



# EX-POST EVALUATION ON THE IMPLEMENTATION OF SAPARD PROGRAMME IN ROMANIA DURING

2000-2008

AUGUST 2011

SYNTHESIS OF EX-POST EVALUATION OF SAPARD - ROMANIA



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## A. Synthesis of implemented activities

Article (5) of the EC Regulation No. 1268/1999 defines how the SAPARD Programme is to be addressed to an ex-post evaluation activity, stipulating that: "ex-post evaluation [is] designed to appraise the success and impact in respect to the defined objectives<sup>1</sup>". The Regulation concerning the SAPARD Programme (Reg. CE 2759/1999) also details the fact that the Programme review and evaluation must be implemented in accordance with the procedures defined under the MAFA (Multi-Annual Financing Agreement).

On 2 September 2010 the agreement was signed between the Ministry of Agriculture and Ecosfera Vic and Agriculture and Engineering for the performance of the *ex post evaluation* of the SAPARD Programme – Romania implemented between 1/01/2000 and 31/12/2009.

As established by the Guidelines for the Evaluation of Rural Development Programmes supported by SAPARD<sup>2</sup>, the **purpose** of the ex post evaluation activity is to provide the key elements for the transparency of the financed investments, especially with regard to the Managing Authority and the public. It can also give guidance about a possible follow-up to the programme, e.g. in the form of *best practices*.

The ex post evaluation of the Programme has the **objective** of covering the utilization of resources and the effectiveness and efficiency of the assistance, its impact, and drawing conclusions relevant to the Programme. It shall cover factors contributing to the success or failure of implementation, the outputs of the Programme and results, including their sustainability.

As regards the impact obtained through the implementation of the Programme, the Evaluator took into account the double dimension of the grant, that referred to two general objectives:

- 1) Contribution to the implementation of the Community acquis regarding the Common Agricultural Policy and other relevant policies;
- 2) Solving the specific priorities and problems for the sustainable adaptation of the agricultural sector and rural areas in Romania.

In more details, the ex post evaluation was achieved leaving from the bases defined under the Common Evaluation Questions (CEQ), in conjunction with both the criteria and the indicators defined by the methodology of the European Commission for the evaluation of the Rural Development Programmes supported by SAPARD.

In conclusion, the Evaluator performed the ex post evaluation in accordance and coherently with what was defined in the EC Regulation 1268/1999, through the following four stages:

### I. Structuring

This activity was achieved for the preparation of the Initial Report and I<sup>st</sup> Report, and had regard to the key words defined under the CEQ, as well as their criteria and indicators. At the same time, the structuring stage provided a clear understanding of the Programme, the identification of the logical framework of the initiative, a preliminary quantification of the output indicators, and especially a new organization of the data available and necessary in order to answer the CEQ. Moreover, a

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<sup>1</sup> Article 5 of the EC Reg. 1268/99 of 21 June 1999

<sup>2</sup> DG AGRI "Guidelines for the Evaluation of Rural Development Programmes Supported by SAPARD, April 2001.

comparative table was presented, for the purposes of correlating the CEQ, criteria, result and impact indicators of the Programme with the identified targets. This framework allowed the Evaluator to understand all the data related needs, for the purposes of an accurate development of the evaluation process.

Notwithstanding all these, the Evaluator encountered in this initial stage of the activity a general problem related to the target levels; indeed, the target values defined for all the measures seemed to be unrealistic, inadequate as against the real and forecasted expenses and, generally, overestimated at all times<sup>3</sup>. The target values had been quantified many years ago, without taking into account the inflation rate, which actually affected Romania very clearly over the last years, and for this reason today, 10 years later, they are no longer equally representative as against the real costs and expenses.

## II. Data collection

The data were collected having in view the afore-mentioned analysis of needs as regards the necessary data, beginning with revising the existing and available data, especially the availability of information from the monitoring system, considering that such information is provided according to article 9 (3) of MAFA. In addition, the Evaluator identified other data sources<sup>4</sup>, useful for the quantification of the output, result and impact indicators.

The primary and secondary data were collected, discussed and confirmed by the different responsible of the Measures, in order to validate: the obtained values, the data sources and their collection process.

Two focus groups were organized within the Managing Authority and Paying Agency, for the identification of the best practices implemented and achieved by the Programme SAPARD, that should be resumed over the following programming period.

At the same time, case studies were provided, in order to have comprehensive quality information on a number of limited interventions (27) out of 6 different Measures.

## III. Analysis

All the information collected from the primary and secondary data contributed to the definition of the cause / effect relationship of the context influences, as well as of the main outputs, cross-cutting for the programme evaluation. At this stage, the Evaluator attempted to estimate the first effects of the Programme as against the context data and identified evolutions. This activity ended with the preparation of the II<sup>nd</sup> Report that took into account the effectiveness as against the costs of each initiative at the level of each Measure and Sub-Measure. At the same time, multi criteria instruments were adopted with a view to appraising the various aspects of certain specific phenomena (for example, income increases).

The collected data were analyzed beforehand in order to enable comparison and conclusion, offering the Evaluator the opportunity to express a preliminary conclusion as to whether the Programme's effects occurred or not, as against the identified objectives.

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<sup>3</sup> Acc. to AGROTEC & C., Updating of Midterm Evaluation of the SAPARD Programme, Final Report, 2006, pg. 21

<sup>4</sup>For a detailed analysis of the data source and data collected by the Evaluator in order to appraise the Programme, one may refer to the following paragraph of the methodology

The Evaluator adopted as a principle a temporal comparison (before / after assistance). The analysis performed by the Evaluator took into account the variation of certain indicators before / after the Programme implementation. The direct impact was determined by comparing the evolutions of the context data with the evolutions of the beneficiary groups. This temporal comparison appears to be the most accurate method of estimating the Programme's effects, given the SAPARD Programme's limited capacity of covering a large part of the potential beneficiaries. Indeed, the SAPARD Programme assisted about 4,500 projects, accounting for a very small part of the potential beneficiaries (agricultural industries, local councils, agricultural enterprises and commercial entrepreneurs), a fact that entailed limited effects on the general context.

#### IV. Assessment

The III<sup>rd</sup> Report involves assessing the evaluation questions on the basis of several criteria, as defined under the *Guidelines for the Evaluation of Rural Development Programmes supported by SAPARD* (April 2001):

- Efficiency: *Assessment of the achieved effects financing relation to the inputs (financial or administrative) mobilized;*
- Effectiveness: *Assessment of the effects in relation to the objectives of the evaluated programme. An action will be effective when the objectives have been attained.*
- Relevance: *Appropriateness of the objectives of a programme in relation to the sector needs and socio-economic problems to which the programme should respond.*
- Sustainability: *Effects are sustainable when they last in the long term, and after the end of the programme.*
- Deadweight effect: *Change in the situation of the beneficiary that would have occurred even without the public funding.*
- Leverage effect: *Fact that the public funding induces a certain percentage of co-funding by private spending among the beneficiaries, developing a multiplier effect.*

#### B. Methodology adopted for the ex post evaluation activity

As already described, the ex post evaluation activity focused on answering the **Common Evaluation Questions** (CEQ), and how it was possible to make assessments having the attained (target) objectives as a reference.

The answers to the CEQ represent the final instrument used by the Evaluator in order to define, complying with certain criteria, a methodology for the detailed analysis of each Measure, providing information on the outputs and results compared to the defined targets and the consequences on the obtained impact.

After the first diagnosis, in order to accurately answer the CEQ, the Evaluator created a relationship between: indicators, evolutions regarding the context analysis, the socio-economic data regarding the macro and micro levels, and the primary data collected via interviewing the beneficiaries. The complex combination of the information obtained from all these different sources provides the base for replying to the Common Evaluation Questions.

The SAPARD Programme in Romania is divided into 10 accredited measures, as indicated in the Table below, associated with 38 questions, 70 evaluation criteria and 95 indicators.

Common Evaluation Questionnaire		Questions	Criteria	Indicators
<b>Cross-cutting questions</b>				
	<i>contribution to the implementation of the Community acquis concerning the common agricultural policy</i>	2	4	8
	<i>contribution to solving priority ad specific problems for the sustainable adaptation o f the agricultural</i>	5	10	12
	<i>concerning the conception and implementation of the programme</i>	1	4	7
<b>Measure-specific questions</b>				
1.1	<i>Improvement of processing and marketing of agricultural and fishery products</i>	5	8	11
1.2	<i>Improving the structures for quality, veterinary and plant-health control, for the quality of food stuffs and for consumer protection</i>	1	3	3
2.1	<i>Development and improvement of rural infrastructure</i>	3	6	6
3.1	<i>Investments in the agricultural holdings</i>	6	7	11
3.2	<i>Setting up producers' groups</i>	2	4	5
3.3	<i>Agricultural production methods designed to protect the environment and maintain the countryside</i>	3	4	6
3.4	<i>Development and diversification of economic activities generating multiple activities and alternative income</i>	2	3	3
3.5	<i>Forestry</i>	4	10	13
4.1	<i>Improvement of vocational training</i>	2	3	4
4.2	<i>Technical assistance</i>	2	4	6
	<b>Total</b>	<b>38</b>	<b>70</b>	<b>95</b>

Prepared by the Evaluator according to the Commission's Guidelines for the Evaluation of Programmes supported by SAPARD Programme

The existence of a system of indicators, output, result and impact is certainly one of the elements influencing the accurate development of an ex post evaluation activity. The indicators actually represent the main instrument in the developing of this activity. The quantification of such indicators required the use of various information sources.

In order to prepare the available **system of indicators** and enable its integration, the Evaluator had regard to certain criteria, such as:

- Capacity to appropriately reflect the status of the outputs;

- Definition clarity;
- Coherence with the Common Evaluation Questions.

**The output indicators** have generally been obtained from the monitoring system, which enabled the verification and evaluation of the Programme progress, and the availability of the elements necessary to appraise the result and impact deriving from the investments funded by the Programme:

- Financial indicators, that is to say, the level of financial resource mobilization;
- Resources used;
- Physical indicators, used to quantify the progress of the actions.

The **financial indicators** took into account to analyze the progress of each Measure, as well as of the Programme as a whole, are detailed under the Appendix 2 to the Final Report. These were quantified leaving from the forecasted financial allocation, the commitments assumed in the implementation phase and the actually made payments.

The quantification process may be summarized by the following two indicators conceived by the Evaluator:

*A. Actual use capacity, represented by the ratio of assumed commitments to financial allocations;*

*B. Actual capacity to satisfy the financing needs, represented by the ratio of payments to assumed commitments.*

The main sources of information for the quantification of these two indicators (A, B) were the monitoring tables and the annual reports that offered detailed information about the financial progress of the Programme. The main indicator or the financial analysis in relation to an ex post evaluation activity is certainly the first one (A), which explains the actual capacity of spending the total quantity of available resources.

The **physical indicators** are defined so that the objectives may be best quantifiable. The Evaluator distinguished between the attained or unattained physical objectives.

The collected database is represented by the:

- *Physical objectives attained, in relation to the allocation of completed projects;*
- *Number of funded initiatives or beneficiaries.*

The **result and impact indicators** refer to a higher hierarchical level than the afore-mentioned indicators. The result and impact indicators represent the main objective and focus of an ex post evaluation activity, for which reason the Evaluator spend considerable effort to quantify them.

In particular, these indicators makes possible on the one hand to follow-up the physical and financial progress of the actions, and on the other hand to formulate certain preliminary projections as regard the long lasting effects. It is important to verify, leaving from the targets quantified during the Programme conception stage, the evolutions of these indicators in relation to payments: at the same time, this information will assist the strategy definition during the following programming period.

Having regard to the fact that the SAPARD Programme was highly diversified in terms of beneficiaries, target groups and actors, the typology of the **result indicators** varies with the various characteristics, both at the level of the measure beneficiaries and at the level of the output users, such as:

- *Beneficiaries' characteristics (geographic localization, average dimensions.);*

- *Potential beneficiary's behavior (actual beneficiary undertakings out of the potential beneficiary undertakings);*
- *Ability to bring a quality improvement of the providers;*
- *Decisions made pursuant to the funding (increased jobs and income).*

There are **14 impact** indicators in relation to the SAPARD Programme, measuring the specific impact deriving from the obtained outputs and results (mainly the increased income and creation of jobs).

The ex post evaluation paid more attention to the overall impact, which may be assessed two years after the completion of the funded projects.

With regard to those above-referred, it is highly important to provide information from various data sources (primary and secondary), necessary for an improved evaluation activity through a process of information coordination and updating likely to guarantee an accurate quantification of the three implementation levels of the Programme.

#### **Data sources:**

The ex post evaluation related analysis was performed by implementing a system of quality/quantity information that enabled a quantification of the various levels of implementation of the initiatives.

The adoption of a quality-quantity approach was due to the insufficient data supplied by the monitoring system to provide an answer to the Common Evaluation Questions, which required a larger portfolio of data sources for the quantification of the output, result and impact indicators. This portfolio was divided into primary and secondary data, both consisting in quality and quantity information.

For the purposes of the ex post evaluation the Evaluator collected **secondary data** from the following sources:

- Monitoring data, from the Managing Authority and PARDF;
- Eurostat database;
- Farm Accounting Data Network (FADN-RICA);
- NIS (National Institute of Statistics);
- Ministry of Economy;
- Ministry of Finance;

As regards the **primary data**, the Evaluator performed the following actions in order to collect and use this information:

- Establishing the Measures in relation to which the direct interviews should address the final beneficiaries, in connection with their financial spending under Programme. This first evaluation led to the conclusion that only 8 out of 10 Measures entailed spending over 10% of the Financial Plan allocation, which obviously generated a certain impact, more or less relevant.
- With reference to the measures of Axis 4, having regard to the special nature of these initiatives (immaterial support in terms of training and technical assistance), the Evaluator considered appropriate to perform direct interviews, using ad hoc questionnaires differed from those related to other measures (see the questionnaire addressed to the employees of MA / PARDF attached to the Final Report as the Appendix 5).
- Preparing the questionnaires for the beneficiaries of six measures (1.1/1.2/2.1/3.1/3.4/3.5), to be thoroughly analyzed. This activity involved an analysis of the data available under the monitoring system, in order to highlight the indicators to quantify, and the data to collect in order to answer the CEQs.

- Downloading the file of the final beneficiaries, available on the web site of the Paying Agency<sup>5</sup>;
- Defining the methodology for the identification of the sample, in order to make sure that this is statistically representative for all the classes of final beneficiaries. Thus, 251 beneficiaries were selected to be interviewed in relation to the six different measures, representing a simple of 5.7% of the total beneficiaries.
- The interviews with the final beneficiaries included in the sample were achieved by a team of operators during the period April – May 2011.
- Meetings were organized with various responsible of the measure (May and June 2011), in order to better understand the data collected from the monitoring system, and accurately interpret the dynamics of the actual progress of each measure. The information collected on the occasion of the direct interviews with the final beneficiaries conducted during these meetings was compared with the general analysis.

### Limitations and solutions approaches during the evaluation activity

The main problems approached by the evaluation team are summarized further on below:

- A general limitation was observed regarding the availability of the quantity data in relation to the **output indicators**. The monitoring system was implemented at the beginning of the new programming period (2007), and for this reason certain output indicators (such as: number of localities reached by the Programme) are not available at all. The monitoring data were collected only at the overall level (at measure or sub-measure level), and not at the beneficiary's level, which reduced the capacity to prepare an adequate analysis and a stratification of the typology of the beneficiaries.
- Certain problems were also encountered in relation to the possibility to measure the **result and impact indicators** due to various reasons (see CEQ for more details on this aspect). In the case of these aspects the Evaluator was forced to estimate or perform his own calculation in order to appraise or quantify these indicators, providing an indicative value of the total reached value.
- The **target values** were not defined in relation to all the measures (e.g. they missed entirely in the case of Measure 4.2 of TA) and many were inadequate (probably due to not taking into account the inflation phenomena) as against the available budgets, which limited the evaluation activity. In order to address this problem, alternative indicators were identify in order to evidence the progress of the measure / sub-measure, such as the unit costs, €/km, €/accommodation seat, and others. However, these alterative indicators did not have a reference / baseline value, for which reason the concept of variation and target attainment, that is to say, the efficacy evaluation, was lost. Notwithstanding the fact that during the mid-term evaluation this aspect had been evidenced, the target values were not quantified and updated during the implementation of the Programme.
- The effects of recent phenomena, such as the 2007-2008 economic crisis that directly affective the productive system in Romania requires a detailing of the statistical data concerning these aspects.
- In the long run, as mentioned under the paragraph below, the Measures 3.2 and 3.3 spent only 5.7% and, respectively, 10.3% of the total allocated amounts. Therefore, no project under these measures was completed until 31.12.2009, their implementation continuing under NRDP

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<sup>5</sup> The published list did not include as well the beneficiaries' contact data.

2007-2013. For this reason, the Evaluator will disregard these two measures upon the evaluation of the generated impact.

- A number of difficulties were encountered in achieving the interviews with the beneficiaries, since they were not always available.

### C. Programme synthesis

In order to attain the identified objectives, SAPARD Romania was divided into 10 Measures and 46 Sub-measures, having available for the programming period 2000-2006 a total amount of **1,521,449,565 €**, of which **1,159,785,692 €** represent the EU contribution.

These resources were allocated to the 10 Measures as indicated by the table below:

	Financial Plan (euro)	EU Contribution (euro)	% of Financial Plan
Measure 2.1	678,160,439	524,809,099	44.6%
Measure 1.1	379,513,279	285,868,434	24.9%
Measure 3.1	259,072,565	195,418,480	17.0%
Measure 3.4	84,220,533	63,255,547	5.5%
Measure 3.5	74,451,007	55,838,255	4.9%
Measure 1.2	37,791,593	28,343,695	2.5%
Measure 4.1	3,949,239	2,961,929	0.3%
Measure 3.3	1,849,504	1,387,128	0.1%
Measure 4.2	1,441,406	1,153,125	0.1%
Measure 3.2	1,000,000	750,000	0.1%
<b>Total</b>	<b>1,521,449,565</b>	<b>1,159,785,692</b>	<b>100</b>

*Prepared by the Evaluator on the basis of the Financial Plan data*

The table above indicates that the resources were concentrated on a few types of interventions: the first three measures (2.1/1.1/3.1) have been allocated over 86% of the total available resources, corresponding to over € 1 billion EU contribution.

In order to analyze the financial management of the resources, the Evaluator decided to take into account the financial flow of the overall Programme. The following Diagram shows the flow of the three different aspects between 1/01/2001 and 31/12/2009:

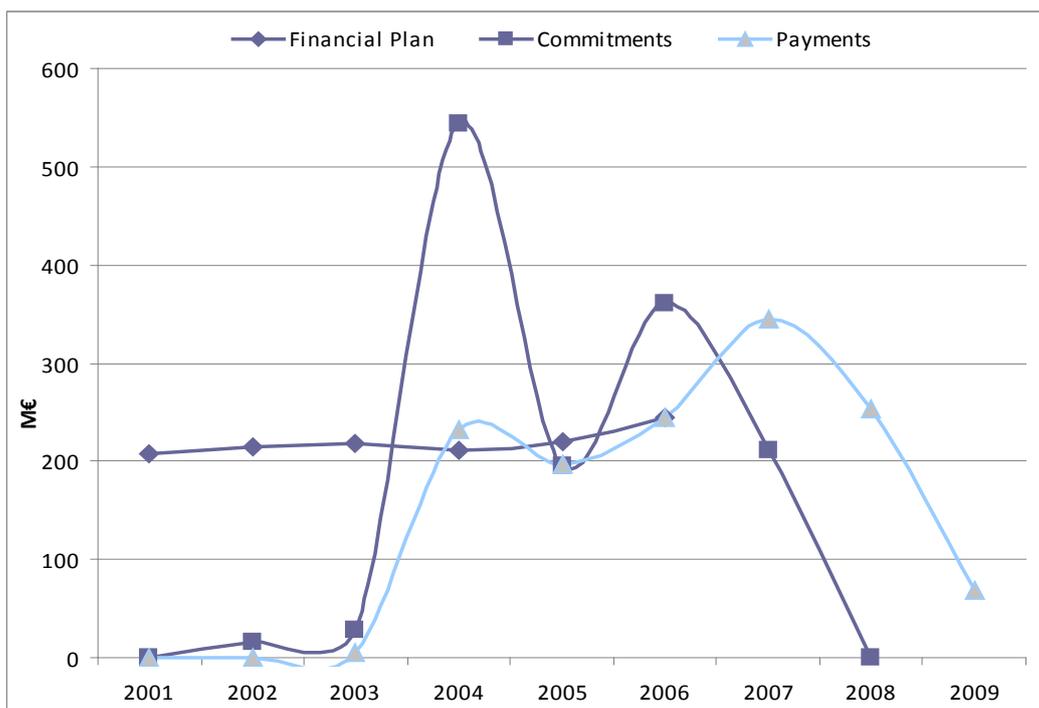


Figure: Total public spending (blue) – Approved (red) – Paid (green)

Prepared by Evaluator on the basis of the monitoring system data and MAFA

\* value of projects approved in 2008 is euro 216,864, however due to the vertical axis scale the resulted value is very close to the horizontal axis.

The diagram above presents a few considerations on the financial flow concerning the implementation of the Programme. The commitments increased in 2004, and the payments reached a peak in the same year, over 200 M€ being paid under the Programme. Another important year was 2006, with over 350 M€ spending, and 2007, when this amounts were paid to final beneficiaries. These data provide information on the importance of the procedures for an accurate implementation of the Programme, more than the activity programming itself.

The total amount paid under SAPARD over 9 years is **1,348,015,848 €** (divided into 10 Measures), totaling **1,018,137,972 €** EU contribution.

The financial implementation of the Programme revealed the fact that almost 88.6% of the total allocated resources were paid, and only about 12% of the resources were not spent, totaling 141,647,719 €. Despite this general efficiency, there is a high variability of this indicator in relation to the 10 different measures, as indicated in the table below.

Measure	Efficiency
	<b>B</b>
Measure 1.1	<b>92.5%</b>
affected by floods	<b>47.5%</b>
no affected by floods	<b>94.0%</b>
Measure 1.2	<b>77.7%</b>
<b>Priority 1. Improving the access to markets and the competitiveness of processed agricultural products</b>	<b>91.2%</b>
Measure 2.1	<b>88.5%</b>
affected by floods	<b>35.0%</b>
no affected by floods	<b>105.3%</b>

Measure	Efficiency
<b>Priority 2. Improving the infrastructure for rural development and agriculture</b>	<b>88.5%</b>
Measure 3.1	<b>91.4%</b>
<i>affected by floods</i>	<b>67.5%</b>
<i>no affected by floods</i>	<b>92.5%</b>
Measure 3.2	<b>5.7%</b>
Measure 3.3	<b>10.3%</b>
Measure 3.4	<b>81.0%</b>
<i>affected by floods</i>	<b>49.3%</b>
<i>no affected by floods</i>	<b>81.3%</b>
Measure 3.5	<b>77.4%</b>
<b>Priority 3. Developing the rural economy</b>	<b>86.3%</b>
Measure 4.1	<b>76.7%</b>
Measure 4.2	<b>98.8%</b>
<b>Priority 4. Developing human resources</b>	<b>82.6%</b>
<b>TOTAL</b>	<b>88.6%</b>

*Prepare by Evaluator on the basis of the monitoring system data*

In general, the **88.6%** percentage may be considered a good level of target attainment as regards the financial **efficiency**, having in view the belated commencement of the Programme. As a matter of fact, the largest expenditure was recorded in the second half of the SAPARD implementation period (2004, 2005, 2007).

The 10 different measures may be divided into three groups contingent upon their **efficiency**:

1. Around the 90% value: Measures 1.1 / 2.1 / 3.1 / 4.2;
2. Between 70% and 85%: Measures 1.2 / 3.4 / 3.5 / 4.1;
3. Less than 10%: Measures 3.2 and 3.3.

The differences between the Measures as regards the expenditure efficiency is obvious: the first group scored the best efficiency, while four of the Measures (1.1/2.1/3.1/4.2) included in this group concentrated over 80% of the total amounts paid under the Programme.

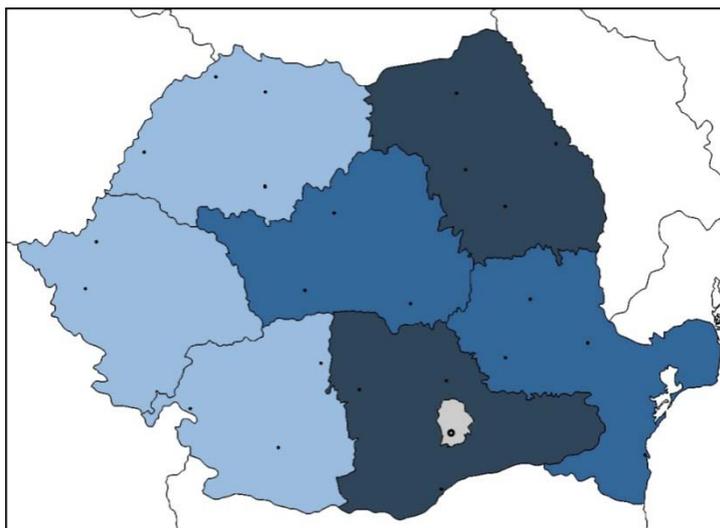
The second group of Measures, that scored a reasonable efficiency level, is represented by the initiatives aimed at the diversification of the rural economy.

Finally, the last two Measures were inefficient, as afore-mentioned. For a detailed analysis of these aspects see the Appendix 2 to the Final Report, where the limits of implementation of these initiatives are explained in detail.

As regards the financial efficiency, the Evaluator may conclude that this reached a reasonable value (88.6%), having regard as well to the fact that this was the first experience of implementing a SAPARD type Programme, which at the same time aimed at experiencing adopting the EU rural development policies by the states in process of accession and the new member states. This is the main reason of such a great difference between the measures in terms of efficiency.

Another important aspect to be taken into account is the allocation of resources after the floods that affected Romania in 2005, with a view to supporting the reconstruction and specific initiatives in the affected areas. In relation to this aspect, according to the data presented in the table below the conclusion may be drawn that the efficiency of this "special fund" was limited (about 38%).

Finally, the map below shows the regional distribution of the total expenditure under the Programme.



Source: Prepared by Evaluator on the basis of the monitoring system data

Legend:



The map above shows the resource distribution nationwide. Two regions scored the highest expenditure volume: the Nord East Region and South Muntenia Region, the main beneficiaries of the total resources, with over 200 M€ spending during 2000-2009 by each region. In particular, the North-Eastern Region allocated 60% of this amount to the Measure 2.1 "Rural infrastructure", while South Muntenia Region only 49% of the overall spending. The following regions in terms of used resources are the Center and South-East Regions, with a share of 14% of the total funding. These Regions spent 26% and, respectively, 32% of the total resources received under Measure 1.1, which indicates the importance of the agricultural food industries in these Regions. Finally, the other three Regions (South West Oltenia, West and North West) received 10% of the total spending each, that is to say, 120 M€. The Bucharest Ilfov Region is ranked the last, with less than 3% (38 M€) of the total SAPARD resources, the largest part (63%) being allocated to the Measure 1.1 for the improvement of the agricultural food industry. For a detailed analysis of the territorial distribution of resources see the Appendix 2 to the Final Report, that includes a description of the regional distribution of the resources in relation to each Measure.

### Typology of beneficiaries

The heterogeneity of investments related to the various measures and sub-measures of the Programme resulted in an even broader typology of the final beneficiaries. The objective of interacting with various aspects of the rural development in relation to all the Measures led to the identification of various types of possible beneficiaries.

A preliminary evaluation enabled, on the basis of the information provided by the monitoring system, a first classification of the beneficiaries: public authorities and private undertakings.

	Number of beneficiaries	
	Public authorities	Private enterprises
Total	915	3,491

Source: Monitoring data

The public authorities represent about 20% of the final beneficiaries. The direct interviews with the final beneficiaries enabled the classification of the final beneficiaries into various types. The result is showed in the table below:

Beneficiary type	%
Trading company	33.2%
Local Councils	31.6%
Agricultural trading companies with privately-owned capital of at least 75%	21.6%
FA (family association)	4.4%
Public laboratories	2.4%
Producers associations	2.0%
Freelance professionals (PFA)	1.6%
National Administration	1.2%
Private agricultural undertaking established under the Law 36	0.8%
Associations of communes	0.8%
Agricultural association	0.4%

*Source: direct interviews with final beneficiaries.*

The direct interviews enabled the identification of a large diversity of final beneficiaries, even though their total number is limited (about 4,500). This evidences the intention to promote the rural development in an integrated manner, by preparing the such as to be an instrument for the development of the agriculture and agricultural undertakings (accounting for over 50% of the final beneficiaries), as well as for the improvement of the public infrastructures and the setting up of services in the rural areas, involving key stakeholders interested in the rural development such as: local authorities and private undertakings.

### Physical and financial outputs:

Another aspect is represented by the attainment of the **output** indicators value, having in view that the target values are in many occasions unrealistic or overestimated.

#### *Measure 1.1 Improvement of processing and marketing of agricultural and fishery products*

The total spending for this measure was 351 M€ (92% of total), and contributed to the funding of 459 projects, accounting for 24% of the forecasted target (1,900), with an average spending of about 765,000 € per project. The most relevant investments were achieved in the Meat and meat product sector (52% of spending), followed by the Milk and dairy products and Cereals sectors (14% and, respectively, 12%). No project in the sugar sector was funded. The achieved production capacities exceeded the targets in many sectors, notably the Meat and meat products, Fruits and vegetables, Cereals and Milk and dairy products ones, which indicates that this sub-measures funded less projects but with a broad scope, which contributed to an economy of scale, rather than supporting the small foodstuff producers. The health, welfare and environmental protection indicators were attained to a lesser extent.

#### *Measure 1.2 Improving the structures for quality, veterinary and plant-health control, for the quality of food stuffs and for consumer protection*

The total spending for this measure during the reference programming period was about 29 M€, for 19 funded projects, as compared to 20 forecasted. The average cost of a project was 1,545,009 €/project. The initiatives focused on the sub-measures related to the improvement of the Sanitary veterinary sector (over 88% of resources), however other laboratories were improved in terms of

analysis quality and quantity. At the same time, a network of laboratories was supported to guarantee a coherent system of controls in case of pandemic diseases.

#### *Measure 2.1 Development and improvement of rural infrastructure*

In the period 2000-2009 the total spending for the Measure 2.1 amounted to about 600 M€, accounting for 44.5% of the total payments made by SAPARD in Romania. Making use of this volume of resources, the Measure 2.1 funded 847 projects, accounting for 117% of the target number, 724, forecasted upon the commencement of the Programme. Over 300 M€ (54% of total resources) were used for sub-measures Roads in rural areas. This initiative enabled the reconstruction of **2,792 km** of rural roads, at an average cost of 116,000 €/km. Moreover, 29% of the total resources were spent to manage the drinkable water and build or reconstruct **5,385 km** of hydraulic infrastructure for the drinking water used by about 1 million inhabitants of the rural areas. Finally, over **1,700 km** of water pipelines were reconstructed under sub-measure 3, enabling the access to the sewage system to over 300,000 inhabitants. The sub-measure 4, aimed at reconstructing the infrastructures affected by floods, funded the reconstruction of over 100 km of infrastructures, via 24 projects.

#### *Measure 3.1 Investments in the agricultural holdings*

This is the third Measure in terms of allocated resources, with a total of 259 M€. About 237 M€ (91%) were spent in the period 2000-2009 for the funding of 1,935 projects (18% target), of which 594 were implemented by young farmers. The average cost per project was about 122,000 €. Almost half of resources (48%) were spent to assist the farmers in the Field crops production sectors, this sector being granted a higher importance than initially forecasted under the financial plan (19% of resources). Other important sectors supported by these initiatives are the farmers of the dairy cows / buffaloes and the pig farms with 13% of the total resources paid (close to the forecasted share of 14%), and the Poultry farms (12% in relation to 5% forecasted). The capacity targets were not attained in any of the sectors, the highest attainment level (81%) being scored by the class "Standalone installations and equipment", followed by the "Swine breeding farms" (69%). "Acquisition of heads with high genetic potential" scored a very low level, the highest values being attained in relation to sheep and goats (9,000 heads, accounting for 18% of the target). The conclusion may be drawn that this measure was neither efficient nor effective as regards the physical achievement, and consequently the high level of spending is not justified by the results.

#### *Measure 3.2 Setting up of the producers' groups*

This measure expend only 5.7% of the total allocated resources, which means 57,200 €. Only 3 groups were assisted from the measure. For more details concerning this measure see the Appendix 2 to the Final Report on the ex post evaluation dairy sector, in Alba Iulia Region. .

#### *Measure 3.3 Agricultural production methods designed to protect the environment and maintain the countryside*

During the 9 years of implementation this measure spent only 10.5% of the total allocated resources, accounting for a total amount of 190,000€. Out of the 47 contacted beneficiaries, only 1 continued the agri-environmental commitments; the other 46 renounced their commitments in 2007 in order to pass to NRDP 2007-2013. For more details concerning this measure see the Appendix 2 to the Final Report on the ex post evaluation.

#### *Measure 3.4 Development and diversification of economic activities generating multiple activities and alternative income*

On 31/12/2009 a total amount of 68,196,079€ was paid under this measure, accounting for 81% of the total available resources. A total number of **1,055** projects were financed, divided into seven different sub-measures. In particular, 625 projects were financed to promote the Rural tourism, which directly contributed to the creation of over 10,000 bed places in the tourist accommodation structures in the rural areas. The average cost per bed place was **5,350 €/bed**. At the same time, the sub-measure concerning the Other activities financed 330 projects, the majority of them in the sectors of mushrooms, silkworms, fishery and bee honey.

*Measure 3.5 Forestry*

This Measure supported mainly the access to forest lands, absorbing in 8 years of implementation over 57,599,444€ This amount accounts for 77% of the 75 million € allocated to this measure upon the beginning of the programming period. The majority of the resources, 88%, were spent to improve the access to forest lands and for a better management of the forest roads. 604 km of forest roads were built or reconstructed in total, at an average cost per kilometer of about **84,500 €/km**. Other resources were allocated to improve the competitiveness of the undertakings in the forestry sector, involving 34 beneficiaries, at an average cost per project of 190,000 €.

*Measure 4.1 Improvement of vocational training*

The total spending was over 3M€, accounting for 77% of the total budget available to this measure. This supported over 60 training courses in various domains: production practices, management of holdings in the economic, technical, legal and tax domains, diversification and reconstruction of the various activities in the rural space, in particular in the tourism, environmental protection sectors, and 2,354 trainees successfully graduated the courses. The high attendance by young people was noticed, 1,980 of the trainees being under 40 years of age.

*Measure 4.2 Technical assistance*

The total amount paid in this domain was 1.4 M€, accounting for 98.8% of the total resources available to this measure. This measure enabled the production of information materials and the organization of over 180 events / meetings or seminars for the promotion of the objectives and opportunities offered by the SAPARD Measures, as well as the improvement of the Programme management.

**D. Evaluation results**

The Programme implementation had considerable effects on all the relevant indicators used to appraise results and impact. These effects include the following:

- ✓ A direct contribution to the economic growth of the assisted beneficiaries (estimated average income increase of 33% after the project funding), notably in the agricultural and food processing sectors, consistently with the average economic growth rates recorded at the level of the national economy of Romania;
- ✓ Creation and maintenance of a relevant number of full-time jobs (about 68,000) in the primary production and processing industry, which represented a significant contribution of the SAPARD Programme in the light of the negative effects on the employment due to the global economic crisis that began in 2008.
- ✓ Increased competitiveness and productivity according to the EU standards as regards the product quality and safety, environmental protection, work conditions and animal welfare.

The Programme contributed significantly to an improved standard of living in the rural areas, through investments in the rural infrastructure and the creation of alternative income opportunities.

The main conclusions of the evaluation activity may be summarized as follows:

- Efficiency

As regards the efficiency, this type of analysis is directly linked to the results of the payments completed on 31/12/2009. As already mentioned, SAPARD Programme Romania reached during the initiative implementation a spending capacity of 88.6% (representing the ratio of payments made to allocated resources). This result, which is reasonable in terms of financial spending, involved the payment of 1.348 M€ by the Paying Agency, as against a total allocated amount of 1.521 M€.

It is important to emphasize that this spending capacity is highly diversified amongst the 10 Measures, some of the interventions (Measures 1.1/2.1/3.1/4.1) scoring values of over 90%.

- *Effectiveness*

In order to support the analysis of the **effectiveness** of the entire SAPARD Programme during its implementation, the Evaluator had in view the evolution of the output and result indicators as against the identified target value, as showed in the following table:

	Output indicators			Results indicators		
	Attained Targets	Unattained Targets	Non quantifiable	Attained Targets	Unattained Targets	Non quantifiable
Measure 1.1		10		2	2	3
Measure 1.2	3			3		
Measure 2.1	9	4	14		1	2
Measure 3.1		3			3	8
Measure 3.4		2		5	2	3
Measure 3.5		2			6	
Measure 4.1		4		1	2	
Measure 4.2			7			
<b>Total</b>	<b>12</b>	<b>25</b>	<b>21</b>	<b>11</b>	<b>16</b>	<b>16</b>

*Prepared by Evaluator*

This table is only a summary, giving an overview of the entire Programme as regards the degree of attainment of not of the identified target values, as forecasted under the ex ante analysis. As already mentioned, generally the target values were overestimated in relation to all the indicators. This is especially obvious in the case of the output and result indicators. For this reason, not all the indicators that have not attained the target value signal an insufficient achievement in quantity terms: some of them only show the inconsistency between targets and results.

Likewise, the fact that 36% of indicators are non-quantifiable represents a very high limitation as regards the achievement of a correct evaluation, however having in view that this is the first time when the Managing Authority dealt with such initiatives this situation is acceptable, as the basic data were available, and the authority has the capacity of improve the monitoring system.

Briefly, in the Evaluator's opinion, the conclusion drawn from the table above is focused on two main aspects:

- 1) As regards the **output indicators**, a total number of 21 are non-quantifiable, and only 12 reached the forecasted target value, a good level of effectiveness being noticed, notably with reference to Measures 1.2 and 2.1.
- 2) As regards the **result indicators**, 16 indicators are non-quantifiable and 11 reached their target value, notably with reference to Measures 3.4, 1.2 and 1.1.

Therefore, an assessment may be set out in terms of effectiveness of the SAPARD Programme, and the table above suggests that the Programme has not reached the identified objectives, however the fact must be emphasized that the overestimation of the target values has already affected this analysis. At the same time, the impossibility to quantify about 36% of the total indicators (for various reasons, detailed under the answers to the Common Evaluation Questions) increased the limitations of this evaluation.

Finally, it is important to emphasize the positive evolution of the **deadweight** effect, that was quantified through direct interviews. Only 30% of the final beneficiaries would have been able to

achieve these initiatives without funding, and only 50% of the projects would have been achieved without SAPARD's assistance. These data confirm the fact that the Programme was capable to interact with the demand concerning this type of support, in particular in the disfavored areas, showing a low capacity of offering other development opportunities.

- Relevance

As regards the relevance of the Programme, the Evaluator evidences the priorities identified under the defined strategic objectives. The SAPARD Programme notably played an important role in the :

- Adoption of the Community acquis, the implementation of the 10 Measures having an conspicuous positive impact over these years. In particular, it is important to notice the adoption by the Government of Romania of all the legislative aspects relevant for the Common Agricultural Policy, and the passing of the special legal enactments concerning the: nitrates directive, good agricultural practices, cross-compliance, and others. This also proves that, in relation to the management topic, SAPARD has contributed create the institutional framework necessary for the implementation of a complex system of instruments to support the sector in general, even creating a dedicated administrative context (such as the Paying Agency). Finally, the support provided by the Measure 1.2, which increased the efficiency and capacity of the national network of plant-health and food quality controls guaranteed the existence of a laboratory system nationwide responsible for the monitoring of the food quality and the prevention of all the types of pandemic diseases or phenomena amongst animals. As regards the final beneficiaries, it is important to notice that given the limited commitment of the potential beneficiaries (only 4,500 projects being implemented), the direct capacity to influence the public was limited. Notwithstanding that, the information campaigns promoted by the Measure 4.2 targeted 11% of the rural inhabitants in connection with aspects such as: rural development policy; access to structural funds and improved agricultural competitiveness.

- As regards the sustainable development of the rural areas, the contribution of SAPARD was relevant. The large majority of the 4,500 projects funded by SAPARD, implemented in the rural areas of Romania, contributed to improve the sustainable development of these areas, such as:

1. Infrastructural system of rural areas and forest lands; by creating/rehabilitating over 3,500 km of roads, which guaranteed the minimum access to these areas; moreover, the assisted setting up/rehabilitation of 10,000 seats in the tourist infrastructures, accounting for 50% of the total bed seats available in the rural areas, representing a relevant increase in the offered services.

2. SAPARD has promoted maintaining the active population and young people. Indeed, 45% of the final beneficiaries of the Programme (in relation to measures 3.1 are 3.4) are under 44 of age, as compared to the agricultural entrepreneurs, of which only 15% are aged under 44.

3. Entrepreneurship support. Indeed, as indicated by the direct interviews with the final beneficiaries, over 1,000 of the assisted undertakings are new initiatives, which emphasizes the importance of the Programme in promoting the establishment of new undertakings and the provision of vital economic activities in the rural areas.

4. The employment assistance was emphasized by the direct interviews as well, the Programme having created / maintained about 68,000 FTE<sup>6</sup> in various sectors: agricultural food industry, tourism / services, civil engineering, agriculture and forestry.

5. For 64% of the final beneficiaries of the investment promotion Measures (1.1/3.1/3.4) the SAPARD funding generated a direct impact on their income; the estimated income increase after the investment achievement is about 33%.

6. Finally, with reference to environmental protection, two aspect must be noticed:

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<sup>6</sup> Full Time Employment.

- The SAPARD Programme measures have not had any adverse impact on the environment, on the contrary have contributed to the environmental protection, pursuant to the execution on 24.03.2006 of a Protocol between the Ministry of Environment, through the National Environmental Protection Agency, and the Paying Agency for Rural Development and Fishery, under which the SAPARD beneficiaries were obligated to comply with the environmental standards and EU regulations prior to submitting a project proposed under SAPARD, as well as upon the project completion.

- Secondly, the implementation of the measures 3.3 (agri-environmental actions) and 3.5 (interventions supporting the forests) has had a direct, positive impact on the environment, in terms of added value and improved natural resources, although the allocated resources were rather limited.

- **Sustainability**

Finally, as regards the sustainability of the implemented initiatives, in order to appraise this criterion the Evaluator had in view the capacity of the various projects to guarantee their effects in the long term, which means that two years after the investment achievements their continue to have a guaranteed impact on the context. In general, the Evaluator may state that the ex post evaluation activity took into account the projects completed during the last two years of implementation, having in view that all the projects were paid prior to 31/12/2009. Therefore, 98% of the final beneficiaries confirmed the positive effect of the financed projects, and none of them declared that the respective activity would no longer be carried out at present. Finally, it is important to notice that about 60% of the paid amounts were directed towards the funding of infrastructures in the rural areas, representing long term investments.

- **Implementation system**

The consolidation of the Managing Authority and the distribution of the responsibilities of the various entities involved in the Programme implementation were successfully achieved after 2006. Moreover, according to the results of the interviews with the employees of MA / PARDF, the staff has been provided an adequate training (including on-the-job training), and the work procedures have been accurately implemented. Notwithstanding that, both the MA / PARDF staff and the Programme beneficiaries emphasized the need to simplify the processed and procedures, notably with a view to reducing the distance between the Programme management structures and beneficiaries, as well as reducing the time allocated to project assessment and selection, aimed at reducing the waiting time between the financing application and the contracting period, so that the beneficiaries' needs may be addressed sooner.

Moreover, the interviewed beneficiaries rated positive the interaction with the management structures of the Programme, however emphasized on many occasions the need to reduce the bureaucracy and simplify the procedures. On the other hand, the fact must be noticed that this aspect can only be addressed in collaboration with the relevant actors, including the authorities responsible for the issuance and/or requesting of the various documents necessary for the investment achievement (such as the City Halls and Regional Environmental Protection Agencies).

Good practices identified

### **Co-financing facilities**

The Credit Guarantee Fund was set up in order to provide co-financing for the projects achieved from SAPARD funds. The MAFRD (Ministry of Agriculture, Forestry and Rural Development)

granted certain amounts to the Rural Credit Guarantee Fund and the National Guarantee Fund for SMEs in order to provide collaterals to the credit institutions.

The experience gained through the implementation of the SAPARD Programme evidences the need to make available to beneficiaries certain co-financing and risk takeover facilities through certain financial engineering operations, as well as to eliminate the restrictions identified as causes limiting the absorption of the funds.

## E. Recommendations

- i. Establishing an adequate Monitoring System<sup>7</sup>, likely to record the data at project level and quantify the output indicators, contributing at the same time to initiative monitoring and supporting the Managing Authority in the mid-term evaluation of the initiatives.
- ii. Reaching a larger number of beneficiaries and avoiding concentrating the resources on few large projects, in order to ensure an extended approach and impact on the rural development.
- iii. Supporting and enhancing the information and communication campaigns regarding the opportunities offered by the Programme and the attained objectives, with a view to stimulating the policy appropriation by the public authorities and final beneficiaries.
- iv. Simplifying the procedures for the submission of the financing applications and all the administrative requirements, which represent a cost both for the final beneficiaries and for the public administration responsible for the meeting of all the requirements.
- v. Increasing the better implementing the initiatives regarding the environmental “dimension” of promoting sustainable agricultural production practices and all the agri-environmental measures belonging to the axis II of the current National Rural Development Programme, as provided for by the EC Regulation 1698/2005.
- vi. Promoting the integrated interventions, both at the Programme and Project levels, including via a higher synergy between the Programme measures.
- vii. Furthering the efforts towards the development of the economic diversification of rural areas and approaching the subsistence farming issue.

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<sup>7</sup>Article 26 paragraph 3 of the EC Regulation 1290/2005 provided for that, “Each intermediate payment shall be made subject to compliance with the following requirements: transmission to the Commission of the last annual execution report on the implementation of the rural development programme”.