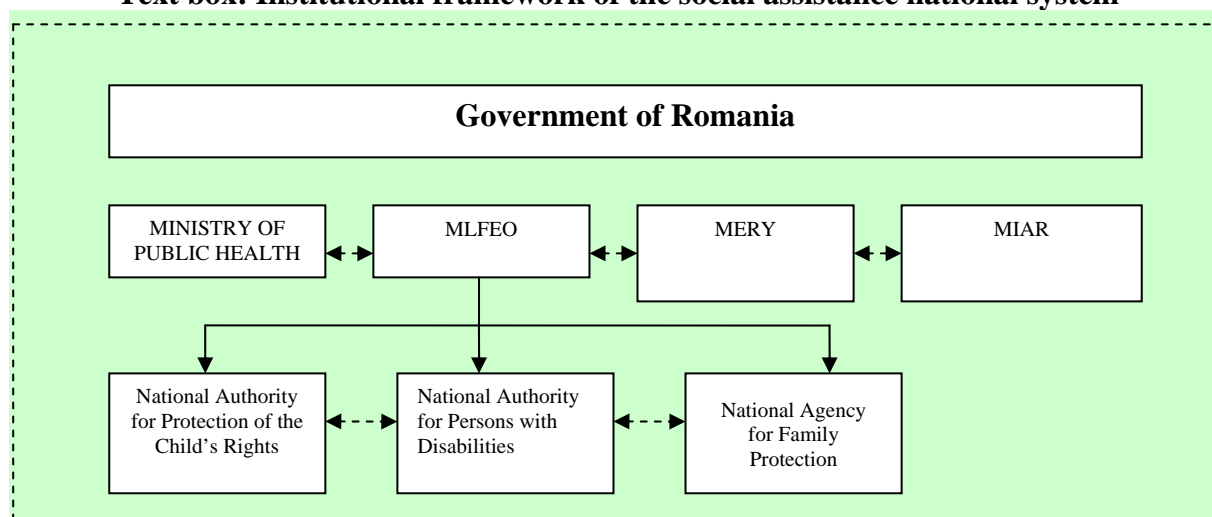
Source: National Institute of Statistics

Table III-5: Public sector employment

Numbers employed in Public Sector	2002	2003	2004
	'000	'000	'000
Public administration and defence	148	155	159
Education	415	420	430
Health and social assistance	358	359	367
Other activities of the national economy	169	189	233
Total	1,090	1,123	1,189
Health, Education and Social Assistance percentage	70.9%	69.4%	67.0%

Source: National Institute of Statistics

Text box: Institutional framework of the social assistance national system



1. **Ministry of Labour, Family and Equal Opportunities (MLFEO)** – Department for social assistance and family policies;
2. **National Authority for Protection of the Child's Rights** - elaborates strategies, programmes, regulations in the field of protection and promotion of children's rights;
3. **National Authority for Persons with Disabilities** – coordinates at central level the activities related to the protection and promotion of the disabled persons rights, elaborates the policies, strategies and standards;
4. **National Agency for Family Protection** – elaborates strategies, programmes in the field of prevention and struggling against domestic violence;
5. **Directorates for Labour and Social Protection** (41 counties + Bucharest) - deconcentrated services of the MLFEO;
6. **General Directorates for Social Assistance and Children Protection (GDSACPs)**– subordinated to the county council/local council of the Bucharest districts (41+6). They deal with the implementation of the social assistance policies and strategies in the field of children, family, lonely/old/disabled persons' protection and any persons in protection need. They are also responsible for the development and diversification of the specialised social services according to the identified social needs;
7. **Social Assistance Public Services (SAPs)** - organised by the local councils at the level of municipalities and towns. At the level of the communes local councils, depending on the social problems faced by the administrative territorial unit, there are persons in charged with social assistance responsibilities (in the field of children, family, old/disabled persons' protection and any persons in need of protection.

Source: Ministry of Labour, Family and Equal Opportunities

The GDSACPs have developed an important number of alternative services aimed at the prevention of the child's separation from his/her family:

Number of functional alternative services developed by the GDASPC	2002	2003	2004	2005	Jun-06
	394	537	593	589	562

The apparent decrease in the number of these services after 2004 is due to the transfer of some daycare services to the Local Councils, according to Law No. 272/2004.

The GDSACP also manage the special protection services for children separated from their families: family type services and residential services.

On the 31 August 2006, there were 47,863 children protected in substitute families (public and private professional foster caregivers, extended family and other persons/families) and 25,816 children protected in institutions (public and private placement centres).

The public residential system includes: 359 family-type homes and 466 apartments, 132 modulated/restructured institutions and 180 classic institutions.

Citizens reached

The final criterion for the selection of sectors was the number of citizens served by the sectors. No data was collected as these sectors will serve all citizens at some point in their lives. Public health is of concern to all citizens and an increase in service quality and cost effectiveness will have a positive effect of the socio-economic development of the country. There are persuasive economic arguments for strengthening the quality of service to social assistance, in terms of the redistribution and social safety net effects of these services.

Annex IV - Indicative Breakdown of the Community Contribution by Category in the OP Administrative Capacity Development

Commission reference No: CCI 2007 RO 051 PO 002

Name of the programme: Operational Programme Administrative Capacity Development

Date of the last Commission decision for the Operational Programme concerned: __/__/__

(in euros)

(in euros)

(in euros)

Dimension 1 Priority theme		Dimension 2 Form of finance		Dimension 3 Territory	
Code *	Amount **	Code *	Amount **	Code *	Amount **
81	199,682,518	01	208,002,622	00	208,002,622
85	6,240,077				
86	2,080,027				
Total	208,002,622	Total	208,002,622	Total	208,002,622

* The categories are coded for each dimension using the standard classification.

** Estimated amount of the Community contribution for each category.