

## EXECUTIVE SUMMARY

This evaluation report aimed to support the management of the Priority Axis (PA) 1 of the Human Capital Operational Programme 2014-2020 (HCOP), implementing the Youth Employment Initiative in Romania. The evaluation analyses the status of young NEETs (i.e. young people under the age of 25, not in education, employment or training) in Romania, the implementation strategy of the PA 1 of the HCOP (including relevance of the target groups and the complementarity of the planned activities), the implementation system of the PA 1 of the HCOP, as well as the effectiveness and efficiency of the interventions implemented.

The evaluation has been undertaken by the Directorate-General for Analysis, Programming and Evaluation of the Ministry of European Funds in Romania, in line with the provisions of Articles 54-57 of the Regulation (EU) 1303/2013 of the European Parliament and of the Council. The evaluation has covered all four regions in which the ILMT has been implemented since the programme was approved: the Centru region (until 2015), the South-East region, the South Muntenia region and the South-West Oltenia region (2017).

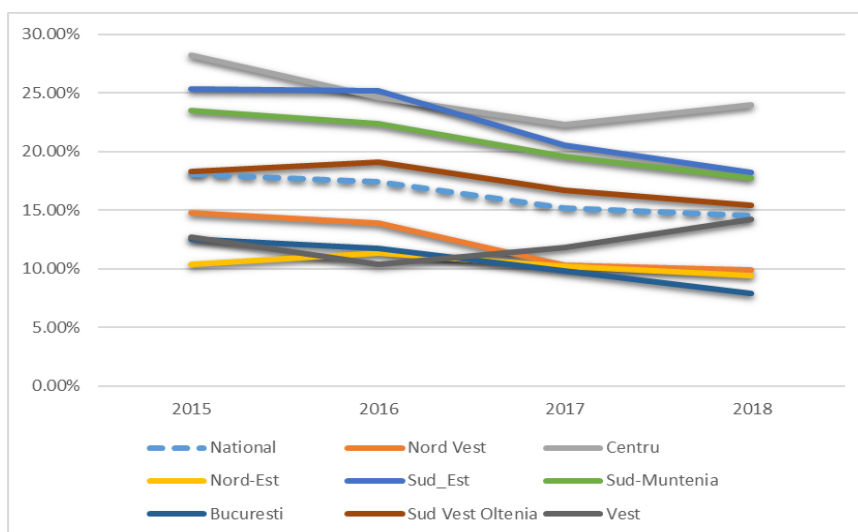
The evaluation methodology included a statistical analysis based on Romanian National Institute of Statistics (NSI) data aimed to respond to the first evaluation question (i.e. socio-economic context and the evolution of young NEETs in Romania). Two surveys were conducted among the supported young NEETs and among potential applicants for funding under PA 1. The statistical data provided by NIS, the primary data collected through surveys and the data extracted from reports of completed projects were statistically analysed in order to conclude on the situation of young NEETs at national, regional and county level, as well on the effectiveness and efficiency of projects, the latter by calculating unit costs related to the different types of support provided to young NEETs. Primary data was collected also through interviews and focus groups with representatives of central (ministries and the Public Employment Service) and regional institutions (North East HCOP Regional Intermediate Body), as well as potential beneficiaries, unsuccessful applicants, beneficiaries, partners and young NEETs.

The evaluation methodology allowed the collection of evidences through different methods, from different sources, as well as their analysis statistically and in line with the principle of triangulation.

### **The Implementation Strategy of the PA1 of HCOP**

The evolution of young NEETs at the national and regional level followed a downward trend over the 2014-2018 period. It is important to note that at national level the decrease, though slight, is constant. The decrease of the young NEETs is explained by the 15-24 years cohort's increased activity rate, by the rate of employment of this age group, which has fluctuated but had an upward/ascending trend in the last years, but also by temporary migration. These developments unfold in parallel with a general decrease in the number and percentage of the young population aged between 15-24 years, at national level.

Figure 1. The evolution of the NEETS - regional level



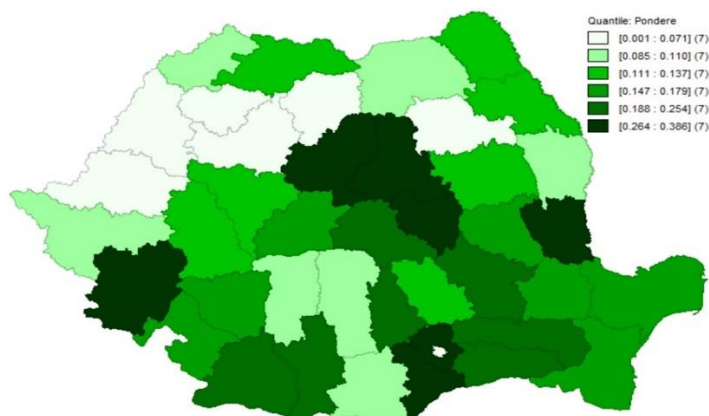
Source: authors' analysis (NSI data)

At regional level, only in the Central and West regions, the downward/descending trend is not maintained, as shown in the next figure.

From the point of view of territorial distribution, at the level of 2018, the regions South-Muntenia, Center and South-East constitutes poles of NEETs concentration. At the opposite end, there is the Bucharest Ilfov region, which hosts only about 4.14% of the young NEETs, the North-West region hosting 6.92% and the West region where 7.47% of the young NEETs are located.

The central area of the country and a number of counties in the southern area show high rates of young NEETs reported to the whole young population. The most important counties from this point of view are Calarasi, Caras-Severin, Ilfov, Galati, Covasna, Harghita and Mures, as it was the case also in 2016, as analysed by the first YEI evaluation in Romania. At the opposite pole are counties in the north-western part of Romania. In the four regions covered by PA 1 there is a concentration of young NEETs in the counties of Covasna, Harghita, Mures, Galati, Giurgiu, Dolj and Olt.

Fig. 2. Share of NEETs population, out of the total population aged 15-24 years - 2018



Source: authors' analysis (NSI data)

The decrease in the number of young NEETs is not accelerated enough so that the PA1 intervention is no longer justified. However, the level of young NEETs based on which the PA 1 logic of intervention was based decreased with approximately 25%. A more rigorous analysis in this respect is not possible as the implementation of the INTESPO project is delayed and thus young NEETs microdata was not available when the evaluation was carried out. The project (financed under the specific objective 2.3 of HCOP) should have identified and registered young NEETs in order to have them addressed by targeted interventions (i.e. project selected through competitive and non-competitive calls under PA 1).

The evaluation confirms that the HCOP intervention logic remains appropriate from the perspective of the concentration on young NEETs from rural areas, with specific challenges related to access to education and the labour market. No sub-target groups with particular needs not taken into consideration were identified, as the projects applied a strategy of profiling young NEETs and dividing them, accordingly, in 4 categories in line with their employability. Although some subgroups with specific needs (i.e. young NEETs women) are not explicitly mentioned in the intervention logic, the range of activities considered eligible and planned allowed the design and delivery of customized and integrated interventions in their case (e.g. child-care services in the event of employment).

From a relevance perspective, the contribution of the Youth Employment Initiative (YEI) to the Youth Guarantee is significant (13 of the 15 reforms and key initiatives for labour market integration are also made with YEI's contribution). In practice, this contribution is limited compared to the planned one, considering the low level of PA 1 implementation.

The late implementation of Priority Axis 1 has led to delays in the implementation of the Youth Guarantee and prevented a quick response to the urgency of the young NEETs problem. The delayed and limited implementation of Priority Axis 1 was mainly due to the late launching of the calls for projects, the modification of the intervention logic of the programme in 2016 (i.e. introducing national schemes) but also to an overestimation of the absorption capacity at national level - the institutional capacity of public employment Service and the demand in terms of apprenticeship and mobility schemes are low. The communication and cooperation with the relevant actors, including potential beneficiaries, with a view to drafting the applicant's guidelines was insufficient. From the perspective of YEI implementation strategy, the lack of direct continuity of the Youth Guarantee piloting projects also contributed to the limited implementation of Priority Axis 1.

At an operational level, the low interest of the potential beneficiaries was determined by the high target of employment among the supported young NEETs (i.e. 50%), while the projects were very short, the target group difficult to contact, maintained and treat and a low level of eligible expenditure (as set out in the Applicant's Guide).

Considering that the implementation of the INTESPO project started later than planned, the target group identification was paramount for the success of projects contracted under PA1. Moreover, even in the event of INTESPO completion, maintaining the target group and taking into account its specific needs, remains particularly important to ensure the effectiveness of the projects.

***Recommendations on YEI implementation strategy:***

- The implementation of INTESPO should be accelerated so that the data base created in the project could be made available to the potential beneficiaries under Priority Axis 1 (the recommendation is addressed to the Managing Authority of the Human Capital Operational Programme / National Agency for Public Employment).
- We recommend an in-depth analysis, including the formulation of future scenarios, of the relevance of PA 1 targets, in the context of the decrease of the number of young NEETs at national level (the recommendation is addressed to the Managing Authority of the Human Capital Operational Programme).
- It is necessary to review the Implementation Plan of the Youth Guarantee 2017-2020 and adjust it according to a realistic planning of feasible actions within the available time frame (the recommendation is addressed to the Ministry of Labour and Social Justice).
- In short run, in order to efficiently and effectively implement PA 1, it is necessary to organize new competitive calls, involving the young NEETs already registered to the Public Employment Service, while maintaining the outreach of the target group as eligible activity. To this end, it is necessary to organize as soon as possible a wide process of consultation and consolidation of the relations with the eligible beneficiaries from the three regions, by the Human Capital Operational Programme MA, the National Agency for Public Employment and the relevant County Agencies for Employment, in order to adequately prepare new calls. The INTESPO County Teams should be involved as catalysts in this process of consultation and cooperation with potential beneficiaries / beneficiaries (the recommendation is addressed to the Managing Authority of the Human Capital Operational Programme).
- In order to prepare new competitive calls, it is necessary to review the methodology for the calculation of the targets of the indicators and their assumptions, given that historically the employment rate of this target group was of 12-15% in the pilot projects implemented under the Youth Guarantee in 2014-2015 and the challenges faced by the Public Agency for Employment, from the same perspective (the recommendation is addressed to the Managing Authority of the Human Capital Operational Programme).
- It is necessary to further support and stimulate the school inspectorates in order to formulate and implement projects in the context of the call for projects under the Specific Objective 6.1 of the Human Capital Operational Programme. At the same time, it is necessary to re-analyse the implementation strategy of the Specific Objective 6.1, in the sense of the implementation of county (as opposed to regional) projects, in cooperation with the INTESPO team, in which the school inspectorates are already involved (the recommendation is addressed to the Ministry of National Education).

**Human Capital Operational Programme (HCOP) PA 1 implementation system**

In general, the implementation system of (HCOP) Priority Axis 1 is appropriate. Its organization and/or functioning do not represent the main reasons for the low attractiveness

of the YEI, but rather the shortcomings in the communication, the short period for the implementation of the projects (already mentioned) and the lack of coordination / synergy with other initiatives.

Among the strong points of the implementation system of the Priority Axis 1 of the HCOP, the evaluation identified:

- Drafting Specific Guidelines and templates that are clear and easy to use (i.e. beneficiaries have not encountered major problems in filling in the funding application and technical reports).
- The decentralization of tasks to the Regional Intermediate Body streamlines the implementation system. The Intermediate body ensures very successfully the support for the beneficiaries in the implementation process, in all respects.
- The MySMIS system streamlines, to a certain extent, the entire process, from filling in the applications for funding to payments, including public procurement.
- Applying simplification options (unit costs, flat rate for indirect costs) to simplify the implementation process.

Among the weaknesses of the YEI/ PA1's implementation system the most important are:

- Strengthening the understanding and the ability to collect data and to report on the indicators requires time and an effort of increased communication and verification.
- Locating the final responsibilities in authorizing payment / reimbursement / payment requests at MA level causes delays in this process.
- MySmis has been developed late, which has led to the delay in launching calls and the contracting process.
- The management of the projects requires a lot of resources, especially for proper reporting on the target group in line with the HROP provisions, but also for the financial circuit.
- For the projects under implementation, the contract was reduced from 10 months to 8 months of implementation.

The implemented activities were part of customized support packages, as far as possible within the time frame available, but very few innovative actions / new approaches were implemented, although these are necessary given the particularities of the target group. The implementation of new / innovative approaches was hampered by the rigid framework (for eligible activities) set in the applicant's guide and the low score for social innovation.

#### ***Recommendations on the implementation system:***

- In the future it is necessary to avoid delays in the pre-financing / reimbursement / payment process in order not to affect the beneficiaries' liquidities and to facilitate the participation of the target group in the project. It is necessary to introduce an additional reimbursing mechanism, which allows for the advancement of the expenses related to the last month of the contract (the recommendation is addressed to Managing Authority of the Human Capital Operational Programme).
- Future competitive call guidelines should define social innovation in a complete manner as well as, at least indicatively, the types of new approaches the beneficiaries can implement (or define criteria for them). In addition, the rating grid needs to be adjusted accordingly by giving points dedicated only to the horizontal theme of "social innovation" (the recommendation is addressed to the Managing Authority of the Human Capital Operational Programme).

#### **Effectiveness**

More young unemployed NEETs aged 16-24 supported, out of which Roma / rural than initially planned were involved by the projects implemented. Similarly, the percentage of girls /

women in the target group is of 63%. The activities implemented in the projects led to an increase in the employment of young NEETs, i.e. the proportion of young people employed relative to the number of young people who benefited from any type of service under the projects was approximately 25% at the end of the project. Most project beneficiaries believe that the employment target of 50% will be reached in 6 months, but the sustainability of these results was unclear when the evaluation was carried out (3 months after projects' completion).

Although the projects implemented and analysed are largely effective (target indicators have been reached and exceeded), given the limited implementation of PA 1, the projects completed contribute to a very limited extent at programme level, to the sustainable integration of young people on the labour market and a decrease in the number of young NEETs, as the 2041 young unemployed who participated in YEI until project completion represent only a small part of the final target of 67,293 young NEETs.

A major issue for the effectiveness of the projects was their short duration. Consequently, accompanying measures, counselling and part of the individual mediation activities could not be implemented in almost any project, so short-term interventions have a limited capacity to solve in a sustainable manner the difficult situation of a NEET young people with multiple vulnerabilities.

Among the most effective activities in the project are certification, skills assessment, education related activities for Roma and training (with direct effects on employability). A mix of activities and services may be necessary to sustainably increase the access of young NEETs to the labour market. The projects also targeted people from marginalized communities (eg. Buzescu, Tarlungeni, Țândărei, Merișani), but due to the short duration of the projects, as mentioned above, the specific needs of young NEETS have not always been addressed in a personalized and integrated manner.

The job offer was largely of sufficient quality, namely involving contracts for and full-time contracts. But the offers were identified on the free market, with a poor correlation with the available national schemes / subsidies, which would be more effective if offered directly to the employer in the framework of the project.

Evidences collected emphasise that the main reasons for the poor rates of employment among the young NEETs are:

- Access to the workplace is the main impediment (in the absence of infrastructure and / or transport possibilities)
- Low wages (i.e. in most cases the employers offer the minimum wage to young NEETs), which is not motivating for the target group to undertake difficult jobs, in shifts and for which they need to commute.
- The employers' reluctance to hire young NEETs stemming from prejudice and discrimination is also an impediment to employing Roma and rural youth.

*Recommendation for an enhanced effectiveness:*

- Future projects implemented to address the issue of young NEETs should last for at least 12 months. This will allow the implementation of very necessary activities such as accompanying and mentoring during at the beginning of employment period (the recommendation is addressed to the MA HCOP and to the HCOP Intermediate Bodies).

### **Efficiency**

From the perspective of employment rate (i.e. the proportion of young NEETs supported in the evaluated interventions who were employed at project closure), the YEI/Priority Axis 1 was more successful than the similar (pilot) projects financed under SOP HRD 2007-2013 and

implemented in 2014-2015 (i.e. "The Guarantee for YOUTH!" And "Investing in Young People - Investment in our Future"). Under YEI, 31.72% of the young NEETs who received training and 24.35% of the total beneficiaries of any type of services (training, competence assessment, mediation) were employed at the end of the program. In the case of SOP HRD pilot projects, only 12.11% of training beneficiaries and 10.03% of the total number of beneficiaries had a job at the end of the project.

The unit cost for training activities is on average 4,401.09 lei / certified person (including all relevant direct costs, direct and indirect horizontal costs), with a 25% variation from project to project. The costs of training are similar compared to the pilot projects financed under SOP HRD 2007-2013. However, these costs (under PA 1) are much lower than the average cost per training participant in all projects funded by the Sectoral Operational Programme Human Resources Development 2007-2013.

The unit cost related to the evaluation and certification of skills acquired in informal contexts is on average 2,987.03 lei / certified person. On average, labour mediation has a unit cost of 708.44 lei / beneficiary. On the other hand, the cost of hiring a person as a result of work mediation activities and other project activities (of the other services offered to the target group) is, on average, 4,111.20 lei. The cost of informing, recruiting and monitoring young NEETs varies greatly from project to project and is strongly influenced by the project strategy, as well as the target group identified and the area where the project is implemented. However, it should be emphasized that no other activity could have been carried out in the framework of the analysed projects without reaching out and recruiting the target group.

***Recommendation for enhanced efficiency:***

- It is necessary that the outreach, recruitment and maintenance of the target group continues to be funded and implemented under PA 1 (the recommendation is addressed to the MA HCOP and the future beneficiaries of funding).

**Lessons learned from YEI implementation**

The implementation of YEI has highlighted a series of lessons to be learned by the 2014-2020 HCOP Managing Authority (including in the programming process set in motion for the future programme to be financed by the European Social Fund) and the future beneficiaries of funding under Priority Axis 1 of the HCOP 2014-2020

- The issue of young unemployed, young people leaving education and of young NEETs remains relevant. However, when defining targets for programme indicators (such as the target for the number of young people who find a job and maintain it for a minimum of 6 months), the demographic and economic dynamics and the socio-behavioural characteristics of the target group should be taken into consideration: young people without work experience and lacking life experience constitute a particular target group.
- The success of YEI is linked to the progress and success of implementing the Youth Guarantee. In this context, more systematic co-ordination and stronger ownership of youth policies and programs at the level of all authorities, institutions and organizations involved will also be beneficial for the progress of the YEI.
- The target of employing at least 50% of the target group of the intervention, when the 60% of the supported young NEETs had to be difficult and very difficult to employ, discouraged eligible entities, potential beneficiaries, from participating in project competitions launched in 2017. It is important to avoid setting too high targets for indicators, as even organizations and institutions with experience in the field may find it impossible or difficult to achieve. The effect of setting such targets may be

the opposite, in the sense that, given that there are few beneficiaries of funding to commit to these targets, the total number of beneficiaries remains small.

- In order to address the NEETs young subgroups with multiple associated vulnerabilities, which face barriers in accessing the labor market (geographical, isolation, discrimination, segregation, etc.), additional motivation for funding beneficiaries may be needed, such as: tailored or no targets at result level, promoting more intensive partnerships with competent authorities, providing additional funding to tackle the very difficult young NEETs, better promoting innovative activities.
- Given the socio-behavioural characteristics of the young NEETs, in order to achieve sustainable results and impact, supporting them should be a longer term initiative. This must be achieved both by increasing the implementation period of projects to 12-24 months, and by continuing to work with young people after the completion of projects. In this context, (1) outreach activities (identifying and maintaining the target group), including non-financial motivation methods for young NEETs to increase participation in the program, and (2) support and accompanying activities at the workplace, are essential.

The lessons learned are reflected in the recommendations issued by the evaluation team and inserted in the evaluation report.