

Administrative capacity of local and regional authorities:

**Opportunities and challenges for structural reforms
and a more effective European economic governance**

Final Report

October 2018

Objectives & scope of the study

- ▶ To describe the **opportunities and challenges for LRAs** in respect to administrative capacity with a focus on economic governance, especially structural reforms and investment.
- ▶ To draw a picture of the **available EU-funded capacity-building instruments** under the current MFF.
- ▶ To quantify the total **amount of resources** involved in these instruments.
- ▶ To assess the likely **impact of the Commission's proposals** for the next MFF on EU-funded capacity-building activities.
- ▶ To formulate **recommendations** on how the EU-funded tools in the next MFF could support capacity-building for LRAs.

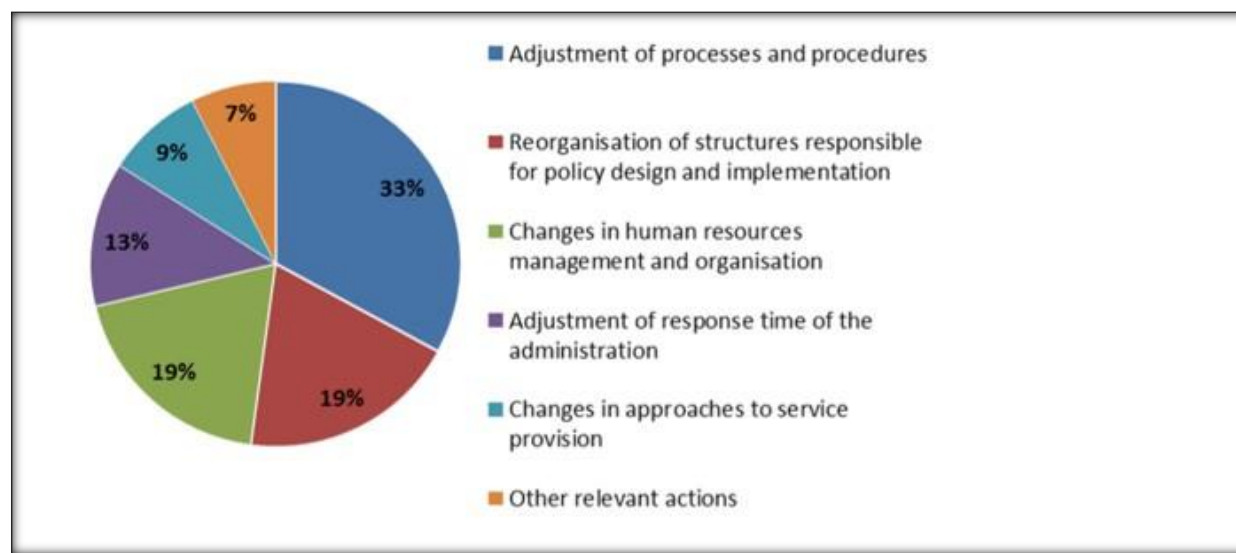
Challenges & opportunities (i)

- ▶ **Challenges in playing ‘full partner’ role in the European Semester:**
 - Recognition
 - Administrative capacity
 - Misalignment of competences and financial resources
- ▶ **Challenges related to investment:**
 - Governance and public administration
 - Accessing and managing investment funds
 - Public procurement and PPP
 - Business environment
 - Essential pre-conditions

Challenges & opportunities (ii)

▶ Capacity-building needs of LRAs:

- **Structures and processes**, incl. organisational change
- **Human resources**, incl. specialist expertise
- **Systems and tools**, incl. manuals, templates, IT



Challenges & opportunities (iii)

▶ Opportunities arising from:

- The European Semester process becoming established and raising expectations
- Several EU instruments and programmes incl. new SRSP; substantial resources
- Accumulation of expertise and experience (EU Toolbox)

Funding for capacity-building 2014-20 (i)

	Cohesion Policy			Structural Reform Support Programme	Other instruments & programmes
	TO11	MS TA	COM TA		
	CPR Art 9	CPR Art 59	CPR Art 58		
Management mode	Shared	Shared	Central	Central	Central
General Scope	General public administration (incl mgt/impl of Funds)	Managt and implem. of the Funds	Managt and implem. of the Funds	General public administration	Specific public administration
Support to reform	YES (High)	NO	NO (YES indirectly - Low)	YES (High)	NO (YES specific aspects)
Support to programme(s)	YES (Low)	YES (High)	YES (High)	NO	NO
Capacity building	YES (High)	YES (Low)	YES (Medium)	YES (High)	YES (Low-Medium)
Programming	Driven by strategies/programs	Driven by strategies/programs	Driven by strategies/projects	Driven by MS project requests	Driven by MS project requests
Funding envelope	€ 4.2 bn	4% (€ 11 bn)	0.35% (€ 0.8 bn)	€ 143 m -> € 223 m	Various amounts
Form of financing	Based on real costs	Based on real costs	Based on real costs	Based on real costs	Based on real costs
Targeted level	MS auths, beneficiaries, relevant partners	Progr. auths, implem. bodies, beneficiaries	COM services, progr. auths, implem. bodies	Main focus on national level	Various
LRAs: Beneficiaries	YES (Low-Medium)	YES (Low-Medium)	NO	NO	YES (Low)
LRAs: Stakeholders (potential indirect beneficiaries)	YES (Medium)	YES (Low-Medium)	YES (Low-Medium)	YES (Low-Medium)	YES (Low-Medium)

'High', 'Medium', 'Low' indicate the extent of an instrument's relevance

Funding for capacity-building 2014-20 (ii)

- ▶ Lack of **detailed data and evaluations**
- ▶ Lack of clarity as to the **relevance of support**:
 - whether the support aims at or results in administrative and institutional capacity-building;
 - whether the resulting improved administrative capacity is of general relevance, or applies only to (certain) reforms or to the delivery of EU funds;
 - whether LRAs have benefited directly (or indirectly).

Funding for capacity-building 2021-27 (i)

	Cohesion Policy					Reform Support Programme		Other instruments & programmes
	TO11	MS TA	Additional MS TA	Capacity Building	COM TA	Reform Delivery Tool	Technical Support	
	Old CPR Art 9	CPR Art 30-31	CPR Art 32	ERDF/CF Art 2	CPR Art 29			
Management mode	Shared	Shared	Shared	Shared	Central	Central	Central	Central
General Scope	General public administration (Managt/impl of Funds)	Managt and implem. of the Funds	Managt and implem. of the Funds	Managt and implem. of the Funds	Managt and implem. of the Funds	General public administration	General public administration	Specific public administration
Support to reform	YES (High)	NO	NO (YES indirectly?)	YES (incentivise reforms in supported sectors)	NO (YES indirectly - Low)	YES (High)	YES (High)	NO (YES specific aspects)
Support to programme(s)	YES (Low)	YES (High)	YES	YES	YES (High)	NO	NO	NO
Capacity building	YES (High)	YES (Low)	YES (Unknown)	YES (Unknown)	YES (Medium)	YES (Unknown)	YES (High)	YES (Low-Medium)
Programming	Driven by strategies/programs	Driven by strategies/programmes	Driven by strategies/programmes	Driven by strategies/programmes	Driven by strategies/projects	Driven by MS project requests	Driven by MS project requests	Driven by MS project requests
Funding envelope	€ 4.2 bn	2.5% ERDF/CF, 4% ESF+ [€ 10 bn*]	Part of OP budget, not defined	Part of OP budget, not defined	0.35% [€ 0.8 bn*]	[**]	€ 0.8 bn	Various amounts
Form of financing	Based on real costs	Flat rate	Based on results	Based on real costs or results	Based on real costs	Based on results	Based on real costs	Based on real costs
Targeted level	MS auths, beneficiaries, relevant partners	Progr. auths, implem. bodies, beneficiaries	MS auths, beneficiaries, relevant partners	Progr. auths, implem. Bodies	COM services, progr. auths, implem. bodies	Main focus on national level	Main focus on national level	Various
LRAs: Beneficiaries	YES (Low-Medium)	YES (Low-Medium)	YES (Low?)	YES (Low?)	NO	NO	NO	YES (Low)
LRAs: Stakeholders (potential indirect beneficiaries)	YES (Medium)	YES (Low-Medium)	YES (Low-Medium?)	YES (Low-Medium?)	YES (Low-Medium)	YES (Low?)	YES (Low-Medium)	YES (Low-Medium)
	Discontinued!		NEW!	NEW!		NEW!		

* Provisional estimate ** The financial envelope of EUR 22 bn is unrelated to capacity-building

Funding for capacity-building 2021-27 (ii)

- ▶ **Scope:** of the two most relevant instruments for reform and capacity-building support; TO11 is discontinued, SRSP continues as RSP-TSI
- ▶ **Modalities**, from LRA perspective:
 - Under TO11: direct ‘beneficiaries’
 - Under SRSP/RSP-TSI: ‘stakeholders’ / indirect beneficiaries
- ▶ **Financial resources** for public administration – gradually less money for LRAs as beneficiaries:
 - 28% in 2007-2013 under ESF
 - 13% in 2014-2020 under TO11
 - 0% in 2021-2027

Conclusions

- ▶ **Current MFF:** the existing EU-funded tools only marginally address capacity-building of relevance to the LRAs; many opportunities remain under-exploited.
- ▶ **Next MFF:** will accentuate both challenges and opportunities; overall it will make it even more difficult for LRAs to access financial support for cap.-building.
- ▶ **Improvements** should focus on achieving:
 - greater coherence between EU tools and processes;
 - a sharper focus on capacity-building in support available;
 - greater access for LRAs to EU funding for cap.-building;
 - better monitoring and learning, to ensure lasting effects.

Recommendation 1

- ▶ To facilitate greater coherence and effective coordination between EU funding tools and processes (and safeguard LRAs' role in the European Semester).
- ▶ Focus on **making the NRPs into a strategic coordination tool** - the missing link between Semester/CSR, ESIF and RSP; backed up by c-b needs assessments including LRAs ('road maps'):
 - **Revise SEC-GEN's guidance on NRPs.**
 - **Revise wording of RSP regulation** (cf Art. 11(2) and 14), **strengthen references to role of NRPs.**
 - **A single set of guidelines by COM** for all strands of EU-funded capacity-building measures.

Recommendation 2

- ▶ To ensure there are suitable EU-funding tools with an explicit remit of supporting capacity-building (directly accessed by LRAs, as beneficiaries).
- ▶ **Amendments to the published regulations, e.g.:**
 - **Amend RSP / Technical Support Instrument provisions (cf Art. 19) to create a window for LRAs to be able to submit requests in line with NRPs.**
 - **Amend CPR Art 32 or reword ERDF/CF Art 2, to envisage TO11 type actions in all OPs which address CSRs / reforms; ringfence the necessary funding.**

Recommendation 3

- ▶ To promote better monitoring and learning, with a view to capacity-building achieving lasting effects.
- ▶ **Establish appropriate tools** for benchmarking, monitoring progress and assessing results in capacity-building, e.g.:
 - **Benchmarking or guidance on capacity standards (extension of the EU's Toolbox).**
 - **Road maps, baselines, capacity needs assessment and action plans for inclusion in the NRPs.**
 - **Annual capacity-building progress report (Country Reports & NRP).**