



GROUP OF HIGH-LEVEL SPECIALISTS ON THE FUTURE OF COHESION POLICY

How to better support administrative capacity to improve the effectiveness of cohesion policy

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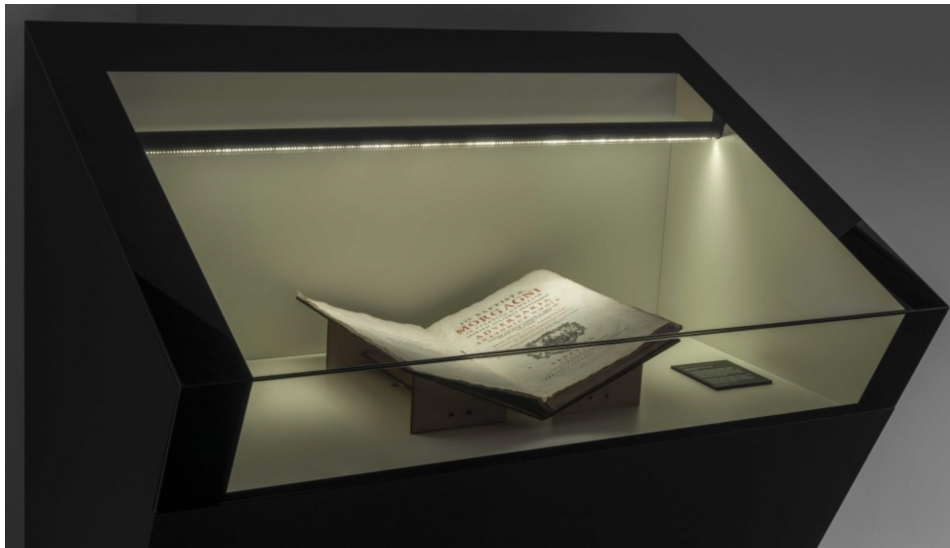
Brussels, 13 November 2023

Eight meeting – Revisiting the Cohesion Policy Delivery Mode

Scope and questions



Reflections based on recent projects/publications and ongoing work



Questions:

Is there an administrative capacity gap and what are the consequences of this for the performance of EU Cohesion Policy?

Why is there an administrative capacity gap?

What have been the weaknesses of past capacity building initiatives?

What can be done under Cohesion Policy to improve administrative capacity?

Can Cohesion Policy learn from the implementation of the RRF?

Is there an administrative capacity gap?

- Cohesion Policy has led to differentiated outcomes – this much is uncontested
- Many causes
 - mix of policy tools
 - nationalisation v. devolution
 - exogenous challenges ('permacrisis')
 - overambition and goal congestion
 - existing stock of social capital

Crucial: **quality of domestic institutions** → **Administrative capacity as a key factor**

Affect economic performance of regions and their potential to grow

Affect absorption capacity, regularity and effectiveness

What are the consequences for performance?

- For CP administrative capacity is particularly crucial due to intrinsic characteristics (shared management, multi-level, delivery principles) → Civil servants must possess:
 - vertical and horizontal **coordination abilities, brokerage and communication skills**
 - complex skillset needed for integrated policies, a **multidisciplinary mindset** and the ability to **think cross-sectorally**
 - ability to **cooperate** within and across government structures
 - **vision** and competences to confront ever changing global challenges at a local scale
 - **adaptive capacity** to deal with complex and evolving rules (e.g. operational and financial management, public procurement, DNSH)

For CP investing in administrative capacity is:

- necessary
- continuous
- long-term



Embedded learning

Which factors have hindered effective ACB?

Effective capacity building requires careful diagnosis



BUT ...

lack of understanding of what administrative capacity actually is
→ **which levers to mobilise?**

even when AC is the focus...

- intended as HR
- responses across the board
- lack of recognition of vastness and variety needs
- underestimation of 'agency'
- overestimation good practices, for peer learning
- perpetuation of 'AC paradox'

What have been the weaknesses of past ACB initiatives?

- Lack of strategic thinking
- Evidence-base
- Pendulum approach
- Too narrow (TA)
- Unresolved tension btw subsidiarity v. directionality
- Lack of involvement of recipients (mismatch)
- Incapacity to build capacity



The 2021-2027 regulatory changes

- a. traditional TA
- b. administrative strengthening measures linked to investments (art. 3(4), ERDF and Cohesion Fund regulation)
- c. the use of TA not linked to costs (art. 37)

Too soon to judge yet usefulness not always clear, particularly for (c):
not so straightforward in practice



Can Cohesion Policy learn from the RRF? (1)



CP still based on 1988 reform principles and their evolution

RRF: planning and implementation more centralised and approval of legal frameworks considerably faster ('coordinative europeanization')

There are commonalities between the RRF and CP but the two policies are distinctive in their foundations → present major differences in their delivery arrangements

Key difference: RRF's explicit and streamlined results-orientation logic, implemented through a '**payment by results**' principle (basically the 'financing not linked to costs' introduced, at least in principle, in CP in 2018)

As implementation progresses... some difficulties ... exactly because of AC deficiencies/bottlenecks

Can Cohesion Policy learn from the RRF? (2)

- CP requires
 - thought-out strategies and explicit choices based on **theories of change**
 - a **balanced set of priorities and instruments mixes** that reflect both national framework conditions *and* local needs/potentials
- Payment by result in CP needs
 - to assure **regularity and compliance** → the 'recipient discretion' that is key to payment by result is by nature limited by financial and operational rules
 - the **ability to identify meaningful milestones and targets**: this is partly lacking still

Moving to a more generalised payment by result approach within CP would require **even more efforts in terms of administrative capacity and responsabilisation.**

Might not be suitable, as yet at least, for all Member States



CAUTION

BLIND CORNER

PROCEED WITH CAUTION

Moving forward: Conclusion (1)

- In a recent study for the European Commission on the use of TA for ACB, we reached the following main recommendations:
 - ACB initiatives should rest on **well-founded strategies**, reorienting support from salaries to a mix of HR, organisational reforms and provision of efficient systems and tools that match the needs of all involved (through their involvement in the design of such strategies)
 - these **strategies should support the entire ecosystem** of ESIF management and implementation – i.e. all actors in the management and delivery chain - since all of them can contribute to make the policy a success or a failure
 - they **should be better coordinated** with domestic administrative reforms and with the different EU funds and tools towards administrative strengthening, including the TSI

These recommendations should be taken in conjunction with the wider need to frame the ACB strategies within the intrinsic dependency of Cohesion Policy implementation on the domestic administrative systems of the MSs

Moving forward: Conclusion (2)

- It should be recognised that **Cohesion Policy ACB support** – whether as traditional TA, linked to investments, not linked to costs – **can only go so far** without an enabling public administration framework
- Paramount to identify pathways to ensure that MSs enact the necessary **PA reforms** when these are needed (for *all* policies, of which EU CP is a subset).
- Given the unlikelihood of a Treaty change to upscale PA competences, a way forward for CP could be to pursue differentiation among MSs/regions:
 - **more flexibility for those with well-functioning PAs via a payment by result system**
 - **a more hands-on approach for those which regularly receive recommendations on administrative strengthening under the European Semester, matched with dedicated financial resources**

Moving forward: Conclusion (3)

- **PA strengthening as a policy priority under Cohesion Policy** (e.g. “a better functioning Europe”) for those countries and regions that need it, just like other policy priorities, and not simply a condition for funding or an instrumental support for the implementation of other priorities.
- Two preconditions:
 - To **better define AC** as a self-standing concept that is different than institutional quality, quality of government, good governance etc., and unpack it. This will help targeting better capacity building efforts.
 - To **identify better indicators** to measure administrative capacity, so as to be able to identify meaningful and workable targets.

Takeaway points

- Definition
- Evidence-based strategy design
- Coherence and synergy
- Differentiation
- Prioritisation
- Measurement



Thank you for your attention!
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