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**THE EU'S TECHNICAL ASSISTANCE FUNDS FOR RURAL DEVELOPMENT:
A GOOD IDEA WITH INSUFFICIENT CONCEPTUAL FRAMEWORK?
- EXPERIENCES FROM ROMANIA -**

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ABSTRACT

Technical Assistance (TA) funds are provided to ensure the effectiveness of the EU's rural development policies and maintaining administrative standards. Hence, a sufficient evaluation system for TA is missing. Considering ongoing debates on the Common Agricultural Policy in the next funding period and general claims for cuts and restructuring in public sector going along with the financial crisis, in this paper we raise the question if the current interventional design is ultimately supportive. Possible risks lie, for example, in conflicts between European and national interests, high administrative burdens and incentives for misspending. Based on insights of a 2010 field study conducted in Romania, we take up the case of this new member state. Adapting Galbraith's Star Model of organisational design we show that TA is indeed used insufficiently to overcome ineffectiveness in the Romanian agricultural administration. Failures are caused among others by the general budget deficit, weak management, and a lack of (political) will as well as by the instrumental design itself. Findings are discussed by reviewing selected TA measures against common policy evaluation criteria. Our results offer essential input for the strategic, targeted use of TA and its instrumental design, and suggest an (alternative) approach to its evaluation.

Keywords: Common Agricultural Policy (CAP), EU rural development policy, Technical Assistance, Administration, Romania, Evaluation, Policy instrumentation, Organisational effectiveness

JEL: D02, Q18, D61, D73, D78, H83

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1 INTRODUCTION

Small budget items as well as the role of the national administrations are often neglected within the European Union’s (EU) budgetary discourses. This applies also to the Technical Assistance (TA) component of Common Agricultural Policy (CAP). TA generally aims at ensuring the effective implementation of rural development policies. It is integral part of the European Agricultural Fund for Rural Development (EAFRD):¹ in the current funding period 2007-2013 (up to) 0.25% of the total annual EAFRD allocation may be used for the overall EAFRD management and TA measures at the European Commission’s (EC) initiative and/or on its behalf. Member States (MSs) may spend up to 4% of their EAFRD budget for TA. These resources can be used for preparation, management, monitoring, evaluation, information and control activities related to the national (or regional) Rural Development Programmes (RDPs).

Unlike most other CAP funds, MSs can use TA in a relatively flexible way. Although TA should finally serve EU, respectively common interests, most decisions are made solely at the national level. This might be justified by the need to tailor administrative support for each MS, where significant differences in terms of the RDP design and institutional frameworks exist, but allows – as it will be discussed in this paper - leeway for prioritising national interests. MSs have to decide if they allocate EAFRD resources directly to the agricultural and rural sector or withdraw some parts of the budget and implement TA to improve the functioning of their administrations. To be able to comply with certain administrative standards a call on TA resources might be necessary, especially if sanctions are to be expected. Indeed, by trend, especially new Member States (NMSs) have dedicated a higher share of their EAFRD budget to TA (on average 2.8%). Old MSs usually use fewer budgets for TA (on average 1.5%) (Figure 1). On average, in the EU-27 2.1% of the total EAFRD (EU contribution) are devoted to national TA budgets (DGAgri, 2010).

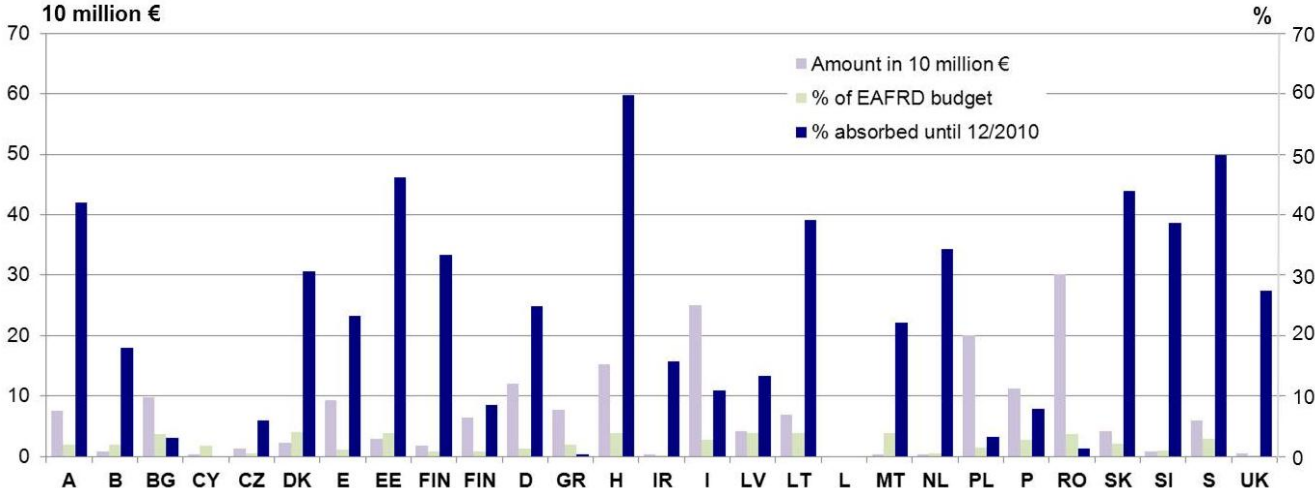
Considering these trade-offs for national decision-makers, possible conflicts of national and common interests, as well as claims for cuts in spending for the public administration or its restructuring, which were pushed along the financial crisis in many MSs, the instrumental design of TA might become crucial in the upcoming funding period. Thus, as the formal programme evaluation is generally insufficient to effectively guide the use of TA funds and to allow informed policy-making, we shed light on the relevance, the suitability and special features of TA as policy-instrument complex from national as well as from the common perspective.

Our starting point is the rather puzzling situation of the NMS Romania where we find severe administrative deficits in the RDP implementation and theoretically available TA resources on the one hand, and an extremely low absorption of TA funds on the other hand (Figure 1). Therefore we take Romania as a valuable case which helps to point out important weaknesses of the current TA support in the EU. Based on this case, our analysis draws on selected TA measure implementation. A specific focus is put on the performance of the agricultural administration, as it is potentially not only a main user of TA, but should be the catalyst for

¹ If in the following the terms “TA measure” or “TA funds” refer to TA-funded under the EAFRD.

EAFRD implementation. We investigate the administration’s organisational effectiveness and the use of TA, which is linked – as we will discuss - to severe evaluation challenges, by applying Galbraith’s Star Model (Galbraith, 1995). This model is widely used as management tool in the private but also in the public sector. The second part of this research is a review of the TA instrument along classic policy-evaluation criteria taking an EU-wide perspective.

Figure 1: EU Member States' Technical Assistance Budget funded under the European Agricultural Fund for Rural Development 2007-2013



Source: Based on data from ENRD 2011, complemented by information provided by the Managing Authority from Cyprus
 Note: EAFRD = European Agricultural Fund for Rural Development TA = Technical Assistance
 The TA budgets in absolute number listed in this table do not correlate with the total TA budgets (EU + national contribution) as co-financing rates vary between member states [EU contribution: Convergence Regions = 75%; Non-convergence Regions = 50%; BG and RO = 80% (EC/2005/1698)].

2 (THEORETICAL) BACKGROUND

This section introduces purposes and specifics of TA within the EAFRD framework and highlights critical points and loopholes induced by the regulatory framework, whose practical implications appear worthwhile to be investigated. It also gives a theory based overview of policy-instrument evaluation drawing the challenges inherent to evaluating TA. A particular focus is on assessing the effectiveness and efficiency of administration, which is both a target and catalyst of TA.

2.1 Technical Assistance as part of the EAFRD instrumentation

Policy instruments are techniques used (by government) to achieve policy goals (Schneider and Ingram, 1990). For TA, however, no clearly stated objectives - not to mention an intervention logic - have been defined at European level. Nevertheless, there are several sources which point at the intention of TA. According to these, MSs should be enabled by TA to comply with the obligatory standards, which have been defined at European level for achieving the overall goal of the EAFRD - sustainable rural development - and to increase the effectiveness and efficiency of other EAFRD interventions (EC/2005/1698; EC/2006/144; EC/2006/1974, Annex VII). Nationally co-financed EU funds provided under the TA window should be spent for the preparation, management, monitoring, evaluation, information, and control activities of programme assistance (EC/1698/2005). TA thus aims at supporting the effective administering of EAFRD funds. Besides that horizontal notion, inherent to TA is its indirect character: TA should enable different layers of the policy hierarchy to provide an

institutional framework for goal achievement and can thus be seen as indirect support (UG, 2008).

In fact, TA is rather a complex of measures than being one policy instrument². It includes some almost fixed components, which belong to a set of activities MSs are obliged to provide and which can be financed under TA. Among them are evaluation activities, the collection of monitoring data or information and publicity activities and the establishing of National Rural Networks (Table 1).

Table 1: Possibilities for Member States for using Technical Assistance funds

Posts of administrative action related to RDPs and their implementation	Degree of Covenant/ Compulsion	Instrumental character of TA support ^a	To be defined in the RDP a priori?	Have to be formally evaluated?	Sanctions for non-compliance
1. Outsourcing of programme evaluation	obligatory	capacity tool	n. a.	n. a.	yes
2. Monitoring/ data collection	obligatory	capacity tool	yes	n. a.	yes/? ^b
3. Establishing and running a National Rural Network	obligatory	capacity tool/ incentive tool	yes	yes/ partly	? ^b
4. Information/ publicity activities	obligatory	capacity tool	yes	yes/ partly	? ^b
5. Administrative infrastructure e.g. IT-system, cars	Administering the EAFRD EU conform/ correctly has to be assured; Member States have to comply with certain minimum standards e.g. min. rate of controls	capacity tool	no	no	partly ^c
6. Running the administration e.g. personnel costs, gas, training for staff		capacity tool	no	no	partly ^c
7. Other issues contributing to the effective and efficient management of EAFRD funds e.g. studies on the situation in rural areas, preparation of the programme		capacity tool/ incentive tool	no	no	no

Source: Own design

Note: RDP = Rural Development Programme

^a following the classification of Schneider and Ingram (1990), who differ between “authority tools”, “capacity tools”, “incentive tools”, “symbolic and rotatory tools” and “learning tools”

^b Despite tasks are obligatory, their enforcement is not sure.

^c Sanctions are applied when standards, which are to ensure that the financial interests of the EC are satisfied, are not kept.

While these components are relatively clearly delimitable, further components linked to the EAFRD management, e.g. running the administration, can only be roughly outlined, as they may include several different posts, which contribute to the “EU-conform management of the

² There is no commonly accepted definition, which allows the demarcation of policy instruments or tools. Also Schneider and Ingram (1990) point to the need for disaggregation in smaller units when characterising complex policy instruments.

EAFRD”. Despite this notion of conglomeration some further overarching notes on instrumental characteristics are possible. In the literature various proposals for categorising policy instruments are made (Lascoumes and Le Gales, 2007; Salamon, 2002; UoG, 2008). For instance, Schneider and Ingram (1990) differentiate five categories: authority, incentives, capacity-building, symbolic and hortatory, and learning tools³. Naming only one further approach of classification, the degree of coerciveness is suggested as dimension for classifying policy instruments (Doern and Wilson, 1974). Following the categorisation of Schneider and Ingram (1990), TA as policy-instrument complex has characteristics of both capacity and incentive instruments and is complemented by authority instruments, as for instance for non-compliance with certain common standards vaguely defined sanctions have been set (Table 1).

TA measures generally have to be co-financed by the MSs (EC/2005/1698); the EU contribution varies between 50% in non-convergence regions, 75% in convergence regions, and 80% in the two youngest NMSs, Romania and Bulgaria. Unlike for other CAP measures MSs have a bigger leeway in decision-making on the budget allocation. Indeed, EU support through TA might be justified by the fact that administrative requirements for administering EAFRD Pillar funds are demanding compared to Pillar 1 [i.e. European Agricultural Guarantee Fund (EAGF)]; rural development measures are deemed as complex, difficult to administer and costly to implement (Caldeira, 2008; Hubbard *et al.*, 2011). High administrative standards might partly be perceived to be rather of common than of national interest, reasoned in the fact that the EU with its high share in co-financing EAFRD measures is particularly interested in an effective spending of EAFRD resources. It is among others this additional effort that is supported by TA funds⁴, which may only be spent for EAFRD related purposes.

Even though, there is leeway in the use of TA resources: First, MSs decide about the total amount allocated to TA within the maximum of 4% of their EAFRD budget. It is feasible to not use any of the budget for TA measures (meaning that posts fundable under TA are financed by national resources). In such a case all EAFRD resources flow directly into measures addressing the agricultural and rural sector instead of withdrawing some part of the budget for improving the functioning of their administrations. Then again, to be able to comply with certain administrative standards a call on TA resources might be necessary, especially if sanctions for non-compliance with EC regulations are to be expected when, for

³ Schneider and Ingram (1990, p. 527) describe these categories as follows: “Authority tools rely on the inherent legitimacy found in hierarchical arrangements. Incentive tools assume individuals are utility maximizers who will change their behavior in accord with changes in the net tangible payoffs offered by the situation. Capacity tools assume individuals may lack information, resources, skills, and may rely on decision heuristics (shortcuts or rules of thumb), but that these biases and deficiencies can be corrected by policy. Symbolic and hortatory tools assume individuals are motivated from within, and that policy can induce the desired behavior by manipulating symbols and influencing values. Learning tools assume agents and targets do not know what needs to be done, or what is possible to do, and that policy tools should be used to promote learning, consensus building, and lay the foundation for improved policy.”

⁴ An indirect, but clear hint that TA funds should serve this special demand related to implementing the EAFRD and not general administrative costs is hidden in the regulatory specifications for the European Agricultural Guarantee Fund (EAGF), i.e. Pillar 1 of the CAP. There it is stated that “expenditure relating to administrative and personnel costs incurred by Member States and beneficiaries of aid from the EAGF shall not be borne by the Fund” (EC/2005/1290, Article 13). Within the framework of the EAGF, MSs bear most administrative costs on their own. If measures for administering the EAGF are (co-)financed by the EU at all, these are almost exclusively initiated and defined at European level (EC/2005/1290).

instance, the Community's financial interests cannot be effectively protected (EC/2005/1290)⁵.

Further, leeway for MSs in spending TA resources results from the fact that that decisions on the concrete use of TA funds are made at the national level. The margin of discretion is wide especially due to the imprecisely defined objectives of TA. This national decision-making power is another difference to the management of interventions under the EAGF. It is justified by significant differences in the design of the national RDPs and the institutional frameworks of the MSs (Mantino, 2008). Generally, policy instruments are often substitutable, and different regimes will select different instruments even when addressing the same problem (Ringeling, 2002; Schneider and Ingram, 1990). Here, the implementation system of TA touches the idea of subsidiarity, i.e. enabling detailed policy response to be determined at the most appropriate level, which is reasoned in the belief that effectiveness, efficiency, transparency and accountability are increased (UoG, 2008).

Analysing the regulatory framework, one has to note that particularly, in case of TA, the principle of subsidiarity might be constraint: the binding, but imprecise EAFRD regulation (EC/2005/1698) can be (and is) interpreted in such a way that TA can be used for all EAFRD-related administrative costs⁶. This, however, can be assumed to go beyond the original objective of TA at European level. - National interests and priorities linked to TA may differ from the EC's. Thus, the use of one MS's TA budget might be ineffective or inefficient from Community perspective, but favourable from national perspective. Due to this room of manoeuvre, although the effective and efficient use of TA resources should also be in the interest of the MSs⁷, they might be tempted to judge from their perspective when selecting TA measures to be implemented under consideration of the availability of national co-financing and its most promising use. Moreover, as national stakeholder will not always take a rational choice (Bresser and O'Tool, 1998) and decisions might follow political influences (Lonti and Woods, 2008; Minogue, 1983; Peters, 2002; Ringeling, 2002), TA resources are not necessarily implemented most promising. Ultimately there might be conflicts between national and EU interests for what purposes TA resources are spent or not spent. The critical point for both players is how to identify the potential benefits of the use of TA and in fact there appears a clear need for clear-cut assessments and evaluation.

⁵ Basically, assuring the financial interests of the EC starts with the adoption of all legislative, regulatory and administrative provisions in order to check the genuineness and compliance of funded operations, to prevent and pursue irregularities, to recover sums lost as result of irregularities and last but not least to set up an efficient management and control system. In turn, the Commission must ensure the legality and compliance of the expenditure and that MSs observe the principles of sound financial management.

⁶ This lack of clearly defined objectives for TA at EU level has already impacts on the transformation into national law: the purpose of TA is interpreted by the MSs differently which becomes obvious in the formulations in the RDPs. While some see TA as compensation for higher effort linked to standards of Community interest, others see it as mean for administrative purposes in general. While Romania in its RDP, has expressed its understanding more exhaustively, adding: "The support offered under the Technical Assistance measure shall be given in order to fulfil the specific activities for the development of [the RDP] (...) and shall have a complementary role for the [national] resources (...) Therefore, the Technical Assistance measure shall act as a tool that ensures a common approach in coordinating the rural development policy" (NRDP 2010, p. 434), in the RDP of Malta is noted "In principle, technical assistance shall be used to fund activities needed to ensure that the managing authority and delegated bodies have the necessary capacity to deliver successfully the implementation" (MRDP, 2009).

⁷ This assumption is laid underneath by the statement "efficient provision of public goods and services is a major objective of all OECD governments" (Lonti and Woods, 2008, p. 15).

2.2 Considerations on evaluating Technical Assistance

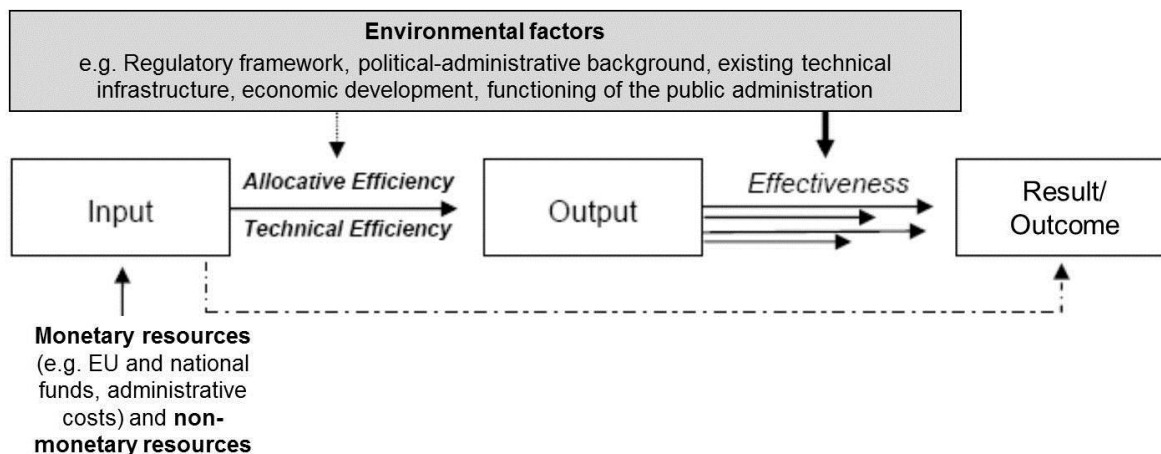
Evaluation can be understood as an evidence-based assessment of how well an instrument has done (or is doing) what is set out to achieve (EC, 2008). It looks at what has changed, why and how it has changed over a certain timeframe taking into account desired and (unexpected) side-effects (EC, 2008). Evaluation can have quite different intentions, for instance trying to make transparent what the society is getting for their money is something else than helping the policy system to justify its spending. Evaluation might function as management or as learning tool and might be self-assessment or conducted by external actors. The range of criteria for judging on policy instruments as well as of approaches and methods to address evaluation criteria is wide.

However, despite evaluation nowadays permeates most EU activities (Stern, 2009) for TA such ambitions are limited. In fact, core principles of economy, efficiency and effectiveness (EC/2002/1605) have to be followed, but their application has not to be documented or is regularly evaluated (see also Footnote 27), when implementing interventions funded by the EU. The first principle, *economy*, requires that the resources used by institutions for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of *efficiency* describes the optimum relationship between resources employed and outputs achieved. The principle of *effectiveness* is concerned with attaining the specific objectives set and achieving the intended results (EC/1605/2002, Article 27). The concepts of effectiveness and efficiency are regularly mentioned as key criteria for the assessment of public interventions; they are further explained in Box 1.

Box 1: The idea of Efficiency and Effectiveness (in policy evaluation)

The principle of *efficiency* is concerned with the optimum relationship between resources employed and outputs achieved (Figure 2). Efficiency has two dimensions in economics: technical (or operational) efficiency refers to the input-output ratio compared to a standard ratio, which is considered optimal (Lonti and Woods, 2008). *Allocative efficiency* reflects the link between the optimal combination of input and the output achieved taking into account the kind of costs (monetary and non-monetary inputs) and benefits considering quantity and quality (Mandl, *et al.* 2008). In the context of policy instrument evaluation, efficiency is assessed by comparing the results obtained or preferably the impact produced and the resources mobilised (EC, 1999).

Figure 2: Conceptual framework of efficiency and effectiveness



Source: Based on Mandl *et al.* 2008, p. 3

The principle of *effectiveness* is concerned with attaining the specific objectives set and achieving the intended results (EC/1605/2002, Article 27). These results (also referred to as outcomes) may be influenced by multiple factors, including environmental (exogenous) factors (ECE, 2007, Mandl *et al.*, 2008).

Another criterion of interest for policy analyses is *equity* (Salamon, 2002). The political sciences literature adds at least two further important criteria, namely *manageability* and *political legitimacy* (Salamon, 2002). The EC further stresses the criteria of *relevance*, *coherence*, *consistency*, *distributional effects* (similar to equity), and *acceptability* (linked to political legitimacy) in evaluation guides published by European Directorates General.⁸ Table 2 gives an overview of contextual definitions and connected exemplary evaluation questions for core criteria. For being able to assess in particular the *relevance* and *effectiveness* of any policy intervention it is essential to define objectives a priori (Coulter, 1979; DG Budget, 2004).

The requirements in the Common Monitoring and Evaluation Framework (CMEF) for the period 2007-2013 (DGAgri, 2006), forming the basis the ex-ante-, mid-term- and ex-post evaluation of EAFRD interventions, related to TA are limited and vague. Only some obligatory elements such as the establishment of the National Rural Networks have to be described in the RDP and have to be to some degree considered within the mid-term and ex-post evaluation of the RDP.⁹ In contrast, other interventions supported under the EAFRD, generally follow a hierarchy of objectives associated by indicators for assessing baseline, outputs, results, and impacts. This allows (at least in theory) the assessment of the progress, efficiency and effectiveness of RDPs (DGAgri, 2006). Yet, there are constraints to the evaluation system. For example, the possibilities for summing up data from sub-objectives at the level of objectives are limited. Meaningful data aggregation is also limited as methods applied vary between MSs. Developing an evaluation system for TA goes along with further challenges: Theoretically, as for any other intervention the core principles of economy, efficiency and effectiveness have to be applied to the activities financed by TA (EC/2002/1605) for assuring the financial interests of the EC. This is, however, hardly provable as no clearly stated objectives have been defined for TA at European level. This problem is aggravated by TA's horizontal character. Furthermore, an overall assessment of the impact of TA is difficult due to its compartmentalisation, its indirect character and the two perspectives – the national and the European – from which it can be judged on TA. For instance, because its overarching purposes and the system of budgetary allocation described above it is necessary to look at TA as one policy-instrument complex.

Definitively, cost and benefits of evaluation have to be balanced and evaluation effort to be rectified, but applying a rational approach, against the outlined trade-offs some key questions should be addressed by any assessment of TA:

- 1) Are the minimum administrative requirements (provision of evaluation, control etc. and assurance of an EU conform EAFRD management) fulfilled?
- 2) Could through (an increased) use of TA resources the effectiveness (and efficiency) of spent EAFRD resources have been increased (from national perspective/ from common perspective)?

⁸ Note, that there is no finite set of criteria for reviewing interventions. These six criteria are suggested by both the DG Budget (DG Budget, 2004) and by the DG for Internal Market and Services (EC, 2008). While the latter points at *Added value* as another commonly practiced indicator, the DG Budget lists *Coherence*, *Sustainability* and *Utility* as additional criteria. The two latter are however primarily applied in ex-post evaluations.

⁹ In the CMEF the assessment of outputs, results and impacts of TA measures is only slightly touched: In the yearly ongoing evaluation only “the use of technical assistance” has to be described (EC/2006/1974). Furthermore, the CMEF does not state common indicators for TA measures – and includes only one horizontal evaluation question to be applied in the mid-term and ex-post evaluation, which is directly relevant for TA measures, namely “To what extent has the technical support increased the capacities of the managing authorities and other partners involved for implementing, managing, controlling and evaluating rural development” (DGAgri, 2006).

- 3) Are TA resources themselves implemented in an (in)effective and/or (in)efficient way from national/ from common perspective (at the level of each TA-funded component/ of each activity funded within one TA component)?

For answering these questions the status of the administrative infrastructure and of the implementation process have to be accessed. So doing allows also judgements and planning if (and for which specific tasks) TA could and should be used and will therefore be addressed in the next subsection.

Table 2: Criteria for reviewing Technical Assistance instrument complex and/ or its components

Criteria	Description	Exemplary evaluation questions
Effectiveness	The extent to which objectives set are achieved; Statements on the effectiveness point to the suitability of the chosen instrument for achieving the aspired objectives	To what extent have the expected objectives been achieved? Has the instrument produced the expected effects or/ and unexpected side-effects? Could more effects be obtained by using different instruments?
Efficiency	The extent to which the desired effects are achieved at a reasonable cost i.e. with the best relationship between resources employed and outputs achieved	Have the objectives been achieved at the lowest cost? Could better effects be obtained at the same cost?
Economy	The extent to which resources are available in due time, in appropriate quantity and quality at the best price	Has the instrument been implemented in an economically reasonable way?
Coherence	The extent to which the intervention logic is non-contradictory to other interventions with similar objectives	Are the actual effects of the instrument in line with the strategic objectives of other interventions/ policies?
Consistency	The extent to which positive or negative spill-overs onto other economic, social or environmental policy areas are being maximised/minimised	In how far does the instrument follow the principles of complementarity? Are there (un)expected synergies with other interventions?
Equity (distributional effects)	The extent to which disproportionate negative/positive distributional effects of a policy are minimised/ maximised *	How are the benefits and costs of this instrument distributed across multiple groups?
Acceptability	The extent to which stakeholders accept the policy in general and the particular instrument proposed or employed	What has been the level of resistance/acceptance by each stakeholder group?
Relevance	The extent to which an intervention's objectives are pertinent to needs problems and issues to be addressed *	Are the objectives of the instrument appropriate in relation to the problems it should address? Can the <i>raison d'être</i> of the instrument still be proved? Do the objectives correspond to local, national and European priorities?

Source: Based on DG Budget, 2004; EC, 2008; EC, 1999 and EC/2002/1605.

Note: EAFRD = European Agricultural Fund for Rural Development TA = Technical Assistance
If evaluating a policy applying the criteria *distributional effects*, *utility* and *relevance*, the societal socio-economic situation is taken as comparative measurement. As TA is an indirect instrument supporting to achieve the objectives of the EAFRD is the guiding objective. The relevance of the four EAFRD objectives themselves which are not question at this point, i.e. their relevance is not assessed.

2.3 Public administration: how to assess its effectiveness and efficiency

Assessing *organisational effectiveness* is discussed controversially in theory (Coulter, 1979; Quinn and Rohrbaugh, 1983), and it is a challenge in practice (ECE, 2007; Mandl *et al.*, 2008). Theoretical literature is indeed exhaustive, but provides little specific and consistent

guidance. Particularly the highly abstract nature of the effectiveness construct accounts for a major portion of confusion. Consequently, a large number of models for assessing organisational effectiveness are available. Some models focus on organisation-internal processes, others concentrate on the organisation's link to its environment. Coulter (1979) points at three models that are predominately applied: the "behavioural-attitudinal" model, the "processual" model, and the "goal attainment" model; in his point of view, the goal achievement model is the most important one. In practice, the effectiveness of the public administration is difficult to assess as effectiveness relates the input or the output to the final objectives and not to purposes of individual tasks to be achieved, i.e. the result. Moreover its result is influenced by external factors (see Figure 2) among others by political choice.

Also the assessment of public administration's *efficiency* is challenging: Reasons for this are manifold: first, applying the economical definition of efficiency (Box 1) requires capturing the quantity and quality of input and output. However, in the context of organisations defining the relevant input and output variables for any efficiency or productivity analysis is far from straightforward. Public services provide complex outputs based on multiple inputs (Mandl *et al.*, 2008; Manning *et al.*, 2006). Second, the output mix of many public sector organisations is hardly sold on the market. This means that prices are difficult to obtain (Mandl *et al.*, 2008). Output quantification is further complicated if it includes intangibles (Lonti and Woods, 2008), for instance diplomatic achievements. Third, it is very challenging to attribute desired outputs to the inputs, respectively to establish clear causal relationships between factors involved (Manning *et al.*, 2006; Lonti and Woods, 2008). All this contributes to a lack of evidence with regard to the institutional drivers of efficiency in the public sector (Lonti and Woods, 2008). Studies in this field have been bedevilled by generally weak data, the use of rather poor measures of output with perception-based quality indicators or by non-transferable approaches.

3 RESEARCH APPROACH

Having outlined the need for evaluation and the related key questions essential to be addressed as well as the challenges inherent to the evaluation of this policy-instrument complex, we developed a conceptual framework allowing us to review TA and to provide a basis for informed policy-making.

Our research approach includes two main components: first, an empirical study of the use of TA in Romania focussing on the performance of the agricultural administration dealing with EAFRD matters. The effectiveness and efficiency of the administration is argued to be an important indication for the result of TA spendings.¹⁰ Study findings therefore provide essential input for the second component, an attempt to present a more general evaluation of TA as policy-instrument complex. Here we broaden the view and look at TA by taking into account experiences made in other MSs. For so doing we review the TA complex and/ or its components against the eight policy evaluation criteria introduced in Section 2: *coherence, effectiveness, efficiency, economy, consistency, distributional effects, acceptability and relevance* (Table 2).

In our study of the Romanian agricultural administration, which reflects an important part of the use and effects of TA, we concentrate in particular on effectiveness and efficiency.

¹⁰ Two further reasons for paying special attention to TA-issues directly related to the administration are, 1) that the legislative basis of TA appears to be particularly ambiguous for these hardly delimitable components of the policy-instrument complex (Table 1, Rows 5-7) and thus for these the need for clarification appears be most significant; and 2) the current calls for cuts in spending for and reorganization of the public administration across the MSs.

Several arguments underline the choice of our focus: 1) “Administering EAFRD funds effectively and efficiently” can be seen as one main objective of TA; and a great share of TA funds directly targets the agricultural administration; 2) The agricultural administration is in charge to organise other issues funded under TA, such as external evaluation; 3) The public administration affects the input, produces the output and has a significant impact on the results of governments' policies (ECE, 2007). The functioning of the agricultural administration will therefore have an important influence on the efficiency and effectiveness of overall EAFRD spending.

Data is drawn from various expert interviews and email-surveys conducted by the authors in 2010. The data covers insights from various organisations of the Romanian agricultural administration at different levels. It is complemented by views on the administration by stakeholders derived from a 2010 survey among the members of the National Rural Network, which consists of representatives of NGOs, associations, public institutes, communes etc. In total, we interviewed more than 20 experts at national level and surveyed 129 agencies at subordinate level and 62 other stakeholders.

As shown in Section 2, reviewing public administration is likely to require alternative evaluation methods and criteria for that purpose have to be consciously chosen (Quinn and Rohrbaugh, 1983). In particular, efficiency scores are sensitive to the choice of the model and indicators (Manning *et al.*, 2006). Thus, our method for assessing the effectiveness and efficiency of the Romanian agricultural administration, i.e. a system of different agencies in charge with implementing EAFRD-related measures, builds upon established approaches.

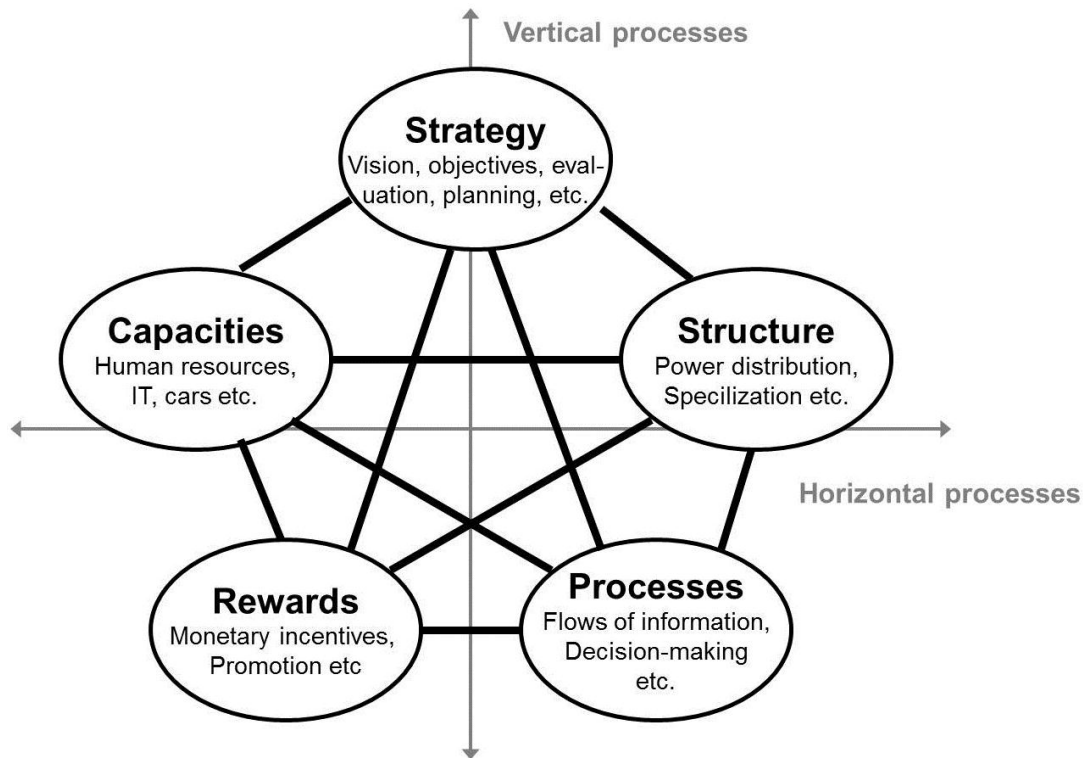
In our attempt to assess the administration's effectiveness we follow the idea of the (widely applied) goal achievement approach. Thus, we examine in how far the administration achieves the overall objective¹¹ “administering EAFRD funds effectively and efficiently”. For so doing, we apply Jay R. Galbraith's Star Model (Galbraith, 1995, 2002). The original intention of the Star Model was to highlight categories which need to be considered for the design of an effective organisation. Following Galbraith (2002) these are *Strategy*, *Structure*, *Capacities*, *Rewards* and *Processes* (Figure 3). In turn, we deem it relevant to consider these five categories when assessing an organisation's effectiveness. By now the Star Model has become inherent part of many university classes in management and standard works (e.g. Kates and Galbraith, 2007; Seijts, 2006). In practice, it is applied in the consultancy branches, in the private business world as well as in the public sector (Holloway, 2005) for improving or establishing organisational structures. In theory the Star Model is used as initial point for model development, for instance for inter-organisational collaboration (Jansen *et al.*, 2009; Solli-Sæther, 2011). Among its biggest strengths is model's holistic approach to organisational design and the emphasis on the interrelation of the model's components (Seijts 2006; Solli-Sæther, 2011).

According to Galbraith (2002), in an effective organisation the five categories should be aligned and interact harmoniously with one another. This alignment helps to communicate clear and consistent messages to the members of an organisation. The five categories have the following implications: 1. *Strategy* is determining the organisation's objectives and direction in the medium and longer term; 2. *Structure* determines the location of the decision-making power; 3. *Processes* refer to flows of information and decision-making; 4. *Rewards* influence the motivation of people to perform and address the organisation's goals; 5. *People* refers to human resources policies and management. If the structure of an organisation is thought as its

¹¹ Note, the goal-attainment approach is not only widely used in assessing organisational effectiveness, but is also in the style of the general EAFRD evaluation system and is therefore more likely to be transferred to programme evaluators.

anatomy, *Processes* (e.g. information transfer), cut across that structure vertically and horizontally (Figure 3).

Figure 3: Model for assessing the effectiveness of EU co-financed agricultural administration



Source: Based on Galbraith, 2002.

In our specific case, the differentiation of administrative levels (national, regional, county and local level) are crucial in terms of vertical processes; different organisations of the agricultural administration interact horizontally. Picking up an idea of Quinn and Rothbaugh (1983) (see also Kate and Galbraith, 2007), we furthermore look at internal and external constraints to the effectiveness of an organisation: For instance, while the EU regulatory framework is an important external factor that cannot be easily influenced, some self-inflicted internal constraints are likely to point to management failures which could potentially be tackled by externally provided TA resources.

For a rough appraisal of the administration's efficiency, we pick up considerations of Manning *et al.* (2006), who state that economic (or cost) efficiency is the product of technical and allocative efficiency (Figure 2). Thus, the two key objectives of efficiency assessment in the public sector would be:

- to trace technical inefficiencies: identifying opportunities for improvements in the ways resources are converted into outputs; and
- to identify inefficiencies in the mix of production factors, respectively in the allocation of resources on the input side.

Following the approach suggested by Manning *et al.* (2006) implies that for assessing the administration's efficiency we rather focus on processes than on products.

In summary, our approach foresees to (a) assess in how far the administration achieved the TA-related objective (administering EAFRD resources effectively and efficiently), and (b) on identifying inefficiencies in the administration, which potentially could have been tackled by

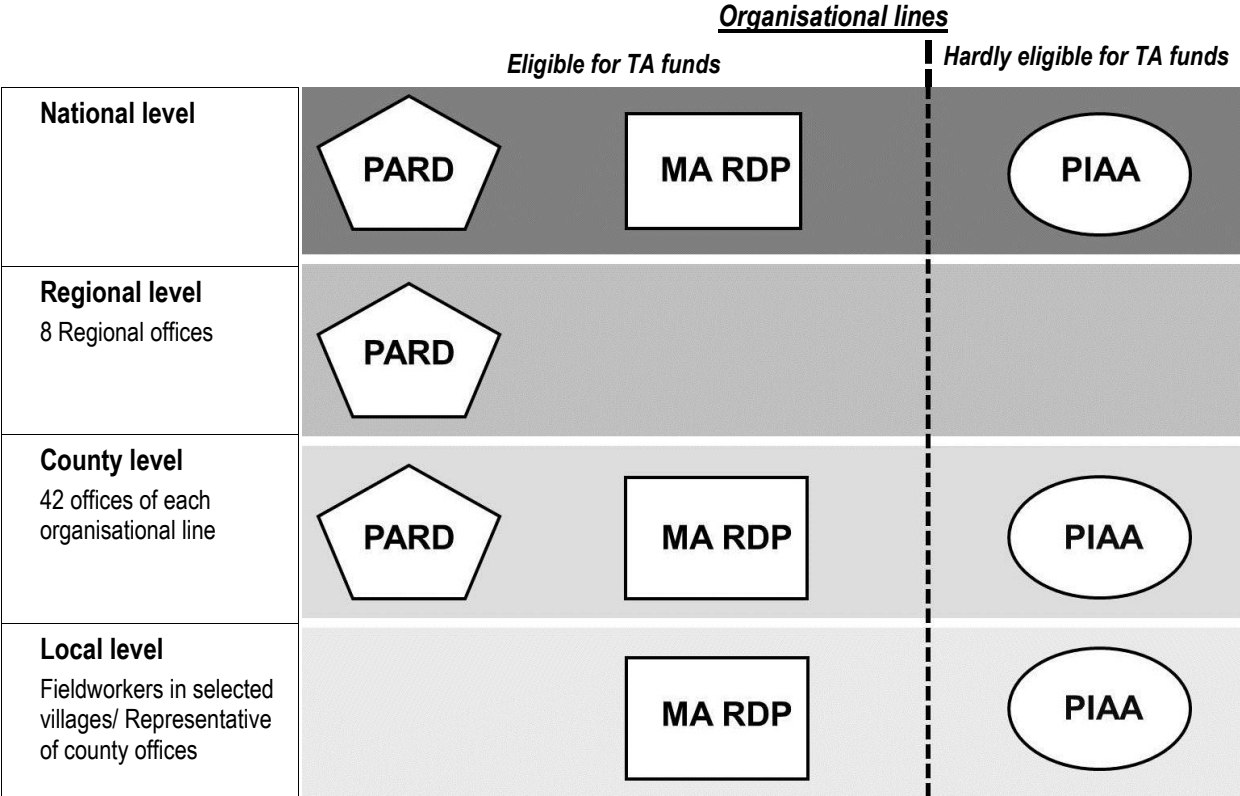
TA. Results of the assessment of the administration’s effectiveness and efficiency are then embedded into the discussion on the assessment of TA as policy instrument along the eight criteria introduced in the previous sub-section.

Our research design entails that we deal with the terms “effectiveness” and “efficiency” in two contexts, first in the review of TA as policy instrument, and second in regard to the assessment of the agricultural administration.

4 USING TECHNICAL ASSISTANCE: SPOTLIGHTING THE ROMANIAN AGRICULTURAL ADMINISTRATION BY APPLYING GALBRAITH’S STAR MODEL

Below, we first provide a very brief overview of the framing conditions in terms of RDP implementation and the TA budget in Romania, before analysing the performance of the implementing administrative bodies in greater detail. Applying Galbraith’s Star Model we discuss administrative (in)effectiveness in five categories (Figure 3). As far as possible we also point out administrative inefficiencies.

Figure 4: Organisations of the Romanian agricultural administration involved in the implementation of EU funds



Source: Own design
 Note: MA RDP = Managing Authority for the Rural Development Programme
 PARD = Paying Agency for Rural Development PIAA = Paying and Intervention Agency for Agriculture

In Romania, CAP funds are managed through three organisational lines acting at different administrative levels (Figure 4): 1) the paying agency for rural development measures (Pillar 2) (PARD), 2) the Paying and Intervention Agency for Agriculture (PIAA), which primarily manages the EAGF (Pillar 1) funds; and 3) the RDP Managing Authority (MA-RDP) settled within the Agricultural Ministry. In the current funding period 10,097 million Euros of EAFRD funds (EU and national contribution) are administered by these three institutions.

Romania has foreseen 376 million Euro (3.7% of its EAFRD budget) for TA measures, of which 20% would be nationally financed. Due to the funds commitment for EAFRD-related issues within the Romanian agricultural administration primarily the Managing Authority and the Paying Agency for Rural Development and their subordinate organisations are eligible for TA funds. The paying agency in charge mainly with CAP Pillar 1 is eligible only for tasks related to managing delegated rural development measures.

For addressing the dimension *Capacities* of the Star Model, the presence of an adequate equipment of the Romanian administration as prerequisite for a smooth implementation of rural development measures has been assessed. Following the survey results the situation differs between the involved organisations and hierarchy levels. The equipment of the county administration was found to strongly reflect the use of the pre-accession assistance under which all organisations of the agricultural administration could be supported¹²: The back then newly established paying agencies are still comparatively well equipped. Much attention was paid to the paying agency in charge of Pillar 1, because direct payments seemed more promising in terms of a fast absorption of budget and adequate management (cf. Hubbard *et al.*, 2011). This preferential treatment in terms of equipping is clearly reflected in Figure 5. Nowadays however, for this agency the necessary provision of training and the renewal of administrative infrastructure like the IT-system and printers are difficult, because of its limited functions within Pillar 2 measures and the thus limited eligibility for TA funding.¹³

Possible fields for the fruitful use of TA funds are indicated in a self-assessment of lacking resources by sub-ordinate offices. It shows that the Romanian administration generally lacks staff (Table A.1). Staff shortage became even more severe in and after the financial crisis, when Romania had to cut down the number of public employees in the agricultural sector by 25% in 2010¹⁴. The offices also lack other resources (Figure 5); the identified lack of cars, for example, leads to problems to fulfil obligatory field controls. Such deficits are expected to cause sanctions for not keeping EU standards. Overall, the survey showed that throughout the administrative bodies covering running costs, particularly gas for the cars, has become a major challenge. This is the case although at least for two of the organisations (MA-RDP and PARD) (nearly) all running costs could theoretically be covered by TA resources. The general impression remains that on the one hand often new administrative TA-funded infrastructure of best quality is still available in Romania, but on the other hand no resources are provided to properly work with the once established infrastructure. For example necessary office material or staff is missing— a situation that might be described as a *grandiose colour printer without paper*.

At the national level, the effectiveness of the Managing Authority is hampered by a lack of employees. TA would in fact allow to further increase the number of TA-financed staff. However, this capacity-build-up seems to be hindered by misunderstandings between administrative experts and politicians. Co-financing can be seen as a key constraint. In fact TA resources used for salaries do not burden the state budget at all, because the co-financing of 20% is lower than the total amount of taxes, insurance etc. which are also covered by TA funds (NRDP, 2010). Thus, transferring staff from other departments into the understaffed Managing Authority and paying them from TA funds in times of public debt should, theoretically, be a very attractive option for Romania. One risk involved is that the

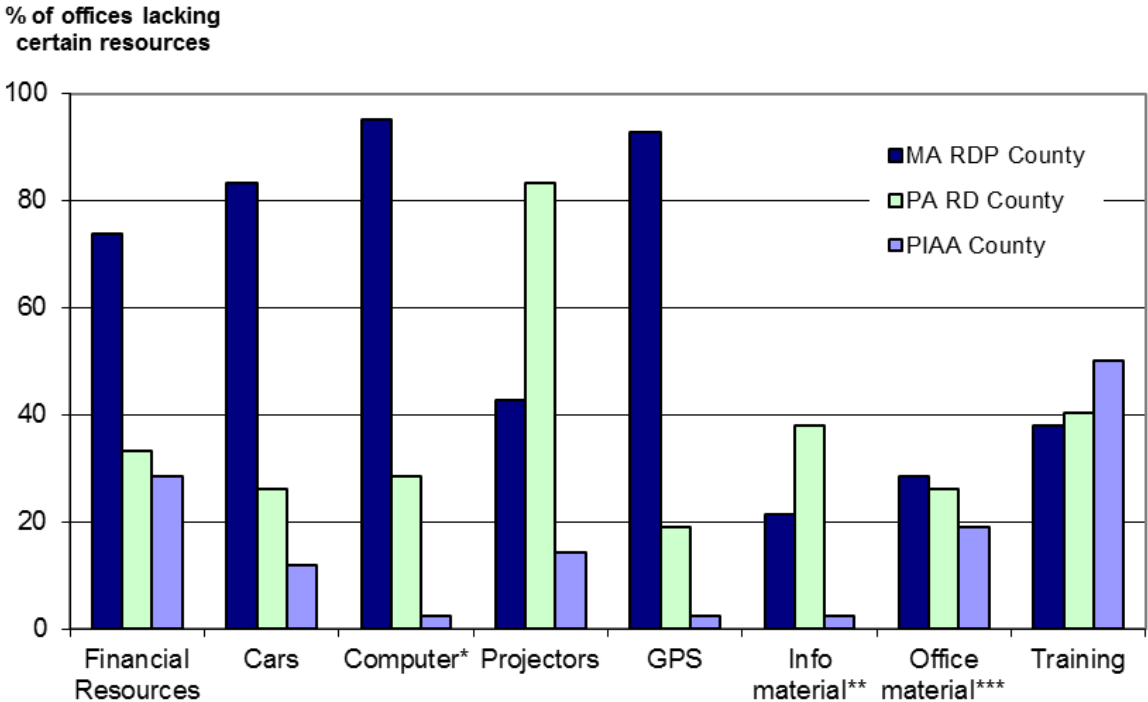
¹² Already before its accession to the EU in 2007, Romania was supported through Phare (Poland and Hungary Aid for Restructuring of the Economies) funds for building up administrative capacities.

¹³ Noteworthy, as there is no EU co-financed TA budget for administering CAP Pillar 1, Romania relied on credits from external donors for financing the technical infrastructure needed for implementing EAGF measures, for instance GPS equipment.

¹⁴ Already in 2009 8.4% of the positions in the agricultural administration had been axed.

Commission requires proof that employees paid from TA funds are only dealing with rural development issues. While at national level the Managing Authority is clearly under-staffed and additional staff would exclusively deal with the RDP implementation, at the county level problems with financing staff from TA could occur. Here the flexibility of appointing staff for different tasks and exchanging staff between different agencies in peak times (cf. Table A.1) is necessary and thus the technical efficiency would be drastically reduced if inflexible TA-paid staff is employed. This limitation of flexibility induced by the EU regulatory framework applies also for sharing other resources financed from TA funds, e.g. cars. In Romania however, it turned out that sharing resources is currently essential for the agricultural administration for coping with its tasks.¹⁵

Figure 5: Needs of the subordinate organisations of the Romanian agricultural administration (self-assessment)



Source: Own data 2010

Note: MA RDP = Managing Authority for the Rural Development Programme
 PARD = Paying Agency for Rural Development PIAA = Paying and Intervention Agency for Agriculture
 From each organisation, 42 county offices were surveyed, quotas of return were 100% (PIAA and MA RDP), and 88% (PARD). Not shown is the category “Others” ticked by 40.5% of the MARDP, 14.3% of the PARD and 7.1% of the PAIA County offices.

* including soft- and hardware ** Information material for (potential) beneficiaries *** including furniture

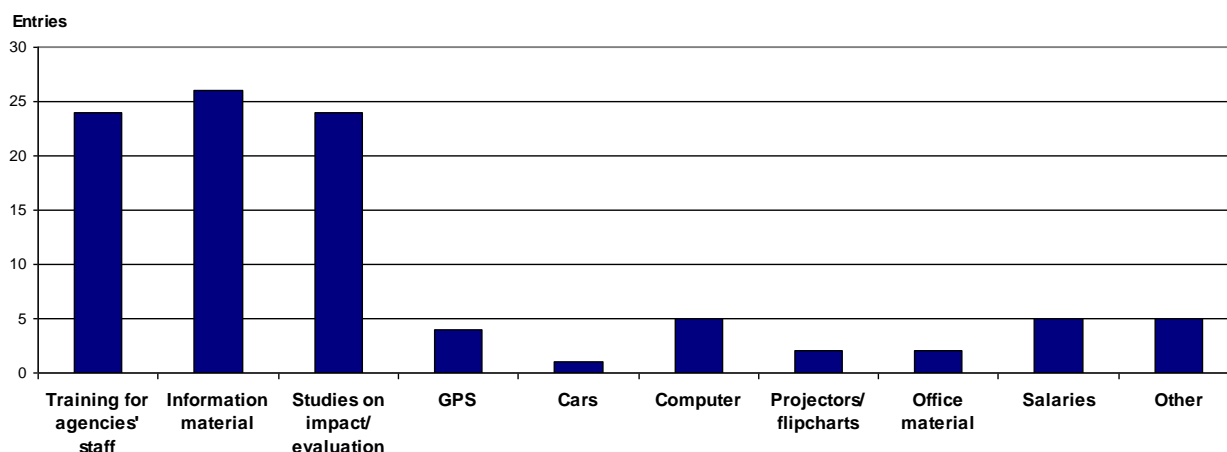
While investments into the Pillar-1-related IT-system, where malfunctioning is sanctioned, were made even solely from national resources, further inefficiencies in the implementation of EAFRD measures result from not-investing in IT-infrastructure as planned, evidently leading

¹⁵ As Table A.1 shows, at county level the Managing Authority does not generally lack staff, instead it supports other organisations of the agricultural administration in their peak times. In turn, the county offices of the Managing Authority lack cars, which they can sometimes borrow from the - with the EU accession - newly equipped paying agencies or from County Councils.

to higher workloads and implementation costs.¹⁶ The slow implementation of EAFRD measures itself is likely to decrease the overall efficiency of the RDP (cf. ECA, w.y.). - The funding period is limited in time and the absorption capacity of (potential) beneficiaries cannot be expected to escalate towards the end of the period.

Figure 6 offers insights from an administrative-external perspective by stakeholders involved in rural development in Romania, among them (potential) beneficiaries, farmers' associations and NGOs. Above all, they demand more information and better trained administrative staff; furthermore they see a need to verify the impact of the RDP through studies. That these demands can be deemed as crucial for enhancing EAFRD implementation is underlined by the fact that respondents are members of the TA-financed National Rural Network, and that a majority of 68% of them even preferred to cut the network's budget for tackling the listed deficits.

Figure 6: Needs to be covered by Technical Assistance resources identified by rural stakeholders, members of the Romanian Rural Network



Source: Own data 2010

Note: n = 98, distributed to 40 participants

Obviously, the illustrated problems hamper the implementation of the RDP. Having the key questions raised in Section 2 in mind, we can state that they have a negative impact on the fulfilment of both, the European interests in EAFRD spendings and the national ones: Not only common minimum standard like sufficient controls the absorption of EAFRD funds until today is rather low and delays in implementing measures are common (GoR, 2011). Even some obligatory tasks of common interest (Table 1) have been unsanctioned severely delayed in Romania, for example the mid-term evaluation, and running the National Rural Network (GoR, 2011; Marquardt *et al.*, 2011). Both of these tasks could be funded under TA, and managerial challenges were/are hardly to expect as they were foreseen to be outsourced.

Deficits in the RDP implementation are particularly noteworthy considering that TA resources were theoretically available: the absorption of TA funds in Romania was with 0.36% extremely low until the end of 2009, 1.4% until the end of 2010 respectively (DGAgri, 2010; ENRD, 2011); far below EU-27 average of 13.1% and 18.5% (Figure 1). The contradiction of an - in its absolute volume - sufficient TA budget on the one hand, and the fact that obligatory tasks cannot be fulfilled on the other hand, point to ineffectiveness within the management of

¹⁶ Individual studies (e.g. Fährmann and Grajewski, 2011) show, that investments in technical and human resources in the agricultural administration lower the overall EAFRD implementation costs.

the Romanian agricultural administration and suggest (besides the possible existence of other constraints) a lack of strategic planning.

Strategy forms the basis for an organisation's processes and priorities. And indeed, in Romania we find the following facts that underline that strategy-building is weak: there is no elaborated strategy on how to use TA resources over the funding period, no yearly budgetary planning and no transparency with regard to the distribution of resources between organisations. Since 2009 annual 'Action Plans' are prepared. Yet, annual 'Action Plans' is a misleading labelling as in fact it does not go beyond a table which lists individual projects and estimated costs independently proposed by single departments until a certain deadline. Thus, for instance the potential of synergies between projects, not to mention between funds from different donors, is not exhausted. In opposite to budgetary planning, which is likely to increase public sector's efficiency (ECE, 2007), the list of project proposals is taken as given, instead of seeing the list in an overall budgetary context.

One impact of this lack of strategy is reflected in the low absorption rate in the decisive early phase of implementing the RDP. Day-to-day work dominates and TA was mainly used to address short-term needs. Targeted capacity-building for managing the implementation of measures hardly took place. Instead, TA expenses concentrated on running costs with the biggest share being general salaries (Table A.2) without significantly raising human capacities. Especially the Managing Authority uses TA for hardly any other purpose than salaries, whereas still lacking staff. The Paying Agency for Rural Development initiated a couple of service and supply related projects (e.g. for human resources capacity-building and customer satisfaction). Yet, the impression remains that the lack of strategic planning prevents actions with longer-term effects. Assessing the needs of (potential) beneficiaries, for example, could provide valuable insights, which allow adapting the RDP-implementation process accordingly, but related studies had not been initiated. Instead it can be expected that towards the end of the budgetary period efforts to absorb the remaining TA budget will be made to avoid losing EU funding. TA-funded projects initiated at the very last minute will, however, certainly have no significant impact on the implementation of the RDP 2007–2013 anymore.

Structure and **Processes** are highly interwoven in the Romanian agricultural administration. We give examples of identified weaknesses in these fields that have a high potential to lower the effectiveness of the agricultural administration. First, findings related to Figure 5 also reflect vertical processes of the supply-management of sub-ordinated agencies pointing to failures in decision-making on the use of TA-resources and flows of information between the agencies at different administrative levels: although there is a mechanism through which the requisitions of subordinate agencies are requested by the national authorities, it does not seem to be fully workable. The surveys show for instance, that only less than half of the county offices of the Paying Agency for Rural Development were indeed asked by their superior organisations for their TA requests. Almost all (90.5%) of the Managing Authority's county offices received such request. Of all the requests made, only relatively small shares were granted: 61% of the requests of county paying agencies and only 35% of requests of the county offices of the Managing Authority. A satisfactory explanation for not being considered was received by around half of the concerned paying agencies and 70% of the concerned county offices of the Managing Authority. At the same time, it happened that organisations received resources for which they had not asked. These findings reveal a lack of needs' inventory and a lack of (self-)evaluation. An inefficient allocation of resources is very likely.

A second example for structural and process-related deficits arises from the political-administrative situation and related decision-making in Romania. An obligatory signature by a State Secretary to authorise TA, which is for example needed for the above mentioned yearly 'Action Plans', implies that policy-makers have the last word on spending TA funds. This is critical for the following reason: political priorities often differ a lot from the

administration's needs. Administrative processes depend on a reliable and timely budget. In Romania we find that particularly in times of a financial crisis TA implementation (and thus the effectiveness of the administration) is constrained by the need for pre- and co-financing which to a large degree depends on the policy-makers. Insecurity and volatile politics, susceptible to lobbyists' influences, are generally wide-spread in Romania (Shareman, 2003). Even the implementation of the whole RDP with its associated financial plan that was once accepted by the government could be stopped by politicians from one day to the other. This underpins that the use of funds, the realisation of projects and, consequently, the effectiveness of the implementing administration, depend a lot on political will¹⁷ and understanding. This circumstance points to wrongly placed decision-making power, whose appointment is decisive for successful administrative processes.

Another factor with impact on the administration's effectiveness has been categorised as **Rewards** in the Star Model. In our Romanian case we find in fact a number of disincentives with regard to the productive use of TA funds within the administration. Most of these disincentives are likely to be specific to the Romanian situation. They lower the motivation and decrease the possibilities to make use of TA funds. The first issue to be mentioned here is the complicated public-procurement procedure, which in fact strives several dimensions of the Star Model. It often leads to unsuccessful or delayed tenders and consequently to unbearable delays in project implementation and frustration for all involved parties. The (in many cases according to EU regulations obligatory) public-procurement procedures not only lower incentives to use TA, but even hinder the fulfilment of EC regulations in Romania, for example the data collection of environmental indicators and partly also the implementation of the National Rural Network. Expert interviews confirmed that some departments in the Romanian Agricultural Ministry refrain from applying for TA funds explicitly because they shy away from formulating Terms of References for the procurement process. We identify three more issues with regard to public procurement in Romania: (1) the Paying Agency for Rural Development, which has - under the pressure of external and internal controls - developed better managing capacities¹⁸ follows the general strategy of by-passing procurement problems as far as possible. A team competent in TA affairs was set up, which supports interested parties in accessing TA funds. The result is visible in more TA projects of a higher total value (Table A.2). (2) Some projects, however, are tendered despite the problematic public procurement would not have been obligatory (e.g. for small-scale projects). The reasoning for this is to avoid accusations of lacking transparency. (3) A critical press on the fact that within the economic crisis public institutions spend money for training lowers the motivation and political will to use TA. Again, there seems to be a lack of understanding among the broad public (and politicians) which do not see the potential longer-term benefits, but focus only on the need for co-financing instead: although 20% national co-financing have to be provided, the use of TA might significantly increase the ability of Romania to absorb EU rural development funds and decrease the risk to receive sanctions. Thus, controls, possible sanctions and a negative press have the effect of negative rewards blocking the administration from using TA.

¹⁷ One example to explain that political will may be the main constraint in some fields, is the delayed implementation of the National Rural Network. One of its members, a representative of a professional association, states in a 2010 survey "(...) the network may be important in the development of rural policies but to put it in practice (...) depends very much on the political class (Parliament and Government) who decides on the availability of resources. I think that the delays in implementing the National Rural Development Programme measures are desired by the authorities and this is exclusively due to the lack of national co-financing (...)"

¹⁸ In order to be accredited, a paying agency has to comply with certain criteria regarding its internal environment, control activities, information and communication, and monitoring. The connected high exposure to internal and external controls explains this better managing capability.

Attractive salaries for all staff members dealing with EU funds are rewards in the sense of a positive incentive to work in the paying agencies or the Managing Authority. They might contribute to the effectiveness of these organisations of the agricultural administration even if they are rather general bonuses than performance- or achievement-specific, because without the upgrade of salary it would be hard to employ qualified staff, which can expect higher salaries in the private sector.¹⁹

Summing up, assessing the effectiveness of the Romanian agricultural administration in charge with implementing the EAFRD, clearly underlined deficits in the system. These are not sufficiently addressed by potentially available TA resources and there is still potential for increasing the technical and allocative efficiency. It is not only about unused potential but also about misallocation or lack of allocation. Cases of misallocation point to management failures, which are more or less linked to all five analysed components of the Star Model.

5 HAS TECHNICAL ASSISTANCE THE RIGHT INSTRUMENTAL DESIGN?

Pieces of administrative ineffectiveness and inefficiencies already identified release first doubts about the effectiveness of the TA policy-instrument complex. This section discusses the strengths and weaknesses of the policy design of TA. Indeed, it may be questioned if TA is the right mean for achieving its purpose that has been vaguely defined by the EC. Our discursive assessment of TA as policy-instrument complex is done along the eight criteria introduced in Table 2: *coherence*, *effectiveness*, *efficiency*, *economy*, *consistency*, *distributional effects* (similar to equity), *acceptability* and *relevance*; whereas we will point to the problems specific to the Romanian situation as well as identify more general issues. As argued in Section 2, due to deficits in objective definition, particularly the assessment of effectiveness, efficiency and relevance, is constraint and we are forced to refer to the logically concluded overall objective of TA “enhancing the effectiveness and efficiency of EAFRD funds”. Moreover, leeway for MSs resulting from the imprecise targeting especially in the TA components directly related to the administration (Table 1, Rows 5-7) could not only lead to a conflict of national and common interests, but also challenges evaluators.

The early point of time in the funding period makes an accurate overall assessment of TA’s *effectiveness*, i.e. degree of goal achievement, difficult. Also, the results of the obligatory 2010-mid-term evaluations across Europe hardly provide real insights into the effectiveness of TA (cf. Footnote 9). Nonetheless, exemplary successes and difficulties can be seen as indicative for the effectiveness of a policy instrument (EC, 1999). Thus, taking an EU-wide perspective we can note individual successfully realised or promising TA projects such as information campaigns²⁰. However, no statement is possible in how far these projects contribute to the overall objective of TA. In Romania, *effectiveness* is certainly only partly visible, especially from the Community perspective. Constraints such as severe administrative problems hinder an effective programme implementation. Even obligatory tasks are strongly delayed - and the sufficient use of TA, which actually is to countervail this circumstance, is impeded²¹. One reason for this is that the use of TA requires a minimum initial administrative

¹⁹ The importance of attractive wages for over-coming skill-shortages and winning and retaining qualified staff is a common phenomenon (Lonti and Woods, 2008).

²⁰ For selected examples on (partly) TA-financed information and communication strategies on the EAFRD see for instance http://enrd.ec.europa.eu/events-and-meetings/nrn-meetings/en/12th-nrn-meeting_en.cfm. Also a TA-funded project initiated by the Romanian PARD, a 2011 information campaign is presented.

²¹ It could be assumed, that administrative burdens inherent to TA might be a challenge for NMSs to absorb TA funds. Note however, the average absorption rate of TA funds (EU contribution) in the 12 NMSs is with 13.8% (in 2009) even higher than the average absorption rate in the old MSs. This indicates that TA absorption might

capability. The policy design brings about further challenges to the usage of TA, which potentially cause ineffectiveness: in Romania, the need for national co-financing seems to reduce the instrument's effectiveness. A particular bottleneck in this context is that no long-term strategy, proofed by the Commission, is required for TA. As a consequence, inconsiderate short-termed politically induced decisions on co-financing can significantly impact the results of TA. In the Romanian political culture the need for political will to agree on specific RDP- or TA-related issues negatively impact the use of TA. The Romanian case suggests that also the effectiveness of clearly defined obligatory TA tasks (Table 1, Row 1-4) is limited due to a lack of enforcement by Brussels.

MSs have high influence on TA's *efficiency*, as (besides the overall ceiling applicable to the national TA budgets) the allocative efficiency depends on their decision. First, the determination of the overall TA budget as an expression of priority-setting between various sector-related EAFRD measures and TA impacts the overall efficiency and effectiveness of the EAFRD. Second, MSs decide for which purposes TA resources are spent. From Community perspective it might be seen as most favourable if MSs fulfil administrative obligations and standards, in best case without requiring EU co-financing at all. However, from the perspective of a MS any investments in keeping highest standards in terms of evaluation and control activities might be judged as wasting resources. Furthermore, for them – contrary to the EU's intention - it might appear more meaningful and manifest using TA funds for strengthening administrative capacities in general for being able to implement EAFRD funds at all, instead of reaching this administrative status solely on the basis of national resources.²² MSs will always tend to direct the allocative efficiency in their favour, allocating national resources as efficient from their perspective as possible. Particularly, in a situation of strained public budgets, it is very tempting to finance general costs of the agricultural administration by TA resources. This trend can, for example, also be observed in Hungary, where in 2010 the Managing Authority asked the Commission for a permit to finance more staff from its TA budget. Such decisions on the budgetary distribution might be at the cost of other TA purposes. The Romanian case has even shown that due to the national decision to “save” TA resources also the effectiveness of other EAFRD spendings decreased, as for instance (potential) beneficiaries lack information (Figure 6), which lowers not only the total number of funding applications but also the quality of implemented rural development projects. Here, neither Community nor national interests are fully satisfied. Another issue related to efficiency, which might also result from the non-allocation of TA resources to human and other capacities, is – as described above – an inert, and probably later ad-hoc implementation of interventions (ECA, w.y.), not adapted to the absorption capacities of potential beneficiaries and the potential impact period. In Romania neither TA itself was implemented timely nor could the use of TA avoid a decelerated implementation of the RDP and thus also the efficiency of other EAFRD spending decreased.

Furthermore, the current regulatory framework for TA results in inflexible organisational structures and thus directly impacts the technical efficiency because, for instance a full capacity utilisation of TA-financed staff and a joint use of TA-funded means by different

be challenging, but is nevertheless manageable. If the absorption rate of NMSs would be significant lower TA's instrumental design would have to be questioned in this regard.

²² Certainly, there might be middle courses, if for instance a MS uses TA, but uses the resources mainly for purposes of common interest and other EAFRD measures are implemented particularly effective due to the use of TA funds, this is clearly of Community interest as well.

organisations or departments of the agricultural administration is inhibited due to the restriction to rural development related tasks.²³

General risks in the area of *economy* include: *waste*, i.e. using resources which are not necessary for the achievement of the desired outputs or results; *gold-plating*, i.e. paying for a higher quality of input than that required to achieve the desired outputs or results; and *overpaying*, i.e. obtaining resources which are used, but could have been obtained at a lower cost (ECA, w.y.). In Romania, we found *waste* and *gold-plating* for equipping sub-ordinate agencies with dispensable materials and printers of above-average quality. These deficits in the use of TA are not linked to a specific instrumental feature of TA, but could probably have been avoided through better management and stricter controls, i.e. by an increased set-up of complementing authority tools. *Overpaying*, which was not explicitly found in the case study, is to be avoided through public-procurement procedures. Public procurement, however, caused two other deficits related to the principle of economy, which are not necessarily specific for Romania (see e.g. Agra-Europe, 2011): due to public-procurement procedures, 1) TA investments and projects could not be delivered in due time; and 2) transaction costs increased. Generally, - not only in procurement matters - the level of bureaucracy (e.g. in accounting matters) is in TA-financed administrations high in comparison to nationally financed administrations. For instance Luxembourg has chosen not to use TA budget at all for reasons of “simplification”²⁴.

At first glance, TA as policy-instrument complex is *coherent*. Its objectives are not contradictory and do not interfere with objectives of other interventions. However, the lack of a clear intervention logic prevents us from a final judgement.

For Romania we also could not derive significant findings on the *consistency* of TA, i.e. effects on other sectors. Nevertheless, experiences of other MSs show that if it is explicitly strived for, for instance TA-financed National Rural Networks produced some positive spill-over effects to other fields by spreading information beyond EAFRD-related issues. Overlaps with national initiatives or support for administrative capacity-building of other donors might occur.

In terms of *distributional effects* TA - through increasing the implementation quality – could be expected to have a by and large equal effect on all (potential) EAFRD beneficiaries. Moreover, certain TA measures tend to cause further equalising effects as they might help to increase the impact of the EAFRD on a wider range of societal groups. Examples are information spreading and the provision of advice, as more rural stakeholders become enabled to apply for funds. Furthermore, from an administrative point of view, the organisations of the Romanian agricultural administration, which are potentially direct beneficiaries of TA, have apparently equal opportunities to benefit from TA funds (proportionally to their effort on EAFRD implementation). Despite lacking transparency and clear criteria, the distribution of TA resources in Romania has not caused major problems so far, but has also not taken place demand-oriented, leading to misspending and not-addressed deficits.

Among Romanian rural stakeholders the *acceptability* of TA is high because they see a clear need for enhancing the quality of the RDP implementation process. The broad public and

²³ Inflexible organisational structures are generally likely to decrease organisational effectiveness (Johnson *et al.*, 1973). This also became evident for the Romanian county administration, when for instance delays could have been avoided through the exchange of TA-financed resources.

²⁴ “Simplification” was named as reason, for not making use of the TA measure is according to the Agricultural Ministry of Luxembourg (Message in writing from Mr. Françoise Bonert, Attachée de Gouvernement, Ministère de l’Agriculture, de la Viticulture et du Développement rural, dated 14.01.2011), as then only the rural development interventions, but not activities concerning the administration have to be administered following the more complex EU schemes.

policy-makers in Romania, however, seem to value TA less (with variations depending on the targeted issues, for instance on information campaigns, evaluation or on printers of higher-than-average quality). Especially the need to co-finance TA causes reluctance. Stakeholders' opinion about TA is likely to vary from MS to MS. While in well-established MSs many actors might think that TA resources are misspent in some countries, others might see the components of this policy-instrument complex as mean for ensuring EAFRD-delivery of high standard and as a vehicle for realising EU-wide joint initiatives, for which the participation of all MSs is favourable, such as EU-wide statistics on rural areas.

Finally, it should be asked if the purposes of TA are (still) relevant. When judging on the *relevance* of the objective of TA as policy-instrument complex, one should consider Peter (2002) saying that there are often genuine difficulties in separating political evaluation of the instruments being used for implementation from substantive evaluation of the policies with which they are linked. Here, we exclusively focus on the relevance of the purpose of TA and not of the relevance of the objectives of the EAFRD. In fact, the relevance of policy instruments should be intensively discussed ex-ante (EC, 1999). TA's relevance certainly differs between MSs, as it is suggested by the budgetary distribution across the EU-27 (Figure 1). This might be reasoned in nationally varying administrative needs and varying political priorities. To be able to comply with certain administrative standards a call on TA resources might be necessary, especially if sanctions are to be expected. Also the higher need for capacity-building in the NMSs is widely accepted (Vihinen and Kull, 2010). On the other hand TA resources could be seen as loss of funds for the (potential) rural beneficiaries, because budget is withdrawn from the rural development interventions. This circumstance gains in importance, considering EU state aid regulations. While a MS can more easily invest in measures related to the administration from any national resources, the provision of national support to the rural and agricultural sector beyond the EAFRD is only to a limited extent possible and has to be explicitly permitted by EU organisations. Consequently, better-off MSs might prefer to direct EAFRD funds to the sector's development instead to TA.²⁵

Within a country, opinions about the relevance of TA might differ. - As we have seen, while Romanian rural stakeholders deem TA measures as very relevant, decision-makers are reluctant to co-finance TA measures, which may indicate that the latter see TA as not relevant or less relevant than co-financing other interventions. An impression of irrelevance of certain obligatory TA measures might increase if their realisation is not enforced by Brussels.

Current EU-wide discussions show, that not only the weight of TA within the EAFRD should be discussed, but some actors even question particularly one objective of TA, namely the high implementation standards, which were set at European level for the EAFRD (see e.g. Agra-Europe, 2011). While evaluation is widely accepted as inherent part of the policy cycle, the level of controls, which cause high administrative costs for agencies and beneficiaries, is indeed a contestable issue. Therefore, the relevance of some measures fundable under TA is questioned by some parties, even independently from deficits in the instrumental design in terms of efficiency or effectiveness.

6 CONCLUSIONS AND POLICY RECOMMENDATIONS

Technical Assistance should serve the aim of ensuring an effective implementation of EU rural development interventions conforming to common standards and a fruitful spending of

²⁵ In this regard, the design of the TA intervention is slightly incoherent with the regulations on state aids. An overview of state aid regulations currently in force, which sectors are concerned and how the regulations are related to further competitiveness rules is provided at http://ec.europa.eu/competition/state_aid/overview/public_services_en.html, last accessed: 18.12.2012.

EAFRD funds. Reviewing the policy-instrument complex revealed that despite its rather low budget it is worthwhile to pay attention on its use and its instrumental design. This is mainly, due to two reasons: 1) TA does not only potentially impact on the overall effective and efficient use of EAFRD resources, but it might be the feather that brakes the balance if MSs (with weak administrative capacities) are willing and/or able to implement EAFRD funds by keeping common standards or not; and 2) although there is evidence for positive effects of individual TA projects, neither the effective and efficient use nor the policy-instrument complex's overall effectiveness is self-evident. TA funds provided by the EU can be easily misspent. These circumstance point to the need for evaluation and an evaluation system, particularly for addressing the questions if the policy-instrument complex should be modified/replaced or even quit.

Picking up this challenge, this paper gives some indications about instrumental strengths and weaknesses of TA. Next to available European evidence and theoretical considerations, we rely on the case of Romania. Applying Galbraith's Star Model with its holistic approach turned out to be a meaningful tool for strategic planning of the use of TA resources. It appears to fruitfully complement the insufficient regulatory framework of TA, particularly the deficient evaluation system. Analysing the use of TA in Romania with the Star Model we can show that its effectiveness is hampered by management failures as well as by the instrument's design:

1. The policy-instrument complex might fail to reach its “objective” due to a conflict between national and common interests in allocating TA funds. Currently the design of the instrument allows MSs to use TA funds for running the administration in general rather than for projects which focus on activities of explicitly common interest or for compliance with higher standards. Thus, the allocative efficiency might not be of common, but rather of national interest. For avoiding such misspending on the one hand, but for keeping the principle of subsidiarity on the other hand, a clear intervention logic for TA, reflecting the EU's interests and MSs' room of manoeuvre for adjusting the instrument to national needs has to be defined. The application of Galbraith's Star Model underscored that particularly if TA covers costs for nationally selected posts for running and developing the administration, solely evaluating the individual TA-funded undertakings is little meaningful. Instead, the administration has to be seen as one coherent system and has to be assessed against the objective to implement EAFRD resources effectively and efficiently. This approach also allows deciding if TA resources are allocated in the most efficient way from common and from national perspective and might serve as management tool.

2. The lack of a coherent target and evaluation system for Technical Assistance leaves its marks on its outcomes. Obviously, evaluating TA is a difficult task. Compromises between practicability and reasonable effort on the one hand, and meaningful and profound evaluation results on the other hand are necessary. Particularly, precise objectives are not only needed for judging on MSs' compliance with the common (particularly the EC's financial) interests and for assessing the effective use of TA. - Sufficient evaluation-based feedback to the agricultural administration is also likely to improve the fruitful use of TA and of the management. Besides serving the purpose of accountability for public spending, especially in Romania evaluation might also be meaningful for counteracting the lack of understanding among the broad public and politicians and the lack of political will to use TA, as evaluation could bring evidence for its potential positive impacts.

3. A weakly managed and policy-driven agricultural administration impedes a fruitful use of TA. A lack of strategic planning, understanding, political will and of national co-financing are among the key factors that lower the effectiveness of TA in Romania. Despite significant problems in implementing EAFRD interventions, the opportunities to make best use of TA were missed. The overarching recommendation is to elaborate clear-cut strategies

and budget plans for spending TA resources over a funding period. Currently, a strategy for TA spendings is not required by the EU and the mechanisms to check for complementarity and potential synergies with support for similar projects MSs receive from other donors or projects funded under other funds are constrained. Thus, the consistency and effectiveness of TA are unnecessarily limited. Yet, a strategy is little meaningful if political influence can easily block its realisation. Hence, technical and political competences must be clearly defined and a TA strategy must not be dropped once it was accepted by the EC for ensuring that it cannot easily suffer from political twists. Of course, in a financial crisis co-financing can become a problem; still, certain standards (particularly those of common interest) should always be assured.

4. Currently, the TA-instrument complex suffers from a lack of enforceability and enforcement.²⁶ Indeed, the EU has little means for sanctioning misallocation with regard to TA. Therefore the instrument's design needs some modification. The case of the Romanian paying agencies shows that sanctions and controlled capacity-building can be effective in encouraging self-reflexion and increasing the will to improve the organisation's management. Independent from the politico-cultural context, controls for TA measures have to go beyond proving the correctness of financial transactions. Checks of conformity with objectives of the intervention are equally important. Furthermore, TA projects should be proven in terms of preserving Community's interests in EAFRD-spending as well as judged against their contribution to evoke EU added value (Caldeira, 2008; ECA 2010)²⁷.

Moreover it is striking that obligatory tasks like evaluation²⁸ are repeatedly not realised due to an insufficient national regulatory framework. The EU should be able to put pressure that, for instance national legislation on public procurement is modified or that at least interim solutions are found. For the Romanian case, a meaningful short-term solution might have been that important calls, for instance the evaluation of the Romanian RDP, are tendered at European level if the national procurement procedure hinders its realisation. An increased set-up of complementing *authority tools* by sharpening the existing sanction system might be an effective measure as well – at least within the Romanian political culture. Tolerance of such deficits at European level however, is suggestive of insignificance of TA operations. This might invite other MSs to follow such bad example or at least to question the value of TA means like evaluation instead of convincing policy-makers of the value of actions set at European level. Tolerance of non-compliance also weakens the 'authority' of the EC and its controlling bodies.

5. The instrumental design of TA itself and adjacent EU regulations impede an effective and efficient implementation of TA projects. First, the requirement that TA funds are

²⁶ Steunenberg (2010) analysed the Commission's role and its possibilities for enforcing European policies, concluding that despite being aware of an infringement, the Commission does not always challenge MSs concerned and acts in "silent witness" instead. For doing so, various reasons were identified. In the context of TA implementation in Romania, the following catch the eye: 1) too high transaction costs for challenging a MS in comparison to the possible effect, which might apply to the relatively small budget of TA; and 2) indecisiveness of the enforcing body as other member states might also favour the drift in the interpretation of the regulations on TA. Another reason might be that in Romania more severe problems in terms of law enforcement have to be tackled.

²⁷ Indeed, in its special reports, the European Court of Auditors presents the results of audits, which consider the economy, efficiency and effectiveness of EU spending (Caldeira, 2008) and thus includes the assessment of compliance with objectives of the interventions. However TA spending under the EAFRD has not been on its agenda so far. Generally, the supervision control by the EC does only prove if the MSs meet their obligations and responsibilities in terms of controls with regulatory compliance of beneficiaries of EU funds.

²⁸ In terms of evaluation, for instance, the menace of temporary suspension does, if applied at all, only concern delays in submitting mid-term and ex-post evaluation (EC/2006/1974, Article 61).

exclusively spent for rural development related issues inhibits greater flexibility and thus efficient procedures. From a European perspective this condition reflects the common interests in TA as otherwise MSs are tempted to cover general administrative running costs with European funds. Nevertheless, if TA should remain an inherent part of the funding system, it might make sense to think about a TA budget serving both agricultural funds (EAFRD and EAGF) for allowing administrative synergies.²⁹ Second, bureaucracy associated to the management of TA funds hampers their efficient use as well: administering TA funds leads to additional administrative burdens. Administrative burdens might hinder the (fast) absorption especially in new and/or administratively weak MSs which are most in need of TA. They also entail that particularly for old MSs with a higher national co-financing rate, it appears more worthwhile to disclaim EU-co-financed TA and to direct the EAFRD resources to the agricultural and rural development sector.

At this point, the question might come up, whether TA funds should be offered at all or if the instrument should be better dropped. In other words, is TA it the right policy-instrument complex for increasing the effectiveness of EAFRD spendings if it might be inefficient for some MSs on the one hand, and might be misused by other MSs on the other hand? Definitely, solely due to the components differences in their specific scopes and instrumental design, it has to be fine-tuned. The Romanian case shows that without TA funds the provision of resources for obligatory actions of common interest like evaluation which have no clearly visible impact in the national context at first would hardly be realised, because national interest in fulfilling them is comparatively low. Also for compliance with administrative standards for which technical infrastructure is needed TA is clearly supportive (Grajewski, 2011). Yet, considering the remaining risks of non-compliance with standards and of misspending, logical consequences for the modification of the instrumental design could be 1) to limit the spectrum of eligible TA measures to those which are exclusively of Community interest and clearly delimitable or to provide the service centrally organised at European level (similar to the current EAGF system); and 2) not to allow MSs, which lack the necessary capacities for administering European funds sufficiently³⁰ to make use of CAP funds at all/ enter the EU. Waiving national co-financing would be counterproductive as it is likely to increase the share of misspent resources. The same is true for increasing control from EU level, which might appear a straightforward solution at first, but would burden the instrument with additional administrative costs.³¹ TA funds are likely to be sufficiently used if they serve both – Community and national interests, i.e. interests of the national political regimes. Therefore, if the TA policy-instrument complex remains similarly to its current design, it has not only to be increasingly complemented by authority tools by the EC, but also

²⁹ The administrative effort for implementing EAGF resources might be lower than that needed for implementing the EAFRD. However, considering that currently Romania has to draw on a credit from external donors for financing the technical infrastructure needed for implementing EAGF measures, for instance for buying GPS equipment (see above), to offset a certain percentage of MSs' EAGF budget for investments in the basic administrative-technical infrastructure might be reasonable.

³⁰ Certainly, the candidate countries' applying for EU membership were also judged on their administrative capacity to implement the *acquis communautaire* (EC, 2002). However, according to Dimitrova (2002) the requirements on administrative capacities are defined rather imprecise; and also the more clearly defined requirements on institutional capacity-building would focus only on a short time frame. Moreover, against the background that 1) more recently also administration in old MSs severely suffers from the consequences of the financial crisis; and 2) that also well-off MSs might be tempted to make too little investments in the administration for satisfying Community interests, an ongoing monitoring of administrative standards has to be considered.

³¹ Likewise the proposal made by Jorgo Chatzimarkakis, a member of the European Parliament (EurActiv, 2011), that EU funds in Bulgaria, Greece and Romania are administered by external experts is no long-term solution.

by symbolic and hortatory tools (cf. Section 2) highlighting the value of evaluation, standards and of capacity-building and by de-bureaucratisation. Then again, (Romanian) politicians have to try to understand TA's values and to learn to adapt these instruments to the national context for increasing (national and common) benefits.

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ANNEX

Table A.1: Availability of human capacities in the Romanian agricultural administration's county offices

% of offices which ...	MA RDP County	PARD County	PIAA County
... suffers from general shortage of staff	25.0%	22.0%	63.4%
... suffers from a shortage of staff during peak times	62.5%	56.1%	34.1%
... has sufficient staff to deal with all current tasks	12.5%	22.0%	2.4%
... are supported by other organisations by sending staff in peak time	16.7%	12.2%	90.5% (mostly from MA RDP) ^a
... support other organisations by sending staff in peak times	69.0%	60.0% (exclusively to other departments within the PARD)	38.1%

Source: Own data 2010

Note: MA RDP = Managing Authority for the Rural Development Programme

PARD = Paying Agency for Rural Development PIAA = Paying and Intervention Agency for Agriculture

From each organisation 42 county offices were surveyed.

^a Mostly, the County PIAA offices stated to be supported by staff of the Directorates for Agriculture and Rural Development of which the MA RDPs form one department in each county.

Table A.2: Spending of Technical Assistance resources of the EAFRD for implementing the NRDP 2007 - 2013

	Actually spent Technical Assistance Funds								Funds available in the period 2007-2013
	Total amount in Euro (EU and national contribution)								
	2007	2008	2009		2010		Total until mid 2010		
		absolute	% y.s. ^a	absolute	% y.s. ^a	absolute	% y.s. ^a	absolute	
Total amount	-----	-----	1408609	100%	1805919	100%	3214529	100%	376,119,793
% of TA budget 2007-2013	-----	-----	0.37%		0.48%		0.85%		100%
of which spent under the responsibility of									
MA RDP (total)	-----	-----	1021943	72.5%	1140467	63.2%	2162410	67.3%	
of which spending for salaries			974549	69.2%	1017938	56.4%	1992487	62.0%	
of which spending for projects and for spreading information			47393	3.4%	122529	6.8%	169923	5.3%	
PARD (total)	-----	-----	386666	27.5%	665452	36.8%	1052119	32.7%	
of which spending for salaries			-----		-----		-----		
of which spending for projects and for spreading information			386666	27.5%	665452	36.8%	1052119	32.7%	

Source: Romanian Ministry of Agriculture and Rural Development, 2010 (internal documents)

Note: ^a = % of yearly spent Technical Assistance resources

MA RDP = Managing Authority for the Rural Development Programme

PARD = Paying Agency for Rural Development TA = Technical Assistance

In 2009, 12 projects with a total value of 2.6 million € were initiated by the MA RDP, and 24 projects with a total value of 18.2 million € were scheduled by the PARD. However, not all of these projects planned for 2009 could be successfully contracted until mid 2010. Furthermore, there are running costs such as the salary for staff of MA RDP and subordinate organisations, which are paid by TA funds since 2008, but which have been reported to the EC in 2009.