Administrative capacity of local and regional authorities: Opportunities and challenges for structural reforms and a more effective European economic governance

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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

*ESIF actions to improve capacity in response to CSRs*
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)

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

'High', 'Medium', 'Low' indicates 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)

<table>
<thead>
<tr>
<th></th>
<th>TO11</th>
<th>MS TA</th>
<th>Additional MS TA</th>
<th>Capacity Building</th>
<th>COM TA</th>
<th>Reform Support Programme</th>
<th>Other instruments &amp; programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management mode</strong></td>
<td>Old CPR Art 9</td>
<td>CPR Art 30-31</td>
<td>CPR Art 32</td>
<td>ERDF/CF Art 2</td>
<td>CPR Art 29</td>
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<td></td>
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<tr>
<td><strong>General Scope</strong></td>
<td>Shared</td>
<td>Shared</td>
<td>Shared</td>
<td>Shared</td>
<td>Central</td>
<td>Central</td>
<td>Central</td>
</tr>
<tr>
<td><strong>Support to reform</strong></td>
<td>YES (High)</td>
<td>NO</td>
<td>YES (YES indirectly?)</td>
<td>YES (Incentivise reforms in supported sectors)</td>
<td>NO (YES indirectly - Low)</td>
<td>YES (High)</td>
<td>YES (High)</td>
</tr>
<tr>
<td><strong>Support to programme(s)</strong></td>
<td>YES (Low)</td>
<td>YES (High)</td>
<td>YES</td>
<td>YES</td>
<td>YES (High)</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td><strong>Capacity building</strong></td>
<td>YES (High)</td>
<td>YES (Low)</td>
<td>YES (Unknown)</td>
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<td>YES (Medium)</td>
<td>YES (High)</td>
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<td>Driven by MS project requests</td>
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<tr>
<td><strong>Funding envelope</strong></td>
<td>€ 4.2 bn</td>
<td>2.5% ERDF/CF, 4% ESF+ [€ 10 bn*]</td>
<td>Part of OP budget, not defined</td>
<td>Part of OP budget, not defined</td>
<td>0.35% [€ 0.8 bn*]</td>
<td>[€ 22 bn**]</td>
<td>€ 0.8 bn</td>
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<td><strong>Form of financing</strong></td>
<td>Based on real costs</td>
<td>Flat rate</td>
<td>Based on results</td>
<td>Based on real costs or results</td>
<td>Based on real costs</td>
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</tbody>
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* to be estimated  ** global envelope for budget contributions 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.
Recommendation 2

- To ensure there are suitable EU-funding tools with the 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).
Thank you!