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ADMINISTRATIVE CAPACITY- BUILDING AND EU COHESION POLICY

**Paper 3: Report on results of the pilot case-
study research in Sicily and Pomorskie**



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1. INTRODUCTION

The following paper describes the results of two pilot case studies conducted within the first year of the EIBURS project. Within the broader research design, the role of the pilot case study research has been to generate evidence-based findings that could complement the findings of the literature review to inform the research design for the study of administrative capacity and administrative capacity building in the Cohesion policy domain.

To achieve this, the research team followed the argument given in the classic work by Lijphart (1971), according to which the comparative case study approach is particularly useful in exploratory research aiming to contribute to generation of ideas (or hypotheses generation). Two pilot case studies, Sicily (Italy) and Pomorskie (Poland) were selected on the basis of overall their known performance in Operational Programme (OP) management.

As the pilot case-study research aimed at shedding light on the main strengths and weaknesses in implementation processes, we have chosen one region with a relatively poor track record of OP implementation (Sicily) and one performing relatively well in terms of EU funds absorption (Pomorskie). Following the initial version of the methodology proposed earlier in the project, the macro-process of implementation has been clustered into three categories, namely strategic, operational and learning processes. These have, in turn, been broken down into sub-categories. Further, drawing on the literature review conducted, ten factors were identified as being central for the successful implementation of the relevant processes. Interviews served as a mean to test and refine these categories and understand how they interact with other elements of the system. Accordingly, we have gathered respondents' views on what they regard as being the key elements needed successfully to carry out "processes".

A systematic and comprehensive desk research was carried out before starting fieldwork. This helped us to: (i) gain a more detailed understanding of the administrative structure and organisation in Sicily and Pomorskie (e.g. MA structure, delegation of tasks to intermediate bodies, etc.); and (ii) identify administrative personnel responsible for managing and implementing Cohesion policy at the regional level. This background research was also central to identify information and data that is already accessible and available through secondary sources.

Deskwork involved a detailed review of all primary source documentation associated with the regions concerned: Management and Control Systems documentation; the Annual Implementation Reports produced each year by the regional administration for the 2007-2013 period; Monitoring Committee reports; and all the relevant available documentation produced at national and regional level on the status of Structural Funds implementation.

The on-field research in Sicily and Pomorskie was designed to cover as many roles as possible within the public administration that could provide insights into the capacity and efficiency of the systems of interest.

Despite having a single interview protocol, a flexible approach was adopted to make sure that questions could slightly differ depending on the occupation and field of activity of the respondent. For example, more horizontal questions on the bigger picture of capacity strength and weaknesses at the

regional and national level were mainly left for the general managers at the regional and national level.

The semi-structured interview revolved around questions addressing strategic, operational and learning processes. For each process, capacity factors have been investigated with a view to understand which elements are considered to be central for the implementation of the policy and what prevents these factors from functioning as desired. Further, questions on capacity-building activities carried out to target existing problems aimed to gain a deeper understanding of what worked, what did not work and why. Finally, although the focus of the interview was the 2007-2013 programming period, specific questions aimed at grasping the evolution of the OP performance over time.

In Sicily, the research included: managers and civil servants working within the Programming Department; a representative of the regional evaluation unit; members of the Monitoring Committee (representing both public and private interests in the territory). At the national level, the former head of the DPS and the former General Manager for evaluation of Cohesion policy were selected for the interview.

Interviews in Sicily were conducted within the premises of the Programming Department in Palermo, in the period comprised between. Interviews with members of the Monitoring Committee were conducted in different locations; namely within Confindustria, ANCI and Europe Direct premises. At the national level, interviews were conducted within the DPS premises in Rome. All interviews were undertaken in late February 2015.

In Pomorskie, the research included interviews with managers and staff from two Departments responsible for the execution of Managing Authority tasks: the Department for Regional and Spatial Development and the Department for Regional Funds. At the national level the interview was conducted with the manager of the Department for Coordination of Implementation of EU Funds in the Ministry of Infrastructure and Development. A copy of the interview schedule for both Pomorskie and Sicily is provided in Annex 1.

Interviews with the regional administrative personnel were carried out within the premises of the Marshal Office in Gdańsk, in the March 2015 (after the official inauguration of new programming period and the first Monitoring Committee meeting). The regional interviews were followed by the IDI in the Ministry in Warsaw.

In Sicily in almost every case, the interviews lasted approximately an hour. In Pomorskie they lasted up to one hour. Interviews were tape-recorded and notes were taken by the researchers. More informal conversations were summarised in field notebooks.

Lastly, interviews have been transcribed and coded for qualitative data analysis through interview software (MaxQDA), which has enabled systematic and comprehensive conclusions to be drawn. While coding, the team has refined the list of “factors” by contrasting previously hypothesised categories with the reality stemming from respondents’ everyday experience. A key objective of the case study research was also to understand what strategies or measures had been employed to improve the functioning of the strategic, operational and learning processes, and the relevant factor (administrative capacity-building) and any evidence for the effectiveness of different measures.

As hypothesised in the methodological paper, although interviewees made references to difficulties encountered in the different stages of policy implementation, they also indicated the resources that constitute the foundation or building blocks for the correct implementation of the policy in question.

The semi-structured questionnaire developed for the pilot research addressed the following key issues:

- Background to the management and implementation of Cohesion policy at the national and regional level and how these have evolved (or not) over time;
- Operation and efficiency of strategic capacity and processes - diagnostic and planning methods, consultation and negotiation with partners, political influence over resource allocation, coordination between policy areas and institutions;
- Operation and efficiency of operational capacity and processes - information and promotion, project generation, application and selection procedures, financial management;
- Operation and efficiency of learning capacity and processes - the extent to which evidence-based learning on programme implementation, use of Technical Assistance;
- Control mechanisms in place - operation and perceptions of controls mechanisms in place by the public administration, and impact on implementation of Cohesion policy;
- Implementation performance - including financial performance, absorption rate, regularity, effectiveness and relevance of expenditure;
- Role and influence of administrative capacity-building - administrative capacity factors that make a difference to AC (e.g. TA); the experience of implementing the actions/outcomes of the actions;
- Contextual factors - specific quality of governance factors; economic aspects; legislative framework in place; disruptive events and factors (e.g. unexpected changes, financial crises, change of government, etc.)

The point of departure in analysing the results of our pilot case-studies has been to assess how respondents described each of the three processes as well as whether key specific administrative capacity factors have been associated to such processes. Further, reasons behind persistence of problematic areas and capacity-building activities associated to them have been underlined.

Following this introduction, the presentation of each case study (Sicily and Pomorskie respectively) is structured as follows:

- Section 2.1 provides an overview of Sicilian OP ERDF performance for 2007-2013 programming period: drawing on programme documents and other relevant secondary sources, this section presents the key factors that played a role in fostering or hindering the smooth implementation and delivery of the regional programme. Although relevant documents shed light onto key problematic areas, not much has been written on the underlining root causes of implementation bottlenecks, administrative capacity-building

activities undertaken to address these problems and key tools needed for each process of policy management and implementation.

- Section 2.2 offers background information on the interviews conducted; namely sampling strategy, data collection method and main analytical dimension included in the questionnaire. The following sections present the analysis of strategic, operational and learning processes. A detailed overview of key problematic areas, reasons behind bottlenecks and measures taken to address them is provided. Each section is complemented with a sub-section on key tools needed to effectively and efficiently carry out each process. The on-field research has demonstrated that certain factors are vital for the successful management and implementation of the policy. Some of these factors are cross-cutting and apply equally to strategic, operational and learning processes.
- Section 2.10 finally provides a summary of the on-field research findings, focusing on the key factors that have emerged in connection with each process. On-field research in Sicily has made links between capacity factors more clear and it has shed light on aspects of quality of government that, more than others, have an impact on administrative capacity. It then draws the conclusions and presents the implications for further case-study research for Year 2 and 3 of the project.
- Section 3.1 provides an overview of Pomorskie OP ERDF performance for 2007-2013 programming period: drawing on selected secondary sources, this section offers an overview of the regional socio-economic context as well as background information on the regional institutional structure.
- Section 3.2 describes the sampling strategy, data collection method and main analytical dimension included in the questionnaire. The following sections present the analysis of macro-processes that constitute the Programme delivery mechanism, respectively, of strategic, operational and learning processes. The on-field research in Pomorskie has demonstrated that the building blocks for a strong administrative capacity include quality and quantity of administrative personnel as well as a low staff turn-over rate. Empowerment of MA, political stability and the national strategic framework in place also represent key ingredients for a sound management and implementation of Cohesion policy.
- Section 3.3 draws the conclusions: it notices that the term “administrative capacity”, although present in managerial and scientific debates, it is a somehow difficult and unclear concept for the line managers of Operational Programmes. When constructing the measurement tool (survey) to investigate more cases, it is vital to break down the dimensions of capacity to more simple fact relating to the everyday organizational life of Managing Authorities. Moreover, the complexity of relations and matrixes of factors involved in our study require the use of statistical modeling tools (e.g. SEM) to generate theoretically sound and empirically verified model of capacity.

2. PILOT RESEARCH IN SICILY

2.1 Cohesion policy implementation in Sicily - Overview of OP performance

Before analysing the findings of the fieldwork conducted in Sicily, this section provides an overview of OP ERDF 2007-2013 performance. Towards this objective, relevant policy papers and documents produced by the region as well as academic secondary sources have been accessed. Where relevant, additional background information is provided, with a view to introducing the case-study and shedding light on existing knowledge on the region's strengths and weaknesses in the framework of EU regional policy.

Sicily was selected as one of the two pilot case-studies due to both its "Convergence" region status and the still below average performance in Cohesion policy implementation and delivery.

When the ERDF regional operational programme for Sicily 2007-2013 was adopted on 7th September 2007, the total cost of the programme amounted to 6.54 billion euros, with a rate of Community part-financing equal to 50% of eligible cost. The regional level, the central Italian administration and other public bodies provide the financial counterpart of Community assistance¹.

In December 2011, Sicily adhered to The Action Plan for Cohesion policy (or *PAC – Piano d'Azione Coesione*), a tool developed by the Italian Government and agreed with the European authorities, to pull together available funds with a view to accelerate the implementation of expenditure. Funds are redirected towards well-identified development projects in Southern regions (initially these included education, information society, employment and railways; other priorities have been incorporated at a later stage), funded through reductions of national co-financing and programme re-shuffling².

A reduction of national co-financing worth about 1.679.868.367 euros was agreed by the Sicilian and Italian Government, thereby bringing the co-financing rate to 75% and the total amount of ERDF contribution to 4,360 billion euros.

In particular, resources that had previously been allocated to certain measures had to be diverted to PAC as a result of delays in expenditure. The reprogramming of the Sicilian OP ERDF 2007-2013 included in the PAC is structured as shown on Table 1.

¹ European Commission, Press releases database. Italy – Operational programme 2007-2013: "Sicily". Accessible on-line at the following link: http://europa.eu/rapid/press-release_MEMO-07-438_en.htm.

²To know more about the Cohesion Action Plan please visit the Department for Development and Economic Cohesion (DPS) website at the following link: http://www.dps.gov.it/it/politiche_e_attivita/piano_di_Azione_Coesione/. For an overview in English please see: A. Ciffolilli, I. Gaglio, A. Naldini and E. Wolleb (2012) Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013. Year 2- 2012. Italy. A report to the European Commission Directorate-General Regional Policy. Ismeri Europa. Available on-line at the following link: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/expert_innovation/2012_eeen_task_2_it.pdf.

Table 1 – Reprogramming of Sicily OP ERDF for each priority axis

Priority Axis	Initial Amount (€)	% Total	Final Amount (€)	% Total	Reduction (€)	% Reduction
1	1.363.811.926	22,60%	1.075.117.306	24,70%	288.694.619	21,17%
2	1.406.512.822	23,30%	900.613.258	20,70%	505.899.564	35,97%
3	1.116.909.211	18,50%	794.975.161	18,20%	321.934.050	28,82%
4	440.159.832	7,30%	374.977.842	8,60%	65.181.990	14,81%
5	633.824.088	10,50%	470.714.922	10,80%	163.109.166	25,73%
6	999.095.120	16,50%	684.039.659	15,70%	315.055.461	31,53%
7	79.292.102	1,30%	59.298.585	1,40%	19.993.517	25,22%
Total	6.039.605.100	100,00%	4.359.736.734	100,00%	1.679.868.367	27,80%

Source: (2014) Regione Siciliana. Rapporto Annuale di Esecuzione 2013.

Table 1 presents the financial allocation for each priority axis. In particular, it shows the initial and final budget allocation as well as the reduction of co-financing, both in absolute value and as a percentage of the total.

Overall, since the adoption of the PAC, the Sicilian Programme has registered an overall final budget cut of over €1.6 billion.

Additionally, in relation to financial absorption, from the percentage and pace of expenditure registered during previous programming periods (1989-1993; 1994-1999; 2000-2006; 2007-2013) a trend of slow absorptive capacity emerges; with major efforts being condensed over the last two years in the attempt to use all available resources.

By comparing total Programme cost and certified expenditure, Table 2 shows that the trend in structural resources' absorption which has consolidated in the region over the past programming periods has remained to a large extent unchanged in the 2007-2013 period.

Table 2 - Sicily OP ERDF Certified expenditure

Priority Axis	Total	Certified expenditure to 31.12.2014 (€)
1. Mobility networks	1.075.117.306	961.009.302,38
2. Natural resources	900.613.258	532.396.090,18
3. Cultural and environmental resources	794.975.161	160.318.049,11
4. Dissemination of research and innovation and Information Society	374.977.842	206.462.167,20
5. Development of enterprises and competitiveness of local production systems	470.714.922	228.254.065,38
6. Sustainable urban development	684.039.659	353.568.848,04
7. Governance, institutional capacity-building and technical assistance	59.298.585	22.596.274,43
Total	4.359.736.734	2.464.604.796,72

Source: Dipartimento della Programmazione Siciliana.

Weaknesses in absorption capacity have been widely documented and discussed in both academic and policy papers. However, these should not be analysed in isolation, detached from a thorough study of the regional administrative structure and the challenges this faces.

Secondary sources, specifically the Annual Implementation reports prepared by the region (RAE 2012, 2013), point out that the main obstacles to programme implementation are: (i) turn-over of the political-administrative sphere within departments (RAE, 2012). Notably, continuous changes in general managers holding positions within key Departments for the implementation of the PO and reshuffle of managers responsible for the implementation, monitoring and control of operations; (ii) lack of personnel in key positions, such as posts within the Monitoring and Control Units (Unità di monitoraggio e Controllo – UMC) within each Department; (iii) discrepancies in implementation procedures among the different Departments responsible for the implementation of Programme measures which, in turn, are extremely high in number and fragmented in nature. Other factors that are external to the administration but that, nevertheless, influence the performance of the PO are: (i) procedural complexity linked to the legislative-regulatory framework in place. This slows down the implementation process, from project selection to project implementation, leading to difficulties in hitting the N+2 rule targets; (ii) low project preparation capacity, particularly as far as the municipalities are concerned; (iii) weak beneficiaries' capacity, with delays in budgetary commitments and payments and difficulties in the use of the monitoring system and other procedures for the delivery of the OP; (iv) delays and bottlenecks in the activities carried out by the Intermediate Bodies (IBs).

Therefore, the above have been identified as unsolved problems in the functioning of the regional administrative machinery and, in particular, of the Departments responsible for Programme implementation, slowing down the smooth implementation of the ROP.

In fact, while the Programming Department of the Presidency of the Sicilian Region is the Managing Authority of the OP ERDF for the 2007-2013 and 2014-2020 period³, it has an equal status vis-à-vis the other regional departments in charge of managing their own share of structural resources.

³ The Programming Department has the role of coordinating, managing technical assistance and overseeing the implementation of the regional programmes. It further is tasked with the responsibility of disseminating information related to EU funds through the "Communication Plan".

Policy and academic studies examining the Sicilian case have provided further insights into the functioning of the administrative machinery involved in the programming, implementation and delivery of Cohesion policy.

This is not the venue for looking at how the regional OP performance has evolved over previous programming periods. However, a brief overview of the most problematic elements being highlighted in the literature can provide the reader with a better understanding of what has been discussed so far in this respect⁴. This exercise will also serve as a mean to show the added value of our investigation and the overall perspective adopted for the study.

Bottlenecks in management capacity were highlighted. Specifically: (i) the lack of clarity in the roles assigned to the administrative staff within the Programming department as well as in the departments involved in the implementation of sub-programmes and measures; and (ii) poor coordination between the different departments (Arthur Andersen, 19997; Milio, 2010). Insights into programming performance reveal that the region has experienced difficulties in relation to: (i) the design of an appropriate strategy and the adoption of a coherent approach in line with territorial needs; and (ii) timely approval of programming documents, the lack of which has resulted in a late start of the programme.

Monitoring procedures in Sicily have been discussed as being still in need of improvements and as not being yet fully integrated into the functioning of the administrative system. The literature points out that the following issues persist: (i) bottlenecks in uploading relevant data into the system according to schedule; and (ii) data gathering not feeding back into the management process with a view to improve the implementation process (Milio, 2010; Profeti, 2013). Finally, studies have stressed the lack of importance assigned to evaluation activities by the region, particularly over the first two programming periods, with evaluation being considered as an extra workload and carried out primarily with a view to conform to EU standards. However, progress in the region's understanding of the relevance of this activity has been emphasised (e.g. Censis et al. 2002; Ernst & Young, 2003).

As widely discussed in the literature review conducted, the perspective offered by these studies is quite narrow, with attention being devoted to a limited segment of the policy process. Notably, there is no dividing line between strategic and operational processes, while other key aspects such as learning are neglected altogether. Further, there is no systematic assessment of the way in which factors that are external to the regional administration interact with the activities carried out by the latter nor whether Intermediate Bodies (IBs) being delegated certain tasks by the MA, and beneficiaries of the funds, share the same weaknesses in capacity.

Secondary sources, primarily in the form of evaluation reports and documents produced by the region⁵, have been accessed with a view to gain more information on the features, number and responsibilities of IBs. The review also served to gain a preliminary understanding of strengths and

⁴ Capacity is not a static force. Over time, the region has introduced changes with a view to improve its performance as far as different activities and procedures are concerned. The overview mainly aims at summarising the key points being discussed in academic and policy papers.

⁵ A detailed overview of the structure of the Managing authorities, departments involved in the implementation and delivery of Cohesion policy as well as information on IBs is provided by the "Management and control system" document ("Descrizione dei Sistemi di Gestione e Controllo del PO FESR Sicilia 2007-2013") available on-line at the following link: <http://www.euroinfosicilia.it/news/descrizione-dei-sistemi-di-gestione-e-controllo-del-po-fesr-sicilia-2007-2013-versione-5-0-alla-data-del-23-dicembre-2014/>

weaknesses of these bodies in the framework of the OP performance. A full list of IBs for Sicily ROP ERDF 2007-2013 is provided in Table 3 below.

From the annual implementation reports it emerges that there have been serious delays in project appraisal and selection of projects falling under the responsibility of IBs as well as weaknesses in the management of single projects⁶. This, in turn, has slowed down the implementation process and SF expenditure pace (RAE, 2013: 34).

Among the obstacles to good OP performance, the report (2013) highlights the weaknesses of both large and small municipalities as beneficiaries. In particular, the report notices: (i) delays in the submission of executive projects due to low level of competences in this field as well as the lack of financial resources to support this activity; (ii) absent or partial use of the monitoring system tools, leading to unavailability of data on expenditure which cannot thus be certified; (iii) physical data has not always been submitted, resulting in a fragmented and incomplete picture of the PO's physical progress.

Finally, additional obstacles for sound performance of the OP in the programme period under study include the use of Technical Assistance (TA). In particular, due to political decisions⁷ and external disruptive events⁸, the amount of resources allocated to three TA priorities, namely to support the delivery of the OP, carry out activities under the "Communication Plan" and support the activities of the MA, were all interrupted in 2013. As pointed out in the annual implementation report, although the support of National OP GAT limited the damage in certain segments of implementation⁹, the decision to stop the TA had serious implications for the overall sound management and delivery of the OP.

Among the factors that are external to the public administration but that have been consistently associated with bottlenecks in implementation, secondary sources make reference to: (i) political decisions; (ii) the existence of an overly complex legislative framework; (iii) the state of the regional economy, particularly in the context of the financial crisis; and (iv) constraints stemming from the Stability Pact, particularly affecting municipalities.

After having outlined the main features of the Sicilian ERDF OP for the 2007-2013, in the next sections the results of the on-field research carried out in the region are presented. Following the

⁶ To give an example, as for Axis 2, measures 2.111 and 2.1.1.2, a network of four companies is the IB tasked with the responsibility of managing techno-administrative processes, project appraisal and selection and financial management. The project selected by the IB involves a network of six companies for an overall investment of 28,8Meuro. However, the projects presented delays in its starting up phase and the IB failed to provide assurance about feasibility to carry out the projects according to schedule. Other problems related to delays in procedures related to project selection.

⁷ TA resources were used from 2010 to 2012 for the services of Ecosfera – Sercamm – Nomisma Company and, subsequently, Ernst&Young Financial-Business Advisors, which supported the administration with the management and delivery of the OP. With a Presidential directive, which was subsequently translated into a regional resolution, the contract with the company, renewable under Legislative Decree 163/2006, was terminated in September 2013. This has led to a lengthy and costly process of identification of competences within the in-house agency "Sviluppo Italia Sicilia Spa" to support the administration in different activities connected to the management and delivery of the OP. However, as stated in the report, the quality and quantity of personnel was inadequate for the tasks that needed to be carried out.

⁸ The company Lowe – Pirella – Fronzoni who had successfully won the bid for support to information and promotion activities breached the contract. The administration had to terminate the contract with this society, thereby missing all the targets and objectives set with the Communication plan.

⁹ For example the report makes reference to monitoring, support to the drafting of the 2014-2020 programme, a number of information and promotion projects and transparency activities such as the OPEN FESR for the new programming period and the Geotag initiative.

chosen methodological approach and conceptualisation of administrative capacity, the empirical sections below are devoted to the analysis of each of the three processes identified. These are also discussed in relation to: key capacity factors identified by respondents; internal and external bottlenecks affecting policy implementation; and existence and perceived usefulness of key capacity-building actions undertaken to address these issues.

Before moving on to analysing data evidence, section 2.2.1 provides some information on the semi-structure interview questionnaire; notably: sample of respondents; interview schedule and key issues addressed.

Table 3 – Intermediate bodies in Sicily OP ERDF 2007-2013

IB NAME	Responsibilities in the framework of ROP ERDF 2007-2013	RESPONSIBILITIES EXTENDED	Contract start date
Banca Nuova S.P.A.	Axis 4, Specific objective (S.P.) 4.1.1 Support to firms for the production of industrial research projects, experimental development and innovation in the areas identified in the Regional Strategy for Innovation plan for 2007-2013.	Technical-administrative tasks relating to tendering, eligibility verification, evaluation, payments to beneficiaries, first level controls.	03.02.2011
Rti Banca Nuova S.P.A., Irfis Spa, Business Integration Partners Spa, Agriconsulting Spa	Axis 2, S.O. 2.1, Operational Objectives (O.O) 2.1.1. and 2.1.2. Promotion of renewable energies, tackling the problem of existing production sites and distribution networks.	Technical-administrative tasks relating to tendering, payments to beneficiaries, and management of other required procedures.	29.11.2011
Sviluppo Italia Sicilia S.P.A.	Axis 5, O.O. 5.1.3, measures 1,4,5 Support the development of the industrial sector in Sicily	Management of operations in the framework of the established incentive system for new business initiatives	27.11.2009
	Axis 5, O.O. 5.1.3, measures 1,2,5. Support the development of the industrial sector in Sicily	Management of operations relating to the established system for investment aid	19.07.2011
Cassa Regionale Per Il Credito Alle Imprese Artigiane Siciliane - Crias¹⁰	Axis 3, measure 3.3.1.4 Support, requalification and extension of local offer in touristic areas.	Management of interventions aimed at upgrading and diversifying local touristic accommodation.	19.07.2011
Ministero Dell'istruzione, Universita' E Della Ricerca (Ministry Of Education)	Axis 4, S.O. 4.2, O.B. 4.2.2. 4.2.2.B Supporting schools' technological equipment and the access to scholastic institutional networks		04.10.2011
	Axis 6, O.O. 6.3.1 Improve quality, accessibility and regional dissemination of schools' infrastructures and the work-life balance	Management of infrastructure interventions for the requalification of school buildings; interventions aimed at acquisition by schools of technological equipment and building of labs.	05.11.2012
Ministero Dello Sviluppo Economico – Dg Per L'incentivazione Delle Attivita' Imprenditoriali –Mise-Dgiai¹¹	Axis 5, measure 5.1.3.6 Support the development of competitive firms and new firms in need of relocalisation through the introduction of financial engineering instruments and financial instruments to improve access to credit to favour investments and growth	The intervention envisages the co-financing of a specific section of the Central guarantee fund for SMEs.	26.01.2012

Source: Dipartimento della Programmazione Siciliana

¹⁰ Regional fund credit for Sicilian craft sector firms.

¹¹ Ministry for Economic Development – DG for the promotion of entrepreneurial activities.

2.2 Empirical Analysis

2.2.1 Interviews conducted

The pilot research in Sicily was designed to cover as many roles as possible within the public administration that could provide insights into the capacity and efficiency of the systems of interest. The research included: managers and civil servants working within the Programming Department; a representative of the regional evaluation unit; members of the Monitoring Committee (representing both public and private interests in the territory). A full list is provided in Table 4 below. At the national level, the former head of the DPS and the General Manager for evaluation of Cohesion policy were selected for the interview.

Interviews with the regional administrative personnel have been conducted within the premises of the Sicilian Programming Department in Palermo, in the period comprised between 16th and 20th February 2015. Interviews with members of the Monitoring Committee were conducted in different locations¹² and were carried out on 23^d-24th February. At the national level, interviews were conducted within the DPS premises in Rome on 25th February. A copy of the interview schedule is provided in Annex 1.

Despite having a single interview protocol, a flexible approach was adopted to make sure that questions could slightly differ depending on the occupation and field of activity of the respondent. For example, more horizontal questions on the bigger picture of capacity strength and weaknesses at the regional and national level were mainly left for the general managers at the regional and national level.

The semi-structured interview revolved around questions addressing strategic, operational and learning processes. For each process, capacity factors have been investigated with a view to understand which elements are considered to be central for the implementation of the policy and what prevents these factors from functioning as desired. Further, questions on capacity-building activities carried out to target existing problems aimed to gain a deeper understanding of what worked, what did not work and why. Finally, although the focus of the interview was the 2007-2013 programming period, specific questions aimed at grasping the evolution of the OP performance over time.

Finally, interviews have been transcribed and coded for qualitative data analysis through interview software (MaxQDA), which has enabled systematic and comprehensive conclusions to be drawn.

2.3 Strategic processes

Purposeful socio-economic change in a given region or sector cannot take place without strategic thinking and planning. In order to succeed, the most relevant and needed aspects of development and types of users have to be targeted. In order to do so, the relevant objectives set out should stem from a thorough analysis of the socio-economic context, strengths and weaknesses, opportunities and threat analysis (SWOT). A careful and coherent identification of measures and priorities on which funds should be invested is essential to make sure that available resources are spent.

Furthermore, as envisaged in the relevant EU regulations on the partnership principle, relevant socio-economic partners should be involved in different phases of OP implementation, including

¹² Respectively within Confindustria, ANCI and Europe direct premises.

consultation on the draft OP and inputs on specifications to be included in invitations to tender¹³. Finally, coordination between different policy areas and institutions is essential. This is to make sure that the OP becomes part of an integrated and harmonious whole, with policies and relevant institutional actors mutually supporting each other to achieve development goals.

Thus, in a Cohesion policy context, strategic processes include: use of diagnostic and planning methods; consultation and negotiation with partners; coordination between policy areas and institutions. The following sections will individually look at each of these sub-processes, highlight relevant implications for policy performance and ACB carried out so far. A section on tools needed to successfully manage and implement each sub-process is provided at the end of each section.

2.4 Diagnosis and planning

The capacity to plan, select relevant priorities and maintain a strategic programmatic coherence throughout the programme period is reported to be still weak in Italy. There are difficulties in keeping up with the objectives set out in the programming phase and complying with the implementation schedule. Respondents within the DPS have explained that this is a feature that characterizes the whole country from North to South and that concerns all sources of funding. Bottlenecks and delays become particularly pronounced when it comes to plan, programme and implement public works over a 10 million euros threshold.

Members of the administrative personnel interviewed in Sicily described a similar scenario as far as the regional programming capacity is concerned. Indeed, the first factor that has emerged from the interviews conducted relate to a still weak regional planning capacity.

Moreover, the identification of priorities, and their subsequent declination into operational interventions and measures, does not take sufficiently into account the socio-economic needs of the territory. Interventions are not planned and carried out using a coherent integrated approach. Rather, interventions have been described as being fragmented and not complementary to one another.

According to the majority of those interviewed this is explained by the absence of a strategic long-term vision for the development of the region.

The political level has been identified as one of the main reason behind the lack of strategic vision and coherent identification of investment priorities in the region. Respondents found that the political sphere does not set a clear strategy; notably, there is no clear vision underpinning regional development strategy-setting. The rationale behind allocation of resources is not necessarily driven by regional development goals' considerations. Some respondents explained that, in their opinion, the criteria behind resources allocation is sometimes based on the will to benefit specific sectors and/or businesses, with a view to rip off certain benefits.

The same is true as far as the rationale behind the allocation of resources to regional departments is concerned. This is not based on a thorough analysis of territorial needs, which would otherwise translate into funds being channeled towards those sectors that are most in need. Rather, as an interviewee has explained, politicians do not want to "make anyone unhappy". Thus, funds' allocation

¹³ For an overview of the EU Partnership principle please see the following DG Regio document: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/doc/rathe/asec3.pdf

to regional departments does not follow strategic regional development objectives; rather, it seems to be based on different considerations and interests. This negatively affects the capacity to absorb the allocated shared of resources; notably, when funds are allocated to sectors in which funds cannot be spent. Lack of concentration of resources on key priorities also undermines the impact that co-funded interventions have on the ground.

Another factor that accounts for weaknesses in the identification of strategic priorities is the limited regional decision-making power in the setting up and selection of OP priorities in the context of the Partnership Agreement (PA). Respondents found that the weak role played by the regional level vis-à-vis the European Commission does not benefit the strategic coherence of the planned co-funded interventions.

At the same time, the regional socio-economic partners interviewed agreed that there is another reason behind the still not fully satisfactory programming performance. In fact, both representatives of municipalities and of socio-economic interests found that failure to fully involve relevant stakeholders in the programming phase leads to the prioritization of investment areas that are not in line with regional development needs.

In particular, representatives of ANCI have stressed that several suggestions and recommendations have been given as regard investment options in the region. Sub-national actors explained that although they are better placed to know the needs of local areas, their input has not been sufficiently taken into account in the OP drafting process.

The state of the regional economy also plays a role in the lack of strategic concentration of investments. Specifically, interviewees explained that in a context in which the budget of regional and sub-regional actors is empty, there is a risk that funds are not used strategically but are channeled indiscriminately across different areas and sectors.

The same argument applies for the national level. In fact, respondents within the DPS explained that EU funds now make up the bulk of investment resources available in the country. Thus, when funds become available, there is limited room to use them selectively, carefully planning and selecting key priorities and projects.

A third crucial issue discussed in relation to diagnosis and planning relates to the importance of maintaining a strategic coherence throughout the programming period, following the investment priorities laid out in the OP. Both civil servants and socio-economic partners interviewed agreed that maintaining strategic and operational coherence in the implementation of interventions is vital. However, interviewees noticed that this coherence has always been lacking in the region and no progress so far has been made towards this direction.

When asked about the possible reasons behind these difficulties, respondents explained that both external and internal factors play a role. As far as external factors are concerned, EU regulations, in particular the decommitment rule, are said to be hampering the regional strategic coherence in the implementation of interventions. More in details, respondents explained that the enthusiasm present when resources are allocated tends to vanish over time and it is replaced by another aspect that becomes predominant: the attempt to absorb all available resources. Everything becomes subordinated to this priority. As a consequence of this, reprogramming, budgetary adjustments and

the identification of retrospective projects take place, negatively affecting the regional capacity to maintain strategic coherence of the OP throughout the whole programming period. Interviewees noticed that, however, problems within the public administration are also responsible for the lack of programmatic coherence. In particular, delays accumulated in various phases of the implementation process lead to funds being spent predominantly in the last three or two years of the programme¹⁴. This leads, once again, to the necessity of reprogramming of interventions, thereby resulting in loss of programmatic coherence.

As far as the above-mentioned delays are concerned, respondents tended to agree on the fact that general managers' turn-over explains part of the reasons behind delays occurring in the programming phase. The political sphere plays a key role in this context. According to respondents, regional politicians are responsible for staff reshuffling. Moreover, key positions are not assigned on the basis of merit. As a result, in some cases the appointed personnel does not possess the relevant competences and expertise to carry out assigned tasks.

2.4.1 Diagnosis and planning - Implications for implementation performance

One of the main bottlenecks as far as strategic processes are concerned appears to be the lack of strategy setting. There is a lack of clear political strategy, a vision of regional development with a clear set of objectives to be met. The fact that funded projects are not integrated and are not part of an overall territorial development strategy hinders the beneficial effects of the funds in the region. Respondents noted that projects will not have the desired impact if not embedded within the framework of a coherent development plan for the region that integrates investments in, among others, rural areas, energy saving, high-speed internet, technological and administrative innovation.

Failure to fully involve relevant stakeholders and sub-national actors in the setting up of regional investment priorities also hinders the identification of priorities that are coherent with the socio-economic needs of the region.

Furthermore, in the absence of a vision and a strategy, the region does not know in which sectors resources should be channeled in order to ignite regional development. According to interviewees, there will not be any improvement in the 2014-2020 period unless a coherent regional development strategy is put in place.

The unclear rationale behind resource distribution to regional departments means that funds are channeled to sectors and areas in which it is not possible to spend the resources. In particular, in the 2007-2013 programming period this approach has had serious repercussions on the regional ability to absorb the funds. Personnel of the Programming department have further noticed that due to a high fragmentation of initiatives in the territory, the real impact and development power of interventions is negligible.

¹⁴ Respondents explained that at the onset of the programming period, roughly a year-time is needed to determine the selection and eligibility criteria. An excessive amount of time is then spent for consultations with the socio-economic partner and to reach an agreement on the Integrated Territorial Development Plans (PIST) and Integrated Urban Development Plans (PISU) with local actors. Roughly half programme period is required to carry out the above activities and define the mechanisms through which funds should be spent. Overall, respondents noticed that this state of things only leaves two or three years for the actual implementation phase.

Finally, implementation performance has also suffered from the lack of coordination among the different funds, which some respondents described as being completely detached from one another, with the risk of duplications or omissions in interventions and lack of complementarity.

2.4.2 Diagnosis and planning – Administrative capacity-building activities and recommendations

Not many capacity-building actions have been carried out as far as diagnosis and planning activities are concerned. Technical assistance has been used to support project planning efforts. However, there is a lack of sufficient resources to be channeled to this priority. Furthermore, as it will be illustrated in more details in the next sections, TA support has been mainly used to tackle problems in the management and implementation of operational processes, which were given priority.

Respondents, however, have identified a number of suggestions that could improve regional performance of diagnosis and planning activities. First, regional actors have emphasized the importance of having more freedom to maneuver in setting up the priorities within the Partnership Agreement (PA). Those interviewed stressed the fact that the regional level is better placed to determine what is needed to foster development in the island.

Second, from a sub-regional perspective, respondents identified the ITI as a powerful tool to: (i) overcome the fragmentation of initiatives in the regional territory; (ii) develop a cross-sectoral integrated development strategy, creating synergies among projects implemented on the ground; (iii) replacing the tendering process or reducing the number of invitations to tender, which is too slow and cumbersome; (iv) empower sub-regional actors through delegation of management of ITIs, thereby ensuring a greater involvement and ownership of local and urban stakeholders in programme preparation and implementation; (v) unlock the potential of local actors who are better placed to identify developments needs at the sub-regional level.

Third, respondents highlighted that for investments to have any effect at all, certain pre-conditions at the regional level should be addressed first. For instance, actions should be taken in fields such as hydrogeological risk assessment, water treatment plants, and waste management.

2.5 Consultation and negotiation

From the point of view of subnational actors, one of the key problems in programming is the regional unwillingness to identify, support and fully involve local actors in programme preparation, implementation and delivery. Thus, a reluctance of the regional level to let local authorities set their own investment priorities has been emphasised.

In this context, subnational actors have highlighted the importance of the new integrating tools included in the Common Provision Regulations to implement territorial strategies. Instruments such as the Integrated Territorial Investments (ITI) and the Community-Led Local Development (CLLD) envisage the possibility of linking the thematic objectives identified in the Partnership Agreements (PA) and OPs and the territorial dimension. However, respondents stressed that integrated territorial strategies are not taken into sufficient account at the regional level; notably, the region allocates only a small share of the resources available to municipalities for the use of this tool.

The socio-economic actors interviewed also gave emphasis to the still insufficient significance given by the public administration to the role of the relevant stakeholders.

Respondents reported that, at the beginning of the programming period, they had high expectations as far as the consultation and negotiation process with the region was concerned. However, although they actively participated in Monitoring Committee meetings, their suggestions and inputs were not regarded with sufficient importance, particularly as far as the definition of beneficiaries' selection criteria are concerned. What is more, respondents explained that on a number of occasions the MC session turned out to be a farce. Stakeholders were only invited to sign the attendance sheet so the administration could prove meetings had taken place and thus formally comply with the rules. Respondents revealed that this left them with the only choice of agreeing to sign only after the consultation had taken place.

Similarly, on other occasions, stakeholders were invited to attend MC at very short notice and were not given time to prepare adequately for the meeting¹⁵. A respondent observed that when meetings did take place stakeholders' recommendations could not be taken into account: the administration was under time constraints and, thus, could not take stock of stakeholders' suggestions. A competing explanation for this however, as underlined by other respondents, is that agreement is reached informally before meetings with relevant stakeholders takes place.

The overall feeling shared by socio-economic partners is that stakeholders are considered as a "counterpart". Interviewees explained that, while the administration, socio-economic partners, and other key actors should all pull together as a team, this is not the case in Sicily where there is an unwillingness to practice cooperation.

As far as sub-national actors are concerned, respondents explained that there is a tendency at the regional level to see local actors as not being competent and ready enough to manage and implement EU co-funded interventions. This, in turn, would explain why they are not fully involved in the programming stage as well as why relevant suggestions are not sufficiently taken into account.

2.5.1 Consultation and negotiation – Implications for implementation performance

Respondents pointed out that failure to fully involve municipalities and sub-national actors in the programming stage results in the setting up of regional priorities that are not coherent with the territorial socioeconomic needs and contexts. In addition, this prevents local actors from gaining ownership of the policy on the ground and unlocking local development potential.

Moreover, as illustrated in more details below, failure to fully take into account stakeholders' suggestions in the definition of invitations to tenders' requirements and specifications has serious repercussions on CP regional performance. In fact, those interviewed pointed out that, lack of

¹⁵ For example, respondents explained that the invitations to attend a MC meeting were sent out the day before the meeting itself. The invitation included a hundred pages long attachment which made it hard for the attendees to read on time before the meeting.

Further investigation is needed to shed light onto the reasons why and the extent to which the region has failed to fully involve sub-national actors and socio-economic partners in the programming stage and in the drafting of invitations to tender. From the interviews conducted it has emerged that there seems to be a lack of effective consultation and cooperation culture, while stakeholders and local actors seem to point out that key decisions are already taken before the relevant meetings take place.

consultation with socio-economic partners has often led to the identification of requirements that cannot be met by beneficiaries. The administration has then to amend specifications, leading to further delays and proliferation of lengthy legal disputes. Delays, in turn, discourage beneficiaries and induce them to opt for other sources of funding.

Finally, it has emerged that a problem in the relationship between stakeholders and public administration is represented by general managers and managers' unwillingness to decide on key issues. According to a respondent this is linked to the fact that some administrative personnel have not been recruited following a meritocratic rationale, ruling out the possibility that certain choices can be made.

2.5.2 Consultation and negotiation – Administrative capacity-building activities and recommendations

Socio-economic partners and sub-national actors suggested that their view should be more consistently and coherently be taken into account both in the programming and in subsequent phases of policy implementation.

The lack of competence of some members of the administration and continuous staff-turn over hampers the relationship with socio-economic partners and has a negative impact on implementation performance. However, these factors cannot be easily addressed by administrative capacity-building activities. As explained by respondents, TA resources as well as various initiatives carried out at the national level have been implemented to tackle the lack of expertise problem. However, due to staff-turn over, these efforts have often been futile.

As far as municipalities are concerned, those interviewed suggested that local actors already in possession of adequate competences and capacity to manage and implement EU co-funded interventions should be supported. At the same time, more training should be given to weaker municipalities. Administrative capacity-building activities have been carried out to support local actors to build skills and expertise. However, this has often involved hiring temporary staff that has been used to solve “emergencies” in the management and implementation phase, rather than building in-house expertise and capacity. Respondents further noticed that while training opportunities and the possibility of building in-house expertise are necessary, another pre-condition should be met first. Notably, the political level should set a clear development strategy for the region, with a clear description of the role that local actors have to play within this context.

2.6 Coordination

Both domestic institutional cooperation and coordination between policy areas have been described as problematic in Italy.

Respondents have pointed out that domestic institutional cooperation and coordination between policy areas are key to address external and internal challenges influencing implementation performance. In particular, bottlenecks in implementation are not only explained by poor policy management capacity but also by the weak, and in some cases absent, coherence and support of national policies with Cohesion policy.

Respondents reported that the lack of coherence and support of national policies vis-à-vis Cohesion policy can be partly explained by the insufficient importance politicians assign to this issue.

Other key problematic areas involved the relationship between regional and national institutions, particularly with the Audit Authority. However, the latter aspect is also intertwined with problems in the interpretation of regulations, with overlaps among national, regional and local legislation.

As far as cooperation among domestic institutions is concerned, this appears to be a systemic problem in Italy also linked to overlaps in national, regional and local legislation. Respondents highlighted that it is not always simple to understand which regulations are directly applicable at the regional level.

At the regional level, coordination among regional departments has been discussed in relation to the role of the MA vis-à-vis the other regional departments. In particular, the Programming Department has a coordinating role, while each *assessorate* is responsible for its share of allocated structural resources. According to those interviewed, cooperation among departments has in some occasions been hampered by a lack of personnel in key units in the wider public administration and, other times, by lack of sufficiently competent staff.

Overall, cooperation among the Programming Department and the wider regional public administration has not been described as being in itself problematic. However, difficulties in cooperation emerge due to lack of sufficient competence and shortages of administrative staff in key administrative units. Interviewees noted that this can be explained by a persistent lack of meritocracy in the regional recruitment process as well as by the continuous turn-over of administrative personnel.

The Programming department is overwhelmed with work and it is understaffed to deal with the amount of work to be carried out. The latter has to monitor, facilitate and continuously involve the other departments. It has to ask for data, reports and other relevant information with a view to gain a better understanding of progress made and provide support if needed.

The administrative personnel working in other departments have no real incentive to move to those units in charge of managing with EU funds. At the same time, administrative personnel working in the field of Cohesion policy will easily move to another department if given the possibility of a position that is economically more advantageous or less demanding in terms of responsibilities. In fact, it has been emphasized that working in this field requires taking over important responsibilities and involves always working under pressure as well as under strict deadlines.

The human resources management system in place has also been described as being ineffective. In particular, it has been reported that no matter how hard one works and how committed to work one is, one can still be relocated or even have one's post downgraded. This creates frustration and an overall low morale. Furthermore, there is no mean of improving one's own position due to the existing organizational structure. One is recruited under a certain job profile and, independently of how well one does, one remains in the same position for the remaining of one's own career.

It has also been noticed that some regional departments responsible for carrying out specific policies have not been equipped with a structure and resources; notably key positions at the highest level (e.g. general managers) have been left vacant for years.

It has been underlined that resources are being assigned to departments that do not have the structure nor the competences to manage them. With the term “structure” respondents referred to the offices of the Managing, Certifying and Audit authorities as well as those structures that have to programme, monitor, evaluate and implement single policies and project.

2.6.1 Coordination – Implications for implementation performance

Some regional departments have not been equipped with a structure while key positions have been left vacant for years. This has implications for effective cooperation among departments. It also reduced the chances that the share of structural resources allocated to these departments will be put to good use.

Further, the unbalanced distribution of work means that the Programming department has to carry out its programming activities while also dealing with aspects that are related to the implementation phase. This reduces the amount of time available to carry out its tasks.

Another example is the case of the energy department: an increasing amount of resources has been assigned to the latter for interventions in the field of renewable energy and energy efficiency. However, the department had not been previously equipped with all necessary resources and, thus, it has not been put in the condition to manage the large amount of allocated resources and, what is more, at the conditions required under Cohesion policy regulations.

Concerning lack of synergies between domestic policies and Cohesion policy, a respondent has described the case of initiatives carried out in the energy sector. One of the reasons for poor performance in this area is linked to the high number of initiatives being carried out at the national level in this area. Faced with the option of applying for domestic or EU co-funded resources, potential beneficiaries opted for the national option which required less complex application mechanisms and procedures. The result being that very little was spent in this sector and the relevant resources had to be reprogrammed and assigned to better performing sectors.

2.6.2 Coordination – Administrative capacity-building activities and recommendations

From the interviews conducted it would appear that capacity-building activities are not the most appropriate tool to tackle coordination bottlenecks. Instead, changes in this sector seem to require a mix of political leadership and domestic reforms. As suggested by some respondents, the political sphere should be made more aware of the implications of lack of harmonization between national and cohesion policy. This aspect is clearly interlinked with the strategy-setting capacity, a pre-condition for creating synergies among policy areas.

Furthermore, the legislator should initiate an effective simplification process, with a view to make legislation more intelligible and clarify what rules and regulations apply at the regional level.

Reforms of the human resources management system have been identified as a solution to ensure that adequately competent administrative personnel are in place as well as smooth cooperation among regional departments. This would also involve a process of awareness-building targeting the political sphere to make sure that continuous staff reshuffling does not take place.

2.7 Tools for strategic processes

From the on-field research conducted it has emerged that in Sicily there is still much room for improvements as far as strategic processes are concerned. Through the interviews carried out it has been possible to identify both internal and external factors that affect the smooth functioning of strategic processes. External factors, specifically the state of the regional economy and rules and regulations set out at the EU level cannot be acted upon through ACB interventions. However, major problems in this phase are linked to decisions, ways of doing things and organizational inconsistencies that fall under the responsibility of national and regional actors.

In particular, a series of factors have emerged as being essential for an effective and efficient performance as far as strategic processes are concerned.

First, a strong **political leadership** is required. The latter needs to have a clear vision of the regional development goals to be achieved; and, on the basis of this vision, identify a set of priorities that are consistent with that vision. Related to this, giving high priority to the socio-economic development of the territory, should translate into the identification of investment areas that are in line with the needs of the territory. Harmonious regional development also requires a strong **politically leadership** to ensure that synergies are created between national policies and EU co-funded interventions.

Finally, **political leadership** is also key to ensure that a fair and meritocratic recruitment system is in place and that unmotivated staff turn-over does not take place. This is essential as far as strategic processes are concerned: first, the recruitment of personnel that lacks relevant skills and expertise affects the quality and the coherence of strategic and programmatic documents. Second, the recruitment of insufficiently competent personnel and continuous staff turn-over negatively affect the relationship between the administration and the socio-economic partners. Third, general managers' turn-over creates delays in the programming phase, with a knock-on effect on the subsequent phases of the policy cycle.

The existence of synergies and effective cooperation with **external networks** has also emerged as being of great importance. In particular, relevant socio-economic partners and sub-regional actors should be consulted and their opinion taken into account both in the programming process and in subsequent key stages of policy implementation. Local actors can provide valuable input as far as the identification of strategic areas for investments are concerned, while their empowerment could have beneficial effects by building a sense of empowerment and unlocking local development potential. Relevant stakeholders' input is also central due to their expertise and knowledge of the regional productive system, vital for the definition and identification of beneficiaries' selection criteria to be incorporated in the relevant invitations to tender.

Finally, the existence **of fully equipped and adequately staffed administrative structures** is key to ensure effective cooperation among departments and that funds are put to good use. However, to achieve this **a meritocratic and performance based human resource management system** should be in place. The latter should include rewards system that incentivize the well performing members of staff.

2.8 Operational Processes

The set of processes analyzed in this section refers to the operational activities that need to be carried out in order to deliver the policy. In a Cohesion policy context these are: programme marketing (information and promotion), project generation, application and selection procedures, and financial management. These processes have to be carried out in line with EU procedural requirements. Programme marketing is needed to reach out to potential beneficiaries and citizens, with a view to provide information about EU funding opportunities. Information and promotion activities include, amongst others, media campaigns, management of ad-hoc web-sites, publications and other communication actions.

Project generation is carried out by the administration, after having heard the opinions of the relevant socio-economic partners in the territory. Application and selection procedures result in the allocation of relevant funds to selected beneficiaries. Key aspects under these activities include: the timeline of competitions, the time required to formally assess project proposals, projects' selection criteria, experts' capacity in assessing beneficiaries' project proposals, documentation and amount of paper work that selected beneficiaries are asked to provide. Problems experienced at this stage can create delays, with a knock-on effect on subsequent phases of policy implementation. Finally, financial management refers to all those activities that deal with payments to beneficiaries. Central to this process, are the monitoring and control activities to make sure that, amongst other things, beneficiaries are carrying out funded activities as planned. Problems experiences at different levels in this area can also slow down the funds' certification process.

2.8.1 Project generation, application and selection processes

Respondents have remarked that the overall mechanism in use, through which beneficiaries are selected, is inefficient. The completion of stages of the procurement process, specifically the phase that goes from publication to contract award, requires an excessive amount of time.

Interviewees noticed that part of the reason behind delays and long timescale in the phase that goes from publication to contract award is linked to difficulties in the interpretation of legislation, which is extremely cumbersome. Furthermore, there is an overlap among national, regional and local legislation which makes it unclear to establish what is applicable at the regional level.

Furthermore, the majority of respondents have observed that socio-economic partners have not been sufficiently involved in decisions concerning beneficiaries' selection criteria to be included in the relevant invitations to tenders. This contributes in creating delays; notably on some occasions the administration had to make amendments to beneficiaries' selection criteria provisions included in invitations to tender.

As pointed out by some interviewees, this is partly explained by the fact that administrative personnel do not allow sufficient time for the consultation process. Thus, consultation with stakeholders often becomes a mere formality.

Staff turn-over negatively affects implementation performance as it creates delays in the publication of public tenders, selection of beneficiaries and disbursement of funds. Stakeholders have further noted that turn-over affects relationship between the socio-economic partners and the PA.

To better illustrate the latter aspect, an interviewee has discussed that case of consultations that took place between the socio-economic partners and the regional Department for Education. A month after the meeting, the socio-economic partners attended another consultation table, this time with the Department for the Environment and Territory. On this occasion, they realized that the administrative personnel present at the meeting was the very same they had previously met at the Department for education. This was the result of staff turn-over and an example of how personnel can be easily moved to another Department that falls outside its field of expertise. This, in turn, has negative consequences as far as the quality and coherence of invitations to tenders are concerned. In fact, the latter requires staff to have expertise and knowledge of the field in which resources have to be allocated. Therefore, lack of adequate competence and expertise and staff turn-over negatively affect the relationship between administration and stakeholders as well as the quality and strategic coherence of interventions.

(i) Project generation, application and selection processes – Implementation performance

There are difficulties in interpreting legislation which is said to be unclear and cumbersome. Further, overlapping of legislation stemming from national, regional and local level makes it difficult to understand what is applicable at the regional level. This has negative implications for performance as it translates in delays in the stage that goes from project generation to project selection.

Lack of staff quality and competence in both local and regional departments means that there are difficulties in carrying out procedures related to project generation, application and selection. Procedural steps relating to the latter take years; this has serious repercussions on the number of beneficiaries' applications. A respondent noticed that the above also translates into processes being rushed, with beneficiaries being asked to do in six month what should have been done in two years-time.

As an interviewee as explained, lack of administrative skills and expertise translated in the inability of governing processes. Administrative staff is not able to fully understand stakeholders' inputs and suggestions as far as project generation is concerned, while the easiest solution becomes saying that things cannot be done. Thus, lack of competence also hampers relationship with the socio-economic partners. In particular, lack of expertise means not fully understanding the requests of relevant stakeholders, avoiding debate and consultations and ultimately failing to give importance to existing forums for confrontation with these actors.

In addition, failure to take the opinions of the relevant socio-economic partners in due account leads to the identification of application requirements that cannot be met by potential beneficiaries. Subsequent modifications lead to delays and appeals against decisions made. Furthermore, procurement processes and to the continuous staff turn-over create delays in the publication, selection of beneficiaries and disbursement of funds, discouraging discourage potential applicants from applying for the funds.

Respondents stressed that the scenario described above leads to an adverse selection mechanism, whereby it is the less competitive companies that decide to apply for funding. Competitive actors prefer to find other sources of investment because they are aware of the existing delays and bureaucratic inefficiencies.

Finally, delays in this phase also undermine the strategic coherence of the OP, with invitations to tender being published intermittently and in a fragmented way.

(ii) Project generation, application and selection processes – ACB initiatives & recommendations

As outlined in the “strategic processes” section, systemic problems (e.g. slow public procurement processes, recruitment system) cannot be directly tackled by ACB initiatives.

In the field of project generation, application and selection, it has been suggested that highly specialised units composed of fifteen or twenty members should be set up. These units should be tasked with the responsibility of dealing specifically with project generation and application processes. It has been highlighted that members from the Court of Auditors should be included in this team. It is relevant to notice that interviewees have stressed that the use of TA in this case is important but it could also interfere with the creation and development of in-house expertise.

Finally, a respondent explained that a way to cushion and mitigate procedural and legislative burdens, is to create templates or models for different types of invitations to tender. This could be done once in possession of all the relevant information on the interventions to be carried out in the programming period.

2.8.2 Information and Promotion

In the field of programme marketing, two main activities have been carried out by the region in the 2007-2013 period. First, there is a website dedicated to EU funds. This has been used for about fifteen years within the administration and it is recognised as the main source of information on structural funds in the region. Second, both public and private actors participate in a territorial network, with a view to spread information on existing ERDF initiatives across the regional territory. To this end, information offices have been set up as well as ad-hoc webpages to be linked to the regional OP ERDF website. Other initiatives being organised include conferences and debates on programme-related topical issues.

However, respondents reported that the regional Communication plan for the 2007-2013 period included other key activities that were central for a successful programme marketing performance. These were not carried out due to a case of breach of contract and the choice to withdraw TA.

A respondent explained that the previous programming period had demonstrated that publishing a single invitation to tender for all communication activities is ineffective. In light of this, the strategy adopted for the 2007-2013 programming period consisted in using TA resource and assigning services through the publication of different and separated invitations to tender. However, this was not done because of the political decisions of withdrawing TA. The Department was left with no other choice but to make the same decision of the previous programming period. Thus, despite personnel was aware of the limitations of the adopted model, they had to replicate the same experience of the past. This led to the same poor results. In fact, having procured communication services to the

company “Lowe Pirella”, after less than a year the administration had to terminate the contract due to a breach of contract¹⁶.

As far as TA is concerned, this was needed to select external personnel to draft, implement, monitor and evaluate communication activities. However, the regional government decided to interrupt the selection procedure and did not propose other feasible alternative options. Another challenge highlighted by respondents is the internal communication among regional departments as far as these activities are concerned. Within each regional department a member of staff was selected to deal with communication-related activities. However, this role is not given importance within departments. Apart from uploading information on the regional web-site, there are no real outputs, for instance as far as the elaboration of reports and briefings to be circulated within departments is concerned.

(i) Information & Promotion – Implementation performance

The case of breach of contract has created delays and has negatively affected the quantity and quality of information and promotion activities. In terms of performance, this has meant that the administration has not met the majority of the objectives included in the Communication Plan. In fact, respondents noted that there is much difference between having a scenario in which activities are carried out in a coherent and integrated way by a company and having to resort to different activities which are extremely fragmented and incoherent.

The regional government decision to stop TA has also negatively influence performance in this area.

Respondents found that the lack of specialised TA together with the absence of a company that could carry out communication activities has had negative consequences for the implementation of the OP. This has left the administration with only two tools to carry out information and promotion activities, namely ERDF OP website and the regional network described above. This, in turn, means that the activities carried out have not really contributed to raising awareness and knowledge of EU funds in the region.

Moreover, although staff responsible for information and promotion activities was selected in each department, internal communication among departments did not work well. For example, the unit responsible for information and promotion activities within the Programming Department has experienced difficulties due to delays and poor quality of data received from the other regional departments, responsible for the implementation of their respective measures.

Finally, respondents have highlighted the continuous turn-over of general managers that has taken place in the 2007-2013 period. This negative affected the coherence indications given to information and promotion activities.

(iii) Information & Promotion – Administrative capacity-building activities & recommendations

In terms of capacity-building activities being carried out in this field, respondents noted that exchange of best practices and meetings with their peers in other EU Member States were particularly useful.

¹⁶ Although it was specified that sub-contracting was not allowed, “Lowe Pirella” sub-contracted activities to a local company later involved in a criminal investigation.

However, the main obstacles in this area appear to be shortages in the number of personnel in the field of programme marketing in each regional department. It was suggested that this problem could be tackled by assigning more importance to this role, ensuring that programme marketing responsibilities do not fall only on one person but specific units are created.

The Communication plan should not become operational half way through or at the end of the programming period. In light of its objectives, this should be the opening act of the programming period. In addition, respondents noticed that the allocation of all the activities within the Communication Plan through a single invitation to tender should be modified.

2.8.3 Financial management and monitoring & control activities

Respondents have highlighted that the structural funds' management system suffers from the same delays, incapacities, administrative inefficiencies and has the same characteristics of the national system of policy implementation.

First, the operational activities carried out within the units responsible for financial management as well as for monitoring and control activities have been negatively affected by the continuous staff turnover that has taken place in the 2007-2013 programming period. An interviewee has described the difficulties in carrying out monitoring activities that had been previously managed by someone else. This often has to be done retrospectively, sometime with no relevant data and documentation available. In addition, those interviewed stressed that in some instances staff reallocation to different units has not always been followed by staff replacement. This has resulted in some strategic units being left without personnel. Two types of unit have been particularly affected by this: the so-called "Uffici competenti per le operazioni" (UCO), the units present within each regional department that deal with the various operations linked to the management of EU funds; and the "Unita' di controllo e di monitoraggio" (UCM), responsible for monitoring and control activities. Personnel reshuffling has also taken place, with personnel within the UCO being reassigned to the UCM unit and vice versa, while for a long period of time posts have remained vacant.

When asked about the reasons behind the high staff-turnover rate within regional departments, respondents agreed on the fact that the latter is linked to the political will of maintaining the existing balance in the share of power. More in details, respondents pointed out that there is a high level of government instability; namely frequent changes that take place at the political level. Changes in administrative posts often occur after changes in the political sphere take place. As noted by a respondent, the rationale behind reallocation of staff adopted by the political sphere does not follow meritocratic lines. The logic that underpins human resources management, also explains why it has often been the case that competent and qualified personnel have been relocated to other offices or downgraded for no apparent reason.

Shortages in the number of staff have also been identified as a key problem as far as monitoring activities are concerned. The number of staff tasked with this responsibility is not sufficient to carry out all required monitoring activities. This creates a vicious circle: the latter takes away valuable time and resources from the same activities that, in turn, need to be implemented and monitored.

In the context of audit and control activities, it has been reported that while new operational procedures and increasing formal requirements are being introduced at the EU level, new personnel

has not been hired to help with increasing workload. On the contrary, the number of staff has decreased over time. In fact, civil servants that went on retirement have not been replaced, leading to a loss of knowledge and expertise.

As far as recruitment of new staff is concerned, interviewees noticed that an obstacle to this end is represented by the constraints imposed by the Stability Pact. Paradoxically, TA has worked as an impediment to sedimentation of competences with the public administration. In fact, TA resources have been used to hire consultants and temporary staff. This has meant that, on the one hand, permanent administrative personnel have not been pushed towards improving and updating their know-how and expertise in this field. On the other hand, temporary staff cannot be internalized to solve the problem of staff quantitative-qualitative shortages.

Thus, counting on the fact that TA resources would be available, MA offices have not been sufficiently equipped with internal in-house expertise.

(i) Financial management and monitoring & control activities – Implications for performance

As already pointed out in the other sections, frequent staff turn-over negatively affects all activities being carried out by the administration: from carrying out operational activities to dealing with the relevant socio-economic partners at different stages in the implementation process.

In the case of operational activities, it has been pointed out that one can have a good management and control system that is approved by the European Commission. However, if competences to manage the policy are lacking, it will not be possible to meet the objectives laid out in the OP, even though sound financial management is ensured.

Furthermore, lack of competence in key units within the administration leads to an increased workload of other units or administrative staff, creating delays and lowering the overall operational processes' quality of outputs.

An example of this is the case of monitoring activities, in which delays accumulated in previous stages of implementation generate persistent monitoring requests. However, the latter cannot often be carried out at all due to staff shortages. The scenario becomes even more negative if one takes into account that, in many departments, there has been a high degree of staff turn-over. In this case, there will be even greater difficulties in providing all the relevant information required.

(ii) Financial management and monitoring & control activities – Administrative capacity-building activities and recommendations

From the interviews conducted it has emerged that capacity-building activities implemented in the context of operational processes have not been particularly helpful. In particular, TA has been used to address emergencies, such as shortages in personnel and thus speed up certain processes. However, this has been described as useful to fill in the gaps but insufficient to solve administrative problems. More in details, respondents suggested that in-house expertise should be created, with a view to ensure that the administration does not become too dependent on the use of TA and external consultants. The latter, in fact, can be volatile, as demonstrated by the political decision of withdrawing TA resources.

It has been suggested that delays in operational processes can be addressed. First, simplification of administrative procedures is needed. This would be the task of the legislator. Second, since autonomy is given to the MA, this should be respected. It is counterproductive to always have appeals from other institutions against decisions being made by the MA.

Another key recommendation as far as operational processes are concerned is to invest in the recruitment of new administrative personnel, considering this as an integral part of the plan for regional development rather than an economic burden. As many administrative personnel as possible, both at the regional and local level, should also be given appropriate training.

In a context in which, as far as converge regions are concerned, EU funds make up the bulk available investments it is necessary to create highly competent teams. To fund these personnel one could use partly TA resources but also recruiting new staff; particularly young motivated people who possibly have already knowledge of the policy as it was subject of their studies.

There should also be a well-functioning performance oriented system that rewards personnel that does well. This should also allow rewarding personnel who has expertise and competence and downgrade those that do not and that have been recruited following other considerations. This would result in having all the professional figures needed in place and would make the overall activity carried out in the PA more productive.

2.8.4 Operational processes - Tools

As in the case of strategic processes, there are certain factors that negatively influence operational activities that cannot be controlled and acted upon. This is the case of disruptive factors taking place, as the breach of contract for the information and promotion activity shows. However, once again, internal factors seem to be the main reason behind difficulties experienced by the regional public administration in this field. From the interviews conducted it has emerged that, once again, a key factor for the effective and efficient management of operational process is **political leadership**. With a strong input from the political level it is possible to address the problems outlined in relation to public procurement regulations, overlap of legislation at the domestic, national and local level as well as the existence of cumbersome legislation that is difficult to interpret. **Political leadership** is also required to make strategic choices concerning the use of resources, as the case of TA withdrawal shows.

The existence of functioning **networks** has again emerged as being an essential component, specifically as far as the involvement of socio-economic partners in strategic operational activities is concerned.

Staff-turnover and the **staff competence** have again been identified as key factors in the management and implementation of Cohesion policy. As illustrated above, continuous staff-turn over leads to delays in the publication of tenders, selection of beneficiaries and disbursement of funds. It also hampers the relationship with relevant socio-economic actors. Lack of competence also leads to errors, delays and difficulties in managing the relevant processes.

Although on paper there is a high number of administrative staff, in practice those people that are needed to carry out certain tasks are not there. An example given is within a unit in the Programming Department where there are ten people who have the task to make photocopies or facilitate

documents. The respondent highlighted that all these people for this task are unnecessary, especially since most of the documentation is now on an e-format.

Finally, the existence of an adequate **structure**, well equipped with administrative personnel is important to guarantee the smooth implementation of key operations as well as cooperation with the other regional departments.

2.9 Learning Processes

Previous studies have devoted attention to the organizational ability to learn, referring to the adaptability of rules and norms in response to contacts with the external environment. In a Cohesion policy context, knowledge from previous OP implementation experiences can be captured and used with a view to assess what has worked and what has not worked, thereby improving performance. This involves the assessment of ways in which evidence-based learning on regional development and programme implementation is organized and exploited. Groups of learning processes include: (i) feedback mechanisms in the form of evaluation studies and monitoring systems; (ii) knowledge generation - reflection in the form of actor discussions on the monitoring forums, during conferences, within the organisations during the internal staff meeting; and (iii) knowledge accumulation – storage of explicit, codified knowledge (e.g. databases, system of indicators, etc.) and tacit knowledge over time. The outcome of learning processes is purposeful adaptation/change based on evidences and experience.

2.9.1 Feedback mechanism, knowledge generation and accumulation

Respondents at the national level have underlined that although Italy has been implementing Cohesion policy for over twenty years, its overall performance has not really improved. This shows the limits of the administration in acquiring the relevant capacities to successfully implement EU regional policy and meet EU standards in this field.

A main obstacle to this is the fact that the standards and requirements to be met in the Cohesion policy domain do not apply to the rest of national policies. This means that good practices and efforts to conform to EU standards in terms of policy implementation remain confined to one segment of the administration, with no spillover effect on the wider public administration. This factor was described as being a major obstacle to knowledge accumulation and retention.

Respondents at the national level have further underlined how progress in different field of Cohesion policy implementation has indeed been made over time. In various regions there have been significant improvements as far as administrative, institutional, technical and management capacities are concerned. However, these improvements have been often reversed due to human resources discontinuity. In other words, knowledge and expertise is dispersed due to high staff turn-over which prevents sedimentation of capacity and, thus, improvements in overall performance in the CP domain.

Administrative personnel interviewed at the regional level have also stressed that excessive staff-turn over within the public administration negatively affects learning processes. The political sphere has been identified as being the main responsible for this.

Moreover, interviewees explained that political appointments do not necessarily follow a meritocratic recruitment process, according to which the President of the region replaces a member of the

administrative personnel in light of the satisfactory performance output. On the contrary, politicians do not fully realize that in a Cohesion policy context the accumulation of knowledge and capacities is essential. It is a slow process that will eventually lead to tangible results. However, general managers and managers are removed from office and personnel are constantly relocated to different departments, leading to knowledge and expertise loss.

Respondents at the national level have also mentioned that another major obstacle to learning from evaluations is represented by the way in which evaluators are recruited.

In fact, evaluators should be functionally independent of authorities responsible for programme preparation and implementation. However, what sometimes happens is that, once selected, the evaluator finds an agreement with the relevant administrative staff on the content of evaluations, with a view to being re-selected or have the contract renewed in the future. Therefore the independence and impartiality of evaluators is put at risk.

As far as knowledge accumulation and storage is concerned, evaluations are carried out and the relevant reports are available on-line. However, as noticed by a respondent, the administration does not effectively learn from these studies, as showed by the fact that the same mistakes are repeated again over different programming periods. Therefore, evaluations and the relevant indicators produced in relation to performance are not really taken into account for the strategic reorientation of the policy. In addition, respondents underlined that following the publication of these reports, no real debate and discussion takes place within the public administration nor outside with external actors. In particular, no real input is given by socio-economic actors as far as evaluation activities are concerned.

An interviewee has explained that the regional administration is aware of the importance of evaluation and other performance assessment activities. However, staff work overload represents a serious obstacle to well-functioning feedback mechanism. More in details, due to the overwhelming amount of work that the Programming Department needs to carry out, not enough time can be devoted to learning and evaluation activities. This has negative implications as far as improvement of existing problematic areas is concerned.

It is possible to identify those practices that have worked well and to share them, thereby learning from experience. However, as an interviewee has explained, since one is always under strict deadlines and emergencies, no time is left to plan and share ideas concerning possible learning activities to address areas in which there is room for improvement. This also affects participation in learning platforms. Indeed, as reported by a respondent, those who should participate in these activities are the very same people who have to implement the policy and who are always under time constraints.

This also applies to the drafting of the annual implementation report. The latter is recognized as being a valuable tool to learn from experience accumulated in previous years. However, due to the strict deadlines, personnel shortages, amount of resources that need to be managed by the administration, the drafting process becomes a daunting task and is perceived as being a burden.

A respondent has explained that learning from past experiences can also be hampered by political decisions. An example of this is the decision to withdraw TA, thus forcing the administration to opt for

the single invitation to tender model for information and promotion activities. While the administration had learnt from the previous programming period that the above model was inadequate, it nevertheless could not put its knowledge accumulation in practice due to the political decision to withdraw TA.

Finally, overall respondents agreed that conferences, meetings and exchange of best practices at the EU level have been extremely useful. This was a way to learn and compare ways of carrying out activities with their peers in other Member States. However, it has also being underlined that learning activities are strictly related to strategic processes. In fact, bottlenecks and difficulties experienced in previous programming periods have been identified and reported to the political sphere which has not always being receptive in this sense.

(i) Feedback mechanism, knowledge generation and accumulation – implications for performance

Well-functioning feedback mechanism, fruitful actors' discussions within relevant forums as well as knowledge accumulation over time have important implications for implementation performance. Indeed, the experience accumulated over the years can be used to address problematic areas and, thus, improve performance levels. From the interviews conducted, it appears that learning processes do take place on a formal level; notably, as far as the production of key evaluation reports is concerned. Also, knowledge accumulation through storage of data and indicators does not appear to be missing. However, knowledge generation in the form of actors' discussions within relevant forums at the regional level, as well as feedback mechanisms in the form of studies and evaluations, do not seem to really have an impact on policy implementation. As agreed by the majority of respondents, although these activities are useful, lessons learnt are often not used to address key problematic areas. External factors linked to political decisions, as in the case of staff turn-over, staff-recruitment system as well as staff work overload, seem to be acting as major obstacles against the sedimentation of competences, learning from past experience and drive to improve one's own performance.

As noticed by respondents, this results in the inability to put what one has learnt from experience into practice, with clearly negative consequences for progress in terms of OP performance over time.

(ii) Feedback mechanism, knowledge generation and accumulation – Administrative capacity-building and recommendation

The majority of respondents interviewed pointed out that TA has been an extremely helpful resource; it has helped the administration cope with certain processes, such as monitoring activities, particularly when problems of shortages of staff and time constraints have emerged. Nevertheless, TA has also being counterproductive for learning processes and the accumulation of knowledge. External expertise has been hired to support the activities of the administration, however temporary contracts meant that consultants had to leave office once the contract expired. This has not helped the process of accumulation of knowledge within the public administration. Further, interviewees agreed that the possibility of using TA resources to recruit temporary external consultants has prevented the recruitment of permanent administrative personnel and investment in learning activities for current members of the staff.

Exchange of best practices, meetings and conferences organised at the EU level have also been identified as powerful learning platforms. However, respondents suggested that a closer contact with the Commission, for example through civil periods of secondment in Brussels, would be beneficial to clarify existing problematic areas and gain better knowledge of regulations, practices and ways of doing things on the ground.

Finally, it has been noticed that although learning processes are of paramount importance, the administration has no sufficient time to dedicate to these activities. Bottlenecks in strategic and operational processes need to be addressed first in order to reduce delays and excessive amount of workload. This, in turn, would translate into an increased time available that could be dedicated to learning activities.

2.9.2 Tools for learning processes

Key factors identified for both strategic and operational processes also apply for learning processes. In fact, **staff turn-over**, **staff work overload** and **political leadership** have emerged as being central to ensure that fruitful learning takes place. First, as underlined by a respondent, a strong **political leadership** is needed to ensure that a planning, monitoring and evaluation culture becomes widespread as far as all policies are concerned in Italy. In fact, if these activities are only carried out in the field of Cohesion policy, there will not be a real drive towards internalizing and assigning due importance to these activities. Second, **political leadership** is also key to ensure that lessons learnt from experience of previous programming periods is not lost through decisions that might be disrupt the activities of the PA, as in the case of TA withdrawal. **Political leadership** should also ensure that unmotivated staff turn-over does not take place. In fact, as emerged from the interviews, the latter affects sedimentation of competences and halts progress made through experience. Finally, **staff work overload** as well as the **staff recruitment system** in place appear to be central to learning. As far as the former is concerned, excessive work being assigned to a department or unit prevents administrative personnel from fully exploiting the possibility of learning through participation, for instance, to conferences, seminars, etc. As far as the latter is concerned, it has emerged that the existence of a meritocratic and performance oriented recruitment system is associated to increased willingness to learn and improve one's performance.

2.10 Lessons from the Sicily Research

The selection of Sicily as a case-study has proved particularly useful. From the start, personnel within the Programming Department have been extremely swift in answering to email correspondence and to our cooperation request. A calendar with scheduled meetings was drafted prior to interviewer arrival and respondents were chosen to match requests and on the basis of competence and expertise on the field of our interest.

As far as the content of the interviews is concerned, some trends have emerged – notably in relation to key problematic aspects relating to various phases of Cohesion policy implementation. First, although questions asked were formulated to be as neutral as possible, respondents tended to directly address bottlenecks and problems experienced. Almost no reference was made to improvements registered over time, if not sporadically.

Second, apart from describing the difficulties experienced by the PA, and specifically by the Programming Department, when asked, respondents also provided an explanation of the causes behind the problems encountered. This was extremely useful to identify specific factors that have affected strategic, operational and learning processes over time. Questions on capacity-building activities and their perceived usefulness further helped to assess which problematic areas can be successfully addressed, as well as what has worked and what has not worked over time.

Overall, the pilot case-study has been useful as it shed light into key problems experienced by the regional administration that had not previously been fully taken into account. It has further identified key tools that are needed to successfully manage and implement strategic, operational and learning processes.

In fact, while external factors (e.g. the state of the regional economy, EU regulations in place, etc.) have been identified as negatively affecting the management and implementation of Cohesion policy, internal factors seem to represent the major obstacle to successful implementation.

First, the way in which the regional administration is structured matters and it is closely linked to the quantitative and qualitative human resources component.

In Sicily, while the Programming Department coordinates, it is the regional departments who are in charge of the different CP management and implementation activities in their relevant sphere of responsibility. However, shortages in the number of administrative personnel and lack of competences within the wider public administration can be detrimental. They can negatively affect cooperation among departments, relationship with socio-economic partners, procedures and, ultimately, the overall quality of outputs.

Therefore, while interviewing personnel within the Programming Department was useful to gain an overview of key aspects, implementation bottlenecks primarily occur within the wider public administration and within each department (each with its own allocation of structural resources). It would therefore be useful to devote more attention to the functioning of regional departments

Other key factors that have emerged as being equally important for strategic, operational and learning processes are the number of administrative staff and staff turn-over. While the number of administrative staff is extremely high in the wider public administration, civil servants dealing with EU funds are still small in number. In this respect TA has played an ambivalent role. It has served to deal with emergencies but it is also used to hire temporary personnel with no real benefit for growth of in-house expertise. Shortages of staff often translate into work overload, higher chances of committing mistakes, and the inability to dedicate sufficient time to learning activities. Staff turn-over hinders sedimentation of competences, halts progress being made in a specific area, affects relationship with socio-economic partners and contributes to creating delays in the implementation process.

The overall institutional environment in which the Programming Department operates, and the socio-productive infrastructure of the region should not be overlooked. Political leadership has emerged as being essential to ensure that the pre-conditions to successfully carry out processes are in place. In fact, political decisions have emerged as being a horizontal, cross-cutting issue, with repercussions on: strategy-setting (or lack thereof) informing ROP priorities; HR sector (e.g. recruitment process, lack of incentives, turn-over rate, regulatory framework cumbersomeness and intricacy, synergies

between domestic policies and Cohesion policy); the operational stages of the policy process and final outputs. This view was also supported by the representative of the public and private interests in Sicily (Confindustria and ANCI). The importance of the political aspect has also been highlighted by respondents at the national level as being something of which the whole country suffers from, with varying degrees of intensity.

Another key factor that has emerged is the importance of networks, specifically constant feedback and dialogue between the administration, local actors and relevant stakeholders. The interviews conducted suggest that recommendations and positions expressed by the socio-economic partners within the relevant platforms (e.g. Monitoring Committee) are not sufficiently taken into account, with the feeling that everything has already been decided, decisions have been finalised, before the meetings take place. These also has repercussions on the beneficiaries, as public tenders are not drafted taking into account the realities of the productive system. Beneficiaries, particularly private firms, companies, cannot wait for the extremely long time that elapses from publishing the public tender to project selection and payments. More competitive firms have stopped applying as they are aware of these extremely long procedures.

Concerning the productive fabric of the region, scarce presence of productive activities also has an impact on number of competitors applying for public tenders.

As far as administrative capacity-building activities are concerned, respondents have highlighted the importance of seminars and exchange of best practice but that these activities alone cannot change the state of things. In particular, the use of TA has served mostly to fill in the blanks but it cannot compensate for lack of in-house expertise and personnel. This is also the case at the local level, in both small and large municipalities, where offices/units specifically dealing with SF are not in place.

Moreover, decisions made in the context of strategic and operational processes negatively affect the learning capacity of the administration. In fact, understaffed units cannot dedicate sufficient time to learning due to work overload and implementation time constraints. While continuous staff turn-over contributes to halting the process of knowledge accumulation.

The answers provided by the national level, reinforced that it is not possible to isolate the capacity to manage the EU funds from the way in which the overall public administrative system of a given country functions. As pointed out by Giampiero Marchesi: “if we were to be in a situation in which in a country X everything works the way it is supposed to, projects progress smoothly and only the SF programmes are problematic, then one might wonder what is wrong with the latter aspect and what can be done the fix this”. Marchesi basically pointed out that the management of SF is a microcosm of how the overall national public administrative system functions. Thus, if one addresses the capacity to manage EU funds one needs to link this to the overall capacity of the administrative system of a given country, region, sector.

Therefore, overall, the case study has been particular helpful as it provided insights into key bottlenecks and underlying reasons for those problems. In particular, it has made links between capacity factors more clear and on aspects of quality of government that, more than others, have an impact on administrative capacity.

In light of what has emerged, it would be useful to interview representatives of the political sphere to gain a deeper understanding of the rationale behind allocation of resources to regional departments as well as the extent to which they prioritise CP. Also, interviews addressed to civil servants working within the wider PA could have helped gaining more insights into problems experiences in each department managing its own share of allocated resources. Interviews in another Italian region will be useful to assess how critical aspects have been dealt with and gain insights into what are the key determinants of a well performing regional system.

Table 4: Overview of respondents interviewed for pilot case-study

Name	Ministry/Department	Position	Reason for selection for interview	Responsibility
Sabina de Luca	Department for Development and Economic Cohesion (DPS)	Head of Department for Development and Economic Cohesion ¹⁷	Overview of key strengths and weaknesses of the way in which CP is programmed, implemented and delivered in Italy.	Coordination of CP in Italy, preparation of programming and implementation documents for regional development policies, analysis and evaluation of implementation and results of these policies, negotiation activities with EU and MS.
Giampiero Marchesi	Department for Development and Economic Cohesion (DPS)	Head of Public Investment Evaluation Unit (UVAL) ¹⁸	Overview of key strengths and weaknesses of the way in which CP is programmed, implemented and delivered in Italy.	Technical support to programming activity of public investments, specifically as far as EU programmes are concerned. It takes part to the network of regional and central evaluation units.
Giuseppe Scorciapino	Programming Department	Manager ¹⁹ – Area 2 Coordination, communication, technical assistance ²⁰	Unit responsible for drafting and negotiation of Regional Programme	Coordination of activities relating to the set-up, update and implementation of the single programming document and other programming tools, inclusive the set-up of annual implementation report and the final implementation report, financial management of projects, evaluation activities of OP ERDF Sicily 2007-2013
Marco Tornab�	Programming Department	Administrative officer ²¹ – Area 2 -Operational Unit 1 - Communication ²²	Information and promotion of ERDF co-financed interventions	Setting up and implementation of ERDF 2007-2013 Communication Plan; information and promotion including update and management of departmental websites.
Nicola Tarantino	Programming Department	Manager – Area 5 Coordination Offices First level Control ²³	Recurrent problems for beneficiaries, mistakes/irregularities that are more common for projects (e.g. public procurement)	Quality control; guidance and operational support to Monitoring and Control Units within each regional department for ERDF 2007-13
Gianfranco Di Liberto	Programming Department	Administrative officer – Area 1: General Affairs and Contracts ²⁴	Unit responsible for financial management of projects	Coordination of financial management and budgetary proposal; financial management ERDF OP Axis 7
Antonio Costantino		Manager - Public Investment Evaluation Unit ²⁵	Learning capacity. To what extent effective learning occurs on the basis of experience from the implementation process.	Production of programme and projects evaluations. Through production of specific analyses, it offers technical support to programming of funds in Sicily.
Guido Speciale	Programming Department	Adm. Officer - Area 2: Coordination, communication, technical assistance		Secretary Monitoring Committee ROP 2000-2006 and ROP ERDF 2007-2013; partnership office and Consultation Forum Secretariat.

¹⁷ Ministero dell'Economia e delle Finanze - Dipartimento per lo Sviluppo e la Coesione Economica.

¹⁸ UVAL – Unit  di valutazione

¹⁹ Capo Area.

²⁰ Area 2 - Coordinamento, Comunicazione, Assistenza Tecnica.

²¹ Funzionario amministrativo.

²² Area 2 - Coordinamento, Comunicazione, Assistenza Tecnica – Unit  Operativa di Base I - Comunicazione

²³ Area 5 - Coordinamento Uffici Controllo di primo livello.

²⁴ Area 1: Affari Generali e Contratti.

²⁵ Nucleo regionale di valutazione e verifica degli investimenti pubblici (NVVIP)

Giada Platania	Monitoring Committee	Manager -Programming and International business at Confindustria Sicily	Opinions on strategic processes, such as negotiations, programme formulation, etc.	Confindustria Sicilia – The main association representing manufacturing and service companies in Italy.
Paolo Chiappara		Manager - Economic activity and enterprises at Confindustria Sicily		
Paolo Amenta	Monitoring Committee	Vice President ANCI (National Association of Italian Municipalities)	Opinions on strategic processes, such as negotiations, programme formulation, etc.	
Davide Crimi	Monitoring Committee	Manager Europe Direct ²⁶ Catania	Opinions on strategic processes, such as negotiations, programme formulation, etc.	

²⁶ Local information centre

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3. PILOT CASE-STUDY RESEARCH IN POMORSKIE

3.1 Background information and overview of OP performance in selected regions

Pomorskie is in the middle of Polish regional rankings in terms of size and strength of the regional economy. It has a relatively stable position in relation to other Polish regions (5th place in terms of GDP per capita). Despite the recent crisis, the economic growth rate is still higher than the EU average growth rate (and there are prognoses that this will remain unchanged in next few years). Still, the average GDP per capita is lower than EU average. Pomorskie has a strong basis for growth in the coming years. This include: high economic activity of inhabitants, strong external economic linkages (including the participation in international trade networks), as well as a significant share of high-technology products in the export structure. What is also important, there are positive demographic trends observed, such as high birth rate and positive net migration, which distinguishes the region from other Polish voivodships.

Despite these positive trends, there are also significant problems. One of them is a visible spatial inequality, especially on the axis Gdansk-Gdynia-Sopot (so called "Tripolis") and other areas. The relatively low level of attractiveness to foreign investors is also challenging. There are also deep structural problems in the labor market (the low level of economic activity, the mismatch of competencies and skills to the needs of local businesses and the challenges of modern knowledge-based economy).

One of the main sources of funding for development activities are ERDF Regional Operational Programmes. Pomorskie in 2007-2013 and 2014-2020, as most of Polish regions (except Mazowiecki) was a convergence region. Following tables show the allocation structure of ROP 2007-2013 and 2014-2020.

Table 5: Allocation structure of ERDF funding ROP Pomorskie 2007-2013 (mono-fund Programme)

Priority axis	Share of ERDF allocation (%)	Amount of ERDF allocation (EUR)
1. SME development and innovation	19%	179.195.202
2. Knowledge society	5%	51.524.282
3. Urban and metropolitan functions	17%	163.295.176
4. Regional transport system	24%	222.224.998
5. The environment and environment friendly energy	6%	56.620.300
6. Tourism and cultural heritage	5%	44.253.288
7. Health protection and rescue service system	4%	35.402.630
8. Local basic infrastructure	13%	123.909.207
9. Local social infrastructure and civil initiatives	4%	35.402.630
10. Technical assistance	3%	26.551.973
	TOTAL	938.379.686

Source: ROP Pomorskie 2007-2013

Table 6: Allocation structure of ERDF funding ROP Pomorskie 2014-2020 (combined funding)

Priority axis	Amount of ERDF allocation (EUR)	Amount of ESF allocation (EUR)
1. Knowledge Commercialization	132 867 833	
2. SMEs	165 915 304	
3. Education		111 890 394
4. Vocational training	65 243 722	
5. Employment		209 686 004
6. Social integration (inclusion)		106 305 462
7. Health	99 726 725	
8. Conversion	151 062 588	
9. Mobility	332 208 380	
10. Energy	200 363 424	
11. Environment	112 446 242	
12. Technical Assistance		65 206 918
TOTAL	1 259 834 218	493 088 778

Source: ROP Pomorskie 2014-2020

It is important to point out, why the Pomorskie Regional Operational Programme has been chosen for the case study aimed to investigate the components of administrative capacity and paths of administrative capacity building. The main point of this particular Programme being selected for analysis is to focus on the preconditions for successful Programme implementation.

At the beginning of 2015 Pomorskie is one of the two Polish regions in which 100% of allocation has been contracted (the other region is Opolskie, but this is a small region with a significantly lower level of funding allocated). Pomorskie is also one of the best performing regions in terms of 'smooth spending' (86% of allocation has been spent till the beginning of 2015).

The Managing Authority at a regional level was designated for the first time for 2007-2013 programming period. After the Polish EU accession there was a short 2004-2006 programming period in which there was centralized Integrated Regional Operational Programme. Regional Authorities were only taking part in project appraisal and selection but the overall management of the Programme was by the central Government. As a result this case could provide us with fruitful insights on the process of recent capacity building (as this is relatively new MA, operating for the first full-time programming period).

The other reason for this selection is the implementation structure, which is rather centralized at the regional level and most of the prerogatives are concentrated in only one institution – the Marshal Office. Within the Regional Programme implementation system only one Intermediate Body was introduced (Pomerania Development Agency Co.) to implement the funds devoted for SMEs. Although Certification Authority for 2007-2013 was located in the Central Government Regional Office, this is to be changed for the 2014-2020 programming period – Certification Authority is now also located in Marshal Office.

3.2 Empirical analysis

3.2.1 Interviews conducted

Comparably to the pilot research in Sicily, the case study of Pomorskie was designed to cover as many roles as possible within the public administration that could provide insights into the capacity and efficiency of the systems of interest. The research included interviews with managers and staff from two Departments responsible for execution of Managing Authority tasks: Department for Regional and Spatial Development and Department for Regional Funds. At the national level the interview was conducted with the manager of the Department for Coordination of Implementation of EU Funds in the Ministry of Infrastructure and Development. A full list of respondents is provided in Table 7.

Following the lessons learned from Sicilian case study, despite having a single interview protocol, a flexible approach was adopted to make sure that questions could slightly differ depending on the occupation and field of activity of the respondent. For example, more horizontal questions on the bigger picture of capacity strength and weaknesses at the regional and national level were mainly left for the general managers at the regional and national level.

Interviews with the regional administrative personnel have been conducted within the premises of the Marshal Office in Gdańsk, in the march 2015 (after the official inauguration of new programming period and first Monitoring Committee meeting. The regional interviews were followed by the IDI in the Ministry in Warsaw. The research team was also granted an access to two transcriptions from FGI (Focus Group Interviews) conducted in Pomorskie within the mid-term evaluation of implementation system of National Strategic Reference Framework 2007-2013 (interviews conducted during Spring 2013).

Despite having a single interview protocol, a flexible approach was adopted to make sure that questions could slightly differ depending on the occupation and field of activity of the respondent. For example, more horizontal questions on the bigger picture of capacity strength and weaknesses at the regional and national level were mainly left for the general managers at the regional and national level. The semi-structure interview revolved around questions addressing strategic, operational and learning processes. For each process, capacity factors have been investigated with a view to understand which elements are considered to be central for the implementation of the policy and what prevents these factors from functioning as desired. Further, questions on capacity-building activities carried out to target existing problems aimed to gain a deeper understanding of what worked, what did not work and why. Finally, although the focus of the interview was the 2007-2013 programming period, specific questions aimed at grasping the evolution of the OP performance over time.

Finally, interviews have been transcribed and coded for qualitative data analysis through interview software (MaxQDA), which has enabled systematic and comprehensive conclusions to be drawn.

3.2.2 Strategic processes (diagnosis, programming and consultations)

In this section the discussion centers on the strategic processes, namely diagnosis and programming, consultation, negotiation and coordination. At the time of diagnosis and formulation of the ROP for the 2007-2013 programming period the Marshal Office was forced to act in a chaotic external environment, as well as poor internal strategic capacity.

After the years of strategic vacuum and 'muddling through' logic, which was dominant for the Polish transition period, numerous national, regional and local strategies were formulated. The fundamental problem was the lack of coherent national framework and integration of those various strategies. This in turn produced the chaotic strategic framework at the regional level, in which the ROP was formulated. Moreover in the Marshall Office itself there was a lack of resources and competences indispensable for wide, profound diagnosis that could enable the formulation of evidence-based strategic choices. As underlined in interviews, the culture of thinking about the public management in terms of making diagnosis, setting objectives, measuring and evaluating actions and then reformulating targets was at the basic level. As a result in 2007-2013 programming period the Programme was seen as a point of reference for the whole regional strategic planning activities (goals of regional strategic documents were formulated so as the actions could be financed by the ROP).

It changed substantially during 2007-2013. Managers learnt the new way of thinking and working, the overall strategic cultures has been reinforced. This change has been driven by individual training, participation in international and national knowledge sharing-platform, as well as introduction of extensive policy evaluation culture. As a result of these learning mechanisms, the programming process in central and regional government has undergone a paradigmatic change. It also substantially changed the way, in which ERDF funds are being used to foster regional development processes. **In this case we could see the impact of individual learning (people building skills and broadening their intellectual horizons) on the changes at the whole system level.** For 2014-2020 the formulation of new ROP (allocation structure) followed the new regional strategy. The Programme is now regarded as one of the mechanisms to deliver integrated regional development policy (including the main strategy and six sectorial strategies). As one of the Directors described, Programme is no longer the "creator" of the regional policy, but the 'executor or performer'.

Once again: the main changes happened as a result of gaining knowledge and building skills by key staff within the Marshal Office. What is worth mentioning – the process of drafting the Programme was done by the civil servants themselves. External experts were only being appointed for external evaluations and diagnosis required building the strategy of evidence. This shows that in terms of administrative capacity building it is sometimes more rational to invest in own human resources than to rely on external experts. It is then important to guarantee the good motivational system that will help keeping key staff engaged. This was a particular problem within the whole Polish system in 2004-2006 programming period, as the staff turn-over rate was extremely high.

It is also worth mentioning the impact of broader processes on the strategic capacity of the Managing Authority. Firstly, the highly influential factor mentioned by respondents was the **empowerment of their roles by the political leaders** of the region. The Programme managers feel the support from the political staff of the Pomorskie Regional Board - the smooth implementation (namely fast absorption) is seen as a 'common task' for all. As a result political leaders do not interfere in strategic processes a lot. The only thing they are interested in is an absorption pace, even at the expense of achievement of strategic targets. At the beginning of 2014-2020 this seems to be changing (higher priority given to strategic goals and sustainable development, but still fast absorption is a key target).

This is also noteworthy that the Pomorskie was the only Regional Programme in Poland (out of 16) without a list of indicative/strategic projects. In other regions such projects were often used as a way to introduce mechanisms of political clientelism into funds allocation (e.g. securing financing for projects without strong strategic rationale but politically important for some group of interests). This

also shows how important was the relatively strong independence of Pomorskie Managing Authority from the political influence. Additionally this independence is permanent; as strong political stability is observed (the majority in the Pomorskie Regional Board has been hold by the same political coalition since 2002 and will retain it at least till 2018 regional elections). This in turn creates an enabling environment for capacity building and its maintenance.

If we look at the national level, we could also see some important changes within national polish administration, namely the substantial reform on the strategic thinking within the government (integration of strategic documents) and the adoption of the new multi-level governance of development policies (especially introduction of new division of tasks and territorialisation issues). These were not only changes in governance tools, but an important change institutionalized by the enactment of the Act on the principles of development policy delivery. **We can though summarize, that to achieve strong programming capacity there is a need for combination of specific internal (HR development and availability of resources for evidence gathering) and external factors (political stability, political support and introduction of legal incentives).**

Another important element of strategic processes is public consultation of the Programme. For the 2007-2013 Programme the public consultation process lasted for 10 weeks (5th May to 14th July 2006). In this period there were 39 public consultation meetings organized and more than 1900 people were involved. For the current Programme (2014-2020) the consultation lasted for 8 weeks (1st November - 21st November 2013). Almost 36 seminars and workshops were organized and more than 1100 people took part. There were 1115 opinions submitted from almost 150 institutions or individual citizens.

The Managing Authority was using the experience from information & publicity activities of ROP to make the information about the process available for all interested parties (e.g. there were press releases and media materials informing about meetings and possibility of sending opinions). As far as the consultation conferences and seminars are concerned the MA tried to structure them so as to capture the territorial and sectorial views (to enable the participation in public debate for various groups of stakeholders, also geographically dispersed). That deliberative process proved to be useful and produced some amendments to the Programme. It is also important that the consultation process was designed not only to gather feedback, but also to discuss the ideas. After the opinions were collected they have been widely discussed at the series of seminars. Moreover, the results of consultations were published as a coherent report to make the process more transparent.

Finally, the last strategic process to be described is coordination. We should start from stating that in the 2007-2013 programming period the ROP was a mono-fund Programme (only ERDF funds and ESF funds were implemented in the regional component of national Human Capital Programme). In 2014-2020 the combined-fund Programme has been introduced (ERDF and ESF funding) so the coordination should be reinforced.

Nevertheless, there have been some coordination problems observed within 2007-2013 programming period. Firstly, as stated above, at the beginning of OP implementation there were no clear mechanisms of multi-level coordination. It was visible at the regional level, where there were to many strategic objectives in many different sectors. As one of the managers stated, in that time there was a problem with prioritizing the development interventions and with funds channeling. Thanks to the growing experience and knowledge of managers this changed throughout 2007-2013 programming

period. The important component of this change was a clarification of the Ministry for Infrastructure and Development role (at that time it was the Ministry for Regional Development) of the Coordinating Authority. Today, regional governments are rather satisfied with the course of cooperation and establishment of the coordination mechanisms in the system of policy implementation. Over time, they were able to build a "good, strong relationship" with the Ministry and other regional governments. Employees of Pomorskie MA regularly participate in the meetings of national Working Group on Coordination and Complementarity. Although at the beginning the outcome of this particular body was positive with the scale of structural investments growing rapidly, there are some agenda problems (overload of themes to be discussed) and inability to structure the meetings of this kind in a way enabling the deeper discussion and generation of valuable ideas. Even though **our respondents are sure that strong ties with other institutions and good, even interpersonal relations are fundamental for knowledge and experience sharing, as well as efficient information flow that is essential to build the coordination capacity.**

In Pomorskie there are some good practices of multi-level governance. Above all, there is a strong political support for coordination. There are regular (weekly) meetings of the regional cabinet devoted entirely to the EU Funds absorption. The databases of regional projects co-financed from national OP (like Infrastructure and Environment or Innovative Economy) were created to integrate knowledge on potential complementarity and synergies. Moreover within 2007-2013 programming period there were regular meetings with the representatives of local authorities so as to strength the multi-scalar dimension of coordination. Good practices of such cooperation can be shown. Firstly, the *Local Leaders Network*, that brings together more than 300 representatives of local governments and organizations. Local leaders report their current needs to the Managing Authority, at the same time being the source of knowledge for the local community. The other good practice is the existence of County Working Groups. These bodies were bringing together more than 200 representatives of municipalities, counties, social and economic organizations and other important stakeholders from local communities. They facilitated the discussion on local development needs and helped to formulate better projects at a local level.

What is really important is the ability of the Pomorskie Managing Authority to build on that previous cooperation and coordination experiences and use them as a building blocks of the new mechanisms. For the 2014-2020 programming period not only the Regional Board decided to use the new integrating tools included in the Common Provision Regulations such as the Integrated Territorial Investments (ITI) but also to allocate a large share of the resources available to municipalities for the use of this tool. In particular there have been more than 60 projects negotiated and accepted for the total amount of 1, 2 billion PLN (300 million EUR) thus far.

While describing the preconditions for such positive outcomes, the managers claimed, that lot of time and work has been invested in the networking and empowerment of stakeholders. This process was neither easy nor instant, so the fundamental part was the stability of staff involved in the coordination and cooperation processes. These people were not only the contact person but rather they performed advocacy tasks to promote cooperation. They have invested a lot in terms of time and personal effort to animate those successful networks. **Once again it was pointed out that adequate human resources at both sides of the dialogue are crucial for the success** (as long as the strong political support). Of course these positive results could be also attributing to a broader social context, e.g. Pomorskie is one of the Polish regions with the highest social capital level.

3.2.3 Operational processes (project appraisal and selection, project implementation and financial management)

The following section will discuss the issues connected with operational processes. As it was noted above, the overall implementation performance in Pomorskie OP is relatively high. There were no major horizontal problems that could block the process of smooth implementation (except for problems with the adoption of EU regulations on the Environmental Impact Assessment and Public Aid. It resulted in longer procedures related to commencement of previously selected projects and introduction of external experts assessing the procedures, but the problem has been successfully overcome.

Of course numerous technical and procedural problems and obstacles have been identified in course of program implementation, but our informants agreed that those problems were just an additional task to be completed, they did not treat problems as something blocking (or frustrating), rather as something usual in such complex system of procedures and actors. Building on that ground we can say that the overall problem-solving capacity and adaptive capacity of the researched Managing Authority is really strong.

This could be proved by showing the quantitative progress of Programme implementation. As we can read in the 2013 Annual Implementation Report (the 2014 report has not been approved yet) since the inception of the Programme over 3648 project proposals have passed the formal assessment (the overall worth of these projects is 1576011573,94 EUR, which is 169.73% of the primary allocation assigned to the program). The Managing Authority signed 1617 agreements /decisions (total worth was 889695094, 82 EUR representing 95.82% of the allocation). Certification Authority certified expenditure in the amount of 668918180, 50 EUR. At the end of 2013 the total worth of projects with signed agreements/decisions in the 8 priority axes (out of 10) was about 100% of allocation per axis.

Looking at these absorption and spending indicators we understand that there must be a highly efficient operational system working to produce such results. Before proceeding to examine the processes itself, we need to explain how the work within the MA was structured and accountabilities divided. As we mentioned above, the Managing Authority of Pomorskie is rather centralized body. In fact, the strategic and learning processes are run by the Department of Regional and Spatial Planning and the operational processes are run by units located in the Department for Regional Funds. Both departments are located in the same building (Marshal Office) There is also one external intermediate body appointed (chosen on the competitive tender basis), which role is to deliver funds to entrepreneurs.

In fact, the Pomorskie Managing Authority's **organizational structure is the example of departmentation by function. The division of tasks and accountabilities is based on a functional activity.** Such division has both advantages and disadvantages. Firstly, such division is a good solution to avoid the overlapping responsibilities and tasks mirroring. Yet, in the organization engaged in the policy with such strongly articulated policy cycle, this kind of organizational structure requires perfect internal coordination, cooperation and communication between units so as to avoid creation of the "siloes" units. None of our respondents was referring to limitations of the structures. In fact, most of interviewees were pointing out, that the high level of flexibility has been introduced so as to adapt the workforce to the Programme stage. Such contingency approach was used to overcome the work overload issues (e.g. at the inception of the Programme most of the staff was

dealing with the tenders and commencement of project. Later on the selected group of employees moved to project management units, subsequently another group enforced audit and control units). This practice – from our respondent's point of view – proved to be extremely useful. What is even more, this mechanisms not only helps overcoming work overload, but also has a huge impact on staff awareness of the whole system (increases people systemic thinking), which is extremely helpful when strong cooperation is required (different units do have knowledge what are the needs and expectations of other units). These positive experiences are to be maintained for the 2014-2020 programming period.

Turning now to the operational processes, we start with the project appraisal and selection procedures. At the beginning of 2007-2013 programming period the most challenging task was to create formal procedures and documents to be used in tenders and project commencement process. Our respondents pointed out, that these were the most difficult stage in Programme management, as they did not have previous experiences. In terms of administrative capacity it required two factors: adequate human resources (in terms of the number of people engaged) and specific knowledge. The latter was absorbed from three sources: staff training, participation in international twinning projects and working groups with other Managing Authorities. All of informants claimed, that the new programming period (2014-2020) is much more easier in this area, as there is an accumulation of experiences gained within 2007-2013. Even though they are aware that many things have changed in terms of Programme structure and specific regulations, they are strongly convinced that they can prepare the adequate regulations for tenders, as well as documents, guidelines and other forms of procedures for potential beneficiaries.

What was also pointed out is that the constant internal self-assessment, reflectivity and flexibility are indispensable to manage tenders for beneficiaries. The procedures were changing repeatedly throughout the programming period. Firstly, it was caused by external factors, like national and EU law changes. In the 2007-2013 programming period some legal problems were observed with the regulations of NSRF implementation system. The Constitutional Tribunal stated that using specific directives and guidelines to impose obligations on beneficiaries is discordant with Polish Constitution). For 2014-2020 programming period the new law (parliamentary act) has been introduced to solve this problem (so called EU Programmes Implementation Act). Moreover, there have been significant changes in public finance law (these in turn required changes, changes in public procurement law, change of value added tax (VAT) rate, etc.

Each of such changes, sometimes unexpected, was forcing Managing Authority to adapt to external environment. **This was done in two ways: primarily by using internal resources** (work of employees, creation of new procedures or guidelines). **In most challenging tasks**, like the necessity to introduce the EU Environmental Directive regulations to polish law, **Managing Authority outsourced some of the responsibilities** (external experts were assessing the procedures applied by the beneficiaries to prepare the Environmental Impact Assessment of their projects). The cooperation with external experts triggered of the internal learning and staff skills building, which will now be used in the 2014-2020 perspective, when more assessment tasks will be undertaken internally.

The out-sourcing of the project appraisal procedures also caused some problems, e.g. the lack of experienced experts being able to assess the projects in different sector (e.g. energy, infrastructure, and innovativeness). As a response to weak experts capabilities **Managing Authority reengineered**

some of the processes, namely introduced three steps assessment procedure. Each proposal is appraised by three independent evaluators (one expert for strategic aspects, other for implementation (e.g. cost-effectiveness), and other for EIA procedures). Huge effort has been put into finding the right experts and selecting those being the most capable of providing reasonable and sound assessments. Moreover, strategic working groups were established to foster the strategic assessment of proposed projects. Such reengineering was meant to secure the quality of the appraisal procedures.

The other factors of administrative capacity in this field were the wide usage of e-governance tools. The Programme website is the primary source of information, the contact point, as well as important repository of basic documents. Special computer aided apps have been introduced to help beneficiaries in applying for funding. Subsequently this was helping in formal and substantive assessment. This application was then being recurrently updated to be in line with changing European, national and regional rules.

The other administrative **capacity factor that was influencing the smooth project generation, appraisal and selection, was the user-oriented approach** presented by the Managing Authority employees. Our informants claimed that they did understand that applying for EU funds is something totally new for most of the entrepreneurs, local governments or high schools. Though, numerous training and workshop opportunities were provided for beneficiaries. In 2011 mid-term evaluation of information activities was commissioned and about 3/4 of beneficiaries claimed that they felt being well informed at the time of project preparation and application.

We should be though aware that the beneficiaries' capacity can be built by the Managing Authority only in limited way. It is also worth underlining that the capacity of the beneficiaries in Pomorskie could be described in two ways. First, as the overall capacity of the entity (public or private body) to formulate ideas for projects, allocate funds for co-financing and integrate the project with strategic goals of the body and its day-to-day activities. This capacity in Pomorskie is very diversified and during 2007-2013 was affected by the economic downturn. We should be also aware that most of the beneficiaries were public bodies. There is a common agreement in Poland that the offices and units implementing EU Programmes differ substantially (in terms of quality) from the offices of wider public administration. The difference is even more visible at the local level. The positive spill-over effects are being observed ('Europeanization effects'), but still in a limited way. This causes some problems in areas where MA has to cooperate with other public administration bodies, like in the area of projects generation and appraisal. Provided that we should recall all of the networking and coordination activities undertaken by the MA to help in generation of better projects.

When we speak about the second biggest group of beneficiaries, namely entrepreneurs, we should be aware that we could name also the second type of capacity – the operational capacity to implement the ERDF sponsored grant, namely ability to understand and be compliant to rules and regulations, ability to prepare the project proposal correctly, ability to manage project properly (e.g. preparing adequate quarterly request for payment). This capacity increased significantly during 2007-2013 programming period and subsequently had a positive impact on MA performance (e.g. financial management of project was smoother as beneficiaries were making less mistakes). Nevertheless we could not exactly distinguish the impact of MA actions on this growth from the impact of the strong involvement of external consultancy companies specializing in project generation and management.

It is also worth mentioning, that there has been an attempt to introduce performance measurement for project appraisal and selection procedures. At the national level the Ministry for Infrastructure and Development gathers data from all Polish public bodies involved in Cohesion policy and publishes biannually the report on institutional capacity of the system. Some simple performance measurement indicators are used in this report, e.g.:

- the average number of project applications for one tender (in items)
- the average project worth for one tender (in million PLN)
- the average length of appraisal of all applications in one tender (in working days)
- the percentage of applications passing formal appraisal with positive decision (in %)
- the average length of tender (in calendar days)
- number of repeals from decisions (in items)

The other group of indicators is devoted to measure the workload in the institutions. This group contains:

- the number of project applications per one FTE in the 6 months period
- the number of project decisions/agreements per one FTE in the 6 months period

Our respondents did not share the similar view of such performance monitoring. Some of them agreed that there is a growing need to assess the efficiency of processes (as it is impossible to hire more and more people to perform tasks). On the other hand some of the respondents claimed that it is extremely difficult to compare the processes, which is mainly the matter of strong differentiation of project and beneficiaries types.

The next group of operational processes is devoted to project management, control and certification of expenses. As we discussed the performance measures in the above paragraph, we should continue by adding the indicators from the area of project implementation and financial management the following indicators have been introduced:

- the number of payment applications per one FTE in the 6 months period
- the number of all payment applications' versions submitted in the 6 months period
- the average time of payment application validation by MA
- the number of on-site project inspections (controls) performed by MA

As it was underlined before, **such performance measures are seen as oversimplifying the complex nature of Programme implementation.** Most of our respondents shared the view that the performance **monitoring could be also done in semi-structured qualitative way by the regular team meetings and discussions.** In fact this is happening as far as operational processes are concerned. Staff is encouraged by leaders to generate assessments and problem-solving ideas. Such

discussions often lead to important changes, e.g. the unit for analysis of public procurement process has been introduced as a response to most common problems with project implementations.

While continuing the reflection of operational processes, we should note that our respondent fully agreed that this is the area of the Managing Authority performance, which is most strongly dependent on the beneficiaries' capacities. This is why the strong user oriented approach is essential in this part of MA activities. This was manifested in numerous capacity building activities for beneficiaries (like workshops and consultations), as well as production of manuals and guidelines to help with project management. The constant analysis of main problems for beneficiaries as well as reflection on audit results resulted in numerous simplification and procedural adjustments. One of the most important changes was introduction of pre-financing (some members of MA staff were reluctant to this change as it was threatening for the budgetary discipline, but eventually it generated positive outcomes in terms of projects material progress).

Though, one of our respondents underlined that there is no such thing as "easy EU funding" and simplifications have their limits (in fact, when some of the Polish MAs had gone too far in this process, it produced negative outcomes in terms of project quality, e.g. reducing bureaucratic obligations resulted in lower compliance to budgetary and public procurement rules). Therefore the simplification should be done cautiously and with a strong emphasis on parallel beneficiaries capacities building. This was a common practice in Pomorskie, e.g. on-site project inspections were not only used as a way of preventing fraud and misconduct but also as a way to share knowledge with beneficiaries, improve their understanding rules, especially those related to public procurement and financial management. As a result of internal discussions and analysis of audit results, the new unit was established to deal with the public procurement issues, which cause the biggest problems for beneficiaries.

Moreover, for the 2014-2020 programming period the new unit has been introduced, namely 'Competence Centre'. The role of the new entity is helping beneficiaries in building their management capacity in EU grants. As it is just beginning operations, there is no evidence on the outcomes of such unit. What is worth mentioning, the Centre will be based on internal knowledge and experience of MA staff. **The HR factor was mentioned by all of our respondents as most important for the operational capacity of the Authority. The other factor is good communication between units that enable knowledge and ideas sharing, which was producing feedback for managers on what need to be changed.** At the beginning of 2007-2013 the biggest problem was the lack of qualified staff capable of understanding EU, national and regional regulations. Many issues were discussed and adjusted with the Ministry and other regional MAs. This evolutionary process of organizational learning resulted in significant improvement of performance. Those experiences are to be used in 2014-2020.

In general, also the capacity of beneficiaries was constantly growing in terms of micro-mechanics of project implementation. Still, there were some projects that were terminated. It was not a big problem in terms of allocation or certification, as there was a smooth internal mechanism of re-allocating unused funds to next projects waiting (on the basis of ranking lists from tenders).

Paradoxically, the most disruptive event for the Managing Authority, in terms of operational processes, was the National Performance Reserve allocation. On the one hand it was a huge incentive for the regions. It created a spirit of competition among 16 Managing Authorities. In Gdansk

(Pomorskie) additional financial incentives for staff were introduced to achieve the goal at the time of allocation of NPR. The attitude of employees to the mission of the organization was proved in positive terms. Most of the employees agreed to work more so as to secure additional funds for region. **The staff morale and motivation level were underlined by all of respondents, as a precondition for good performance of institution.**

Although the NPR allocation had a positive impact on certification level it also caused some organizational performance problems. When there was a 'race for NPR' some of the small projects were relegated to secondary status, as there were not providing substantial level of funds certified. Though, after the division of NPR, there were lots of outstanding projects that needed to be controlled and certified. It took few months to put everything in order after that.

The other external factor that influenced the performance of MA was the economic crisis. On the one hand it had the negative impact on implementation. Especially in terms of public bodies' capacity to manage projects, e.g. constraints caused by the 'austerity measures' within the self-government budgets. Municipalities and communes were obliged to limit their debt ratio which had an impact on financial resources available to co-finance EU projects. On the other hand, paradoxically, the global crisis impacted the implementation of ROP in Pomorskie in positive way. At the national level there was a clear suggestion that EU Funds should be used to trigger off the positive results within regional economies (more money transferred to regional markets). As a result the MA decided to organize some of the tenders ahead of previous schedule and to allocate some additional money for 2009 (that were previously set to be used in 2010 and 2011). Moreover some additional actions were taken, e.g. new financial engineering instruments have been made available.

The concluding paragraphs of this section are devoted to information and publicity activities. This process was a subject of the most widespread out-sourcing practices. In fact, Technical Assistance funds allowed addressing the most important challenges in this area, e.g. providing wide-range information about tenders, assuring the accessibility to documents and guidelines, providing training for the beneficiaries and promoting the benefits of EU Funds implementation in the region. The task of MA staff were mainly focused on the planning, coordination and design of actions, while the execution part, e.g. print of manuals, creation of campaigns, organization of workshops and seminars, was mainly out-sourced. The overall Communication Plan for the OP was established. This document provided the main communication targets and stakeholders, defined the system of monitoring indicators and indicated most important tools. The problem of this planning document was a lack of profound diagnosis on regional stakeholders and recipients (the plan was following the general diagnosis provided in national communication strategy).

The performance was being monitored year by year, and obligatory evaluations were commissioned to gather the opinions of beneficiaries and check the awareness about EU Funds of general public in Pomorskie region. As our respondents informed, this monitoring was particularly useful in terms of assessing the quality of actions and collecting feedbacks from main stakeholders (e.g. assessment of trainings or workshops, accessibility of information tools, utility of different types of publications). In general it enabled to improve gradually the quality of actions.

In terms of information, the MA prepared numerous manuals and guidelines for beneficiaries. The most important was a Manual for Pomorskie OP Beneficiaries, which have been updated for almost 20 times. There were 7 local contact points providing information for potential beneficiaries and

beneficiaries. Moreover there was a "mobile contact point" - experienced civil servants were travelling from town to town to spend one day in each and be available for the questions from local citizens and entrepreneurs. In terms of promotion there have been several media and press campaigns, as well as public events, like the EU Funds Open Days.

In the mid-term evaluation of the effectiveness of information publicity activities, about 3/4 of beneficiaries claimed that they felt well informed at the time of project preparation and application. Almost 90% of Pomorskie inhabitants declared that they know about the EU Funds being implemented in the region and almost half of them declared the awareness of Pomorskie OP actions. 80% of respondents admitted that the EU Funds generate positive results for the socio-economic development of the region.

As far as the management capacity is concerned, accordingly to what our respondents said, the most important factors having impact on information and promotion actions were: staff quality (especially knowledge and experience, availability of TA funds, good planning and monitoring processes for this sub-process, cooperation with other MAs and national Coordination Authority within the framework of communication strategy for EU Funds in Poland). As there have been some tensions between Coordinating Authority and Regional Managing Authorities (especially in terms of the span and content of promotion campaigns), in 2014-2020 the system will be more coherent, e.g. single layout for all websites of regional Programmes has been introduced and the possibility of MA to address wide media campaigns to the general public has been limited.

The biggest management problem was the application of public procurement regulations and procedures to out-source the creation and production of media campaigns and information material for beneficiaries (as the Polish public procurement law is designed in a way to buy simple, standardized products, rather than creative, individualized services). Also in this case the growing experience of staff proved to be the best tool to overcome the problem.

3.2.4 Learning processes

Having discussed the strategic and operational processes, we will now move to the learning processes, namely evaluation, monitoring and organizational learning.

In Pomorskie Managing Authority there is a well-established system for evaluation activities, which are strongly appreciated by senior staff. There have been numerous evaluations commissioned and conducted internally. The main types are evaluations on socio-economic impact of EU funds in Region, but also evaluations capturing internal processes like project selection and appraisal, information and promotion activities of MA).

There is an Evaluation Unit in place but also other employees do have evaluation tasks assigned to their job positions – inter-organizational working groups are created for each external evaluation to liaison with contractors. It allows better addressing the information gaps and knowledge needs of specific units.

The quality of evaluation is deeply diverse (those measuring socio-economic impact are assessed more positively, those evaluating internal processes are less useful). Due to the problems with public procurement law (which is very difficult to be applied to evaluation or external experts hiring) and due

to the dissatisfaction with the quality of some research projects (mainly about internal MA processes), there have been some internal evaluations conducted by MA staff.

Evaluation activities are performed by the unit located in the Department for Regional and Spatial Development. This allows integrating evaluations of ROP with other research commissioned by The Marshal Office within the Pomeranian System of Monitoring and Evaluation. This is particularly helpful in terms of building complementarity of various research and analysis activities on different levels. Also, there was an evaluation steering group at regional level comprising members from ERDF, ESF, RDP departments. The role of the body was to coordinate actions, share good practices and exchange knowledge, discuss the main findings from research and track the implementation of recommendation's from reports.

There is also a multilevel monitoring system in place. The first level of monitoring activities is conducted on the project level by beneficiaries who are providing input while submitting quarterly applications for payments into automatic web-based app. At the same time employees of MA engaged in implementation and control activities supply the additional data from first-level financial control. The aggregation of data is done on regional level and national level within the Local IT system and National IT System for Cohesion policy monitoring. Such complex configuration of actors providing monitoring data requires good information flow and cooperation of actors. None of the respondents gave us negative feedback on these processes.

Employees of the MA were regularly taking part in the national working groups for OP reporting and OP monitoring. They were also fully responsible for preparation of annual reports on implementation (no external experts were involved in data gathering and analysis). For some time the Monitoring Unit was also participating in the appraisal of beneficiaries' applications for payment (was appraising the physical progress descriptions – namely indicators), but as a result of internal discussions and process analysis this was changed and the full responsibility for the application appraisal has been concentrated in the other unit.

What has recently emerged as a new challenge in this field is that the 07-13 and 14-20 programming periods are overlapping and people engaged in monitoring activities have the responsibilities for the monitoring of the 07-13 Programme and setting up the monitoring system for 2014-2020 Programme, which differs substantially in some elements. For the time being no new recruitment is planned, as this situation is viewed as temporal.

There is also the Monitoring Committee operating. Socio-economic partners are taking part in the Monitoring Committee but the usefulness of this body (in terms of reflection and generating new ideas for strategic or operational issues) is seen as limited. Meetings were being held only one/two times a year (in some years - like 2008, 2009, 2011 - meetings were held quarterly). The problem with active participation of stakeholders in such bodies is attributed to the fact that they were primarily seen as an executive bodies with a prerogatives to choose projects for funding. When stakeholders realized that this was a misunderstanding they have become less actively involved. Moreover, the most active participants are representatives of public administration, while other kinds of participants do engage to lesser extent.

We should also describe the internal organizational learning mechanisms, which seem to be one of the most important sources for improvement in this Managing Authority. First of all, department

leaders inspire and induce in-house learning, like regular meetings, discussions. There are also some cross-departmental and cross-unit learning mechanisms introduced (e.g. information and knowledge sharing online platform, regular team discussions about problems and challenges) To overcome potential tensions between units and departments regular cross-departmental working groups were introduced so as to formulate the rules for implementation of the Programme (e.g. staff from programming department are working with the staff from the unit for appraisal and selection of projects to create tenders documents).

The bottom-up learning is also present. Directors of two departments are seen as open-minded, prepared to consider staff ideas on how to improve the performance of the Managing Authority. Though, there is no formal procedure of raising such matters or the platform to collect and share them. It is rather non-formal process of constant, everyday discussions.

Feedbacks from stakeholders are also collected in different ways: by regular meetings, seminars, workshops, surveys and evaluations, etc.

3.2.5 Administrative capacity-building

This section follows on from the previous three sections, which examined the capacity of Managing Authority manifested in the performance of strategic, operational and learning processes. Its purpose is to describe the findings on the capacity-building activities undertaken by the Managing Authority of the Pomorskie OP.

Firstly, we should underline that Technical Assistance is the main source of funding for staff salaries (permanent positions), training activities, information & promotion actions, evaluation and external expertise, investment in the ICT and other technical resources. If there had not been Technical Assistance funds available, the Administrative capacity building would have been much more difficult. All of the informants agreed that these funds enabled the smooth establishment of Managing Authority within Marshall Office both in terms of Human Resources and Technical/IT resources.

Quality and quantity of personnel was a particular problem only at the beginning of 2007-2013 programming period. Since then permanent processes of recruitment and introduction of new staff (financed by Technical Assistance) has been generally smooth and generated positive outcomes in terms of overall MA performance.

A closer look at the findings from IDI indicates that internal recruitment produces better outcomes than external recruitment in terms of staff quality. The quantitative data available for all Polish regional operational Programmes) shows that 18% of new employees are recruited from other NSRF institutions, 12% from the same institution, but from the department not dealing with EU Funds and 30% from other public bodies not involved in EU Programmes implementation. Less than 9% of recruited staff joins institutions without previous working experience (e.g. directly from the university).

There has been an internal system for new staff learning (e.g. new employee is assigned to an experienced for some time to observe how the work is done in practical terms, to learn and ask questions). Even though the staff quality is one of the strongest components of MA administrative capacity, people are aware that there is a constant need for individual and collective learning due to fact that the processes are changing recurrently. The training was important tool for capacity building not only for new employees, but for the whole Managing Authority personnel. Our respondents feel

that the training opportunities were at a higher level at the beginning of the 2007-2013 programming period. Partially such opinions are grounded on the accumulation of knowledge and experience by them, which produce the demand for higher quality and much more specialized training.

The workshops, courses and other types of professional education are generally assessed positively but the informants are convinced that the specific types of competences required in Managing Authority cannot be trained outside, so the on-the-job training (OJT) is the best form of building staff capacity. Thus the stability of experienced personnel is essential as well as the organizational culture that fosters employees' self-development. It should be also underlined that staff training has direct impact of staff quality but also indirect impact on beneficiaries' capacity, as employees of MA engage in workshops and information campaigns for beneficiaries.

Actually the biggest problem within HR management functions in Pomorskie is the lack of efficient reward, recognition and promotion system. This is widely seen as a potential threat for maintaining staff stability. Although there is a formal financial incentive and motivational system, in reality it is not working effectively. In 2007-2013 perspective, due to political will at a Regional Council level, no additional incentives were allocated for EU funds departments (so as not to create division within the whole Marshal Office). For the new perspective 2014-2020, there are attempts to change that situation so as to keep in place the most experienced employees and avoid occupational burnout of people working in the same department for about 10 years. Our respondents agreed that the level of remuneration and the stability of employment in the Managing Authority are strong incentives for younger people, but there is an urgent need to introduce another kind of incentives for highly experienced staff. One of the reasons for that is activity of private consulting companies operating in EU Funds area. They usually offer higher salaries, additional benefits, as well as flexible working conditions, which is a serious alternative for working in public sector.

There have been also numerous changes in organizational structure as a way to address the challenges. Firstly – there have been some changes in the division of tasks and responsibilities. Secondly, flexible allocation of staff responsibilities has been put in place. In 2007-2013 staff was frequently allocated to the tasks that required the most workforce in a given time. Now, at the beginning of 2014-2020 this seems less feasible as the units have responsibilities in relation to two different cycles (07-13 and 14-20). Thirdly, some new units were introduced, e.g. the taskforce for public procurement and Competence Centre. Most of these interviewees said that changes were rather evolutionary than revolutionary. They do not recall the situation in which such changes were sudden, thoroughgoing and caused disruptive effects.

Another important acb activity mentioned by respondent was participation in knowledge-sharing networks at national and international levels. When the MA in Gdansk was designated for 2007-2013, one of the most important sources of 'know how' about management of EU funds were international twinning projects. In 2014-2020 programming period this kind of actions are still in place but are limited. During 2007-2013 programming period the Ministry of Infrastructure and Development created a well-functioning system of knowledge, information and experience exchange between regions (regular meetings, seminars with all 16 regional MAs). This peer to peer advisory system is now widely used at the beginning of 2014-2020 period.

We should also say that within the Managing Authority some other practices of administrative capacity strengthening are present, e.g. strategic planning and evidence-based management, stakeholders'

involvement, management of partnerships, results orientation, process management, e-governance. However, most of them are not seen by our respondents as a specific kind of actions, but as normal, day-to-day activities of Managing Authority. This also proves the huge qualitative difference between “EU Funds administration” and traditional public bodies in Poland.

3.3 Conclusions - lessons from the Pomorskie research

Firstly we should start with describing lessons learned about administrative capacity and administrative capacity building.

In general, most of the factors of administrative capacity distinguished in the conceptual phase of EIBURS project have been confirmed in the qualitative in-depth study of Pomorskie case. We could note that although tangible assets (financial resources, technical and IT resources) served as a foundation for building administrative capacity, intangible assets (stability, HR quality, Leaders quality, Team quality) are most important pillars enabling MA to perform in efficient way. One of the informants used a humorous, yet meaningful metaphor that highly qualified and experienced civil servant will manage to perform his/her tasks even with simple abacus. On the other hand - even the most sophisticated systems and tool introduced will not produce positive outcomes if used by the unexperienced and less qualified staff.

It is though important to remember that the interviews were conducted within the institution being able to use the extensive Technical Assistance funds (26.551.973 EUR in 07-13 and even more - 65 206 918 EUR – in 14-20 programming period) for almost all activities (permanent staff salaries and skills building, ICT, monitoring and evaluation etc.). This raises the question about counterfactual situation – is it possible to build such strong capacity and maintain good implementation performance without having TA funds? This is extremely important question in the era of austerity measures and efficiency debates in the EU. We could formulate the answer by looking to Sicilian case. Therefore the amount of Technical Assistance and the eligibility criteria for using these funds are one of the most important intervening factors that should be taken into account while mapping the overall performance of other MAs and their administrative capacity.

Apart from what have been said in the interviews, it is also important to consider phenomena that were not mentioned by the informants. In previous studies on implementation systems in Poland there was a big discussion about internal communication and information flow between the units, departments or whole organizations. The lack of good communication policies and practices, interdepartmental tensions or siloed departments (separation from other units/department) were seen as some of the biggest obstacles to efficient management, especially in terms of coordination. None of the interviewees from Pomorskie mentioned such problems. Instead, they were repeatedly speaking about practices of regular meetings and discussions, good communication with leaders or bottom-up learning practices. Considering this it can be concluded that efficient internal communication and good working atmosphere are one of the most important factors influencing relatively high administrative capacity of the MA.

Apart from this it is also important to describe lessons for year 2 and 3 methodology. First of all it turned out that – as previously supposed by research team – that the broad concept of 'administrative capacity' is somehow confusing for civil servants working in the Managing Authority. When responding to the questionnaire not always were they very explicit about what drives the process of

management in their MA. This proves the notion that capacity is rather theoretical (or even latent) construct. For the wide-range quantitative research it would be necessary to create a survey based on very simple questions relating only to single observable factors that could be then clustered into stocks or categories. Moreover, Structural equation modeling (SEM) should be used to test the final theory and to estimate which observed variables are good indicators of the 'administrative capacity' latent variable.

It is easier to construct the measurement tools for the quantity and quality of assets (e.g. human resources), than processes and procedures. It is difficult to establish quantitative indicators of organizational performance that would capture the complexity of the whole Managing Authority. Different processes across different units require different views and measures. In-depth investigation of the quality of procedures would rather require the combination of ethnographic and audit tools, than simple survey or IDI tools.

While speaking about the capacity of beneficiaries and socio-economic partners it turned out that this could not be investigated by using the same framework and tools as the administrative capacity of the institutions implementing OP. Accordingly, to investigate this phenomenon, it would be necessary to formulate different framework, different set of hypotheses and different measurement tools. It is though worth considering how to introduce the beneficiaries and socio-economic partners' view and their assessments of MA performance into the core-research, especially as a way to triangulate the sources of data and to build conclusions on stronger evidence. Difficulties arise, however, when we think about the resources indispensable for such kind of research (e.g. coherent databases to choose and contact the sample group) and technical obstacles (e.g. reluctance of potential informants to respond to surveys)

After examining systematically the interviews we should note that it is extremely difficult to assess the administrative capacity in the diachronic way (by looking back in the past). It is even more difficult in the MA, in which constant changes occur. Employees do describe the general evolution of MA administrative capacity but it is rather difficult for them to recall the detailed path. This suggests that to gather the accurate data research team should focus on creating the simple measurement tool (e.g. web-based survey, like CAWI), in which the questions would directly refer to the current state. The results of such survey could be then discussed qualitatively with MA staff (e.g. within FGI session).

If there is a need for longitudinal assessment (e.g. for tracking the outcome of administrative capacity building activities), such quantitative survey could be conducted repeatedly (e.g. biannual measurement). For the performance management and organizational learning purposes it would be probably reasonable to design such survey in a modular way, enabling ad-hoc measurements of a single factor (category) of administrative capacity (e.g. human resources or processes). This would allow simplifying the assessment process in situation in which only some of administrative capacity factors would need deeper analysis and assessment within the given MA.

Table 7: Overview of respondents interviewed for pilot case-study

Position/Institution	Reason for selection for interview	Responsibility
Deputy Director Department for Coordination of Implementation of EU Funds Ministry for Infrastructure and Development	Overview of key strengths and weaknesses of the institutional system of Cohesion Policy delivery in Poland, assessment of most fruitful administrative capacity-building activities	Coordination of CP in Poland, monitoring of administrative capacity of NSRF institutions, coordination of administrative capacity building activities at a national level in Poland
Director Department for Regional and Spatial Development Pomorskie Marshall Office	Department responsible for drafting and negotiation of Regional Programme as well as formulation of regional development strategies	Coordination of activities relating to the set-up, update and implementation of the single programming document and other programming tools
Head of OP Coordination Unit Pomorskie Marshall Office	Overview of coordination mechanisms within the institutional system of OP Pomorskie	Coordination of the implementation system
Head of Technical Assistance Unit Pomorskie Marshall Office	General overview of management of Technical Assistance, as well as Information and Publicity Activities	Setting up and implementation of ERDF 2007-2013 Communication Plan and annual Technical Assistance Plan; information and promotion including update and management of departmental websites.
Head of Regional Infrastructural Projects Implementation Unit Pomorskie Marshall Office	Overview of day-to-day regional projects implementation processes, as well as the capacity of beneficiaries	Unit responsible for financial management of Regional projects
Head of Local Infrastructural Projects Implementation Unit Pomorskie Marshall Office	Overview of day-to-day local projects implementation processes, as well as the capacity of beneficiaries	Unit responsible for financial management of local projects
Head of Project Appraisal and Selection Unit Pomorskie Marshall Office	Overview of Project Appraisal and Selection process	Unit responsible for the management of project tenders
Head of Monitoring Unit Pomorskie Marshall Office	Overview of monitoring activities within OP Pomorskie	On-going monitoring activities, coordination of data gathering, setting up the Annual Implementation Reports
Head of Audit and Control Unit Pomorskie Marshall Office	Recurrent problems for beneficiaries, mistakes/irregularities that are more common for projects (e.g. public procurement)	Unit responsible for 1 st level control of beneficiaries, as well as cooperation with national and European audit bodies controlling the implementation of OP Pomorskie
Head of Financial Payments Unit Pomorskie Marshall Office	Overview of financial management of OP Pomorskie	Coordination of financial management and budgetary proposal; financial management ERDF OP
Head of Evaluation Unit Pomorskie Marshall Office	Overview of key strengths and weaknesses of the way in which evaluation is used for learning purposes	Coordination of activities relating to the horizontal and thematic evaluations within the OP

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ANNEX 1

Administrative Capacity-Building and EU Cohesion Policy

Interview Protocol

to explore Cohesion policy implementation

RULES for the interviewer

1. Let your interviewee speak, let her/him become a story teller
2. Listen carefully and attentively
3. Ask follow-up questions: how it happens, what factors were crucial, the successful examples...
4. If possible, ask for copies or links to materials, names of experts.

INTRODUCTION – Information about study, anonymity issues, use of results

This interview is part of an applied research project that aims at improving Administrative capacity-building in Cohesion Policy. We are interviewing practitioners of public administrations involved in management of Operational Programmes, both at the regional and central level.

This project is financed by European Investment Bank under the EIB Institute Knowledge Programme. It is executed by a team of researchers from European Policies Research Centre (EPRC) - University of Strathclyde and Centre for Regional and Local Studies (EUROREG) - University of Warsaw.

We guarantee anonymity of the presented opinions.

The analysis based on the results of all interviews conducted for the Operational Programme you are involved in, will be published in English in the form of a report. The English results of the comparative analysis of all cases will be placed for publication as academic text in peer-reviewed journal.

In case of any questions please do not hesitate to contact coordinator of study visits - [to be filled in]

Can we record our interview?

AIM of this INTERVIEW

The purpose of this interview is to learn from you about the level of administrative capacity possessed at the regional level in the field of Cohesion policy. The aim is to gain a better understanding of the way in which administrative capacity can ultimately be built and sustained.

INTRODUCTION

Q1: What is your current job position? If different, what was your previous job position?

Q2: How long have you been working within Cohesion Policy programmes? What were your main responsibilities regarding the Operational Programme (OP) throughout that period?

STRATEGIC ACTIVITIES

Management capacity

Let us look back to the beginning of 2007-2013 programming period.

Q3: Can you please describe the elements which make up the MA “management capacity”?

Q4: What was, in your opinion, the level of overall MA management capability at the beginning of the 2007-2013 programming period?

For example in terms of:

- coordination and cooperation between departments;
- clarity of roles among personnel (e.g. administrative personnel staff clear about objectives and incentives to achieve them)

Q5: what are the main challenges faced in this stage?

Follow up Qs: In your opinion, has this capacity improved over time, particularly compared to the 2006-2013 programming period? And compared to the current programming period 2014-2020? If so, what has made this improvement possible? (e.g. specific measures implemented, exchange of best practice, seminars, etc.). What worked and why?

Programming Stage

Q6: Can you please describe the elements which make up the MA “programming capacity”?

Q7: What was in your opinion the level of overall MA programming capacity in this period?

Q8: what are the main challenges faced in this stage?

Q9: what are the factors behind the criteria for strategy setting?

For example, with respect to the following:

- Expected impact according to the nationally/regionally defined priority fields;
- Positive externalities of operations (e.g. operations with quick and predictable absorption capacity);
- Administrative considerations on delays and uncertainty in implementation.

Follow up Qs: In your opinion, has this capacity improved over time, particularly compared to the 2006-2013 programming period? And compared to the current programming period 2014-

2020? If so, what has made this improvement possible? (e.g. specific measures implemented, exchange of best practice, seminars, etc.). What worked and why?

Q10: In your opinion, what is the relationship between strategic, operational and learning activities? Do these influence each other?

As far the selection/contracting of Intermediate Bodies (IBs) is concerned:

Q11: What are the characteristics of the IBs in the region? Are these mainly public or private?

Q12: How would you evaluate the selection criteria of the IBs?

Q13: Is an ex-post mechanism to evaluate IBs performance in place?

CAPACITY-BUILDING INTERVENTIONS

Q14: Has the ability in the management and delivery of the OP evolved over time? If so, how did it change/evolve over the 2007-2013 programming period with respect to the previous programmatic cycle?

Q15: On the basis of the problems that have been identified, have interventions been put in place to solve these problems? **What capacity-building actions have been undertaken²⁷?** Please describe.

For instance as far as the different stage of the OP implementations are concerned.

- Changes in the organizational structure of the administration; ?
- Development of leadership;
- Human Resources (recruitment, trainings, system of motivators);
- ICT and other technical assets;
- Relations with external partners/stakeholders;

Q16: Can you identify the main outcomes of those actions? Are there any lasting improvements visible?

Follow up Qs: How were these actions implemented? (e.g. who led, who affected, cost, timescale).

Learning Activities

Q17: As far as the evaluation reports are concerned, to what extent these are used and disseminated among the administrative personnel?

Q18: Among the following options, to which typology of learning does the use of the reports mainly contribute to:

- contextual knowledge - what happens in the OP context;

²⁷ By administrative capacity building activities we understand changes in organizational structure, HRM actions (staffing, training, motivation), providing external expertise (like evaluation, analyses), introduction of new ICT or improvement of in-house ICT, changes in formal processes.

- technical know-how - what is the progress in money spent and ways to improve technicalities;
- knowledge about the effects (real impact, changes in beneficiaries) - what works and why?

Q19: To what extent has evidence from external studies have been measured and responded to in decisions concerning the OP activities in which you were involved? Was this story typical or unusual?

Q20: On the basis of the input provided by these experts, what changes were introduced in the 2007-2013 and at the beginning of 2014-2020 period and why?

Q21: Were there any predominant lessons learned about the relation between ACB activities and organizational performance?

External Factors that have Influenced the OP Implementation over time

You have identified stages in the evolution of your Operational Programme. You have also identified key challenges in each stage. Let us talk more about those challenges.

Q22: In your opinion, what role have external and internal factors play in each of the challenges identified?

Note: By "external" we mean things that are in the environment of the organization such as: beneficiaries and target groups of the OP, national legal framework, political or economic changes, performance of other organizations, etc.

Note: By "internal" we mean what is in the control of the organization - personnel, internal procedures, resources.

As far as **external challenges** are concerned:

Q23: What role, if any, did political factors (e.g. regional government instability, political interference in the administrative realm, lack of political ownership over Structural funds/recognition of their importance in the development of the territory) play in key stages of CP delivery?

Q24: What role, if any, did economic factors (e.g. lack of co-financing resources, macro-economic conditionalities) play in key stages of CP delivery?

Q25: What role, if any, did the national legal framework in place (e.g. weak legislation, long legal proceedings, rules governing limitations periods, public procurement) play in key stages of CP delivery?

Q26: Have changes in the regulations by the EC made the management of the programme smoother or have added additional administrative burdens?

Q27: Are you aware of any relationship between the administration and IFIs (EIB, EBRD, WB)? If so, how would you characterize this relationship?

As far as **internal challenges** are concerned:

Q28: Taking into account the definition commonly used at the European level, which, among the elements below, do you see as being key to improve the management and delivery of the OP? why?

- Structures: (e.g. level of complexity and clarity of the organizational structure, definition of sub-delegated tasks, capacity and power of coordinating bodies to take up their role, governance arrangements for holding managers accountable for performance, controlling corruption, avoiding political influence over projects selection and staff appointments);
- Human resources (e.g. existence of appropriately qualified and experienced staff, administrative capacity of beneficiaries, know-how to comply with complex EU rules like public procurement, state aid and environmental legislation, analytical and programming capacity, capacity to deliver result-oriented strategies);
- Systems and tools (e.g. presence of monitoring systems and quality data for measuring the impact, manuals of procedures and checklists, quality of evaluations and/or sufficient follow-up of recommendations of independent evaluations, present and effective anti-fraud and anti-corruption measures, problems in application of public procurement and state aid rules);

Thank you very much for your time.

INTERVIEW PROTOCOL FOR SPECIFIC UNIT MANAGERS

Questions concerning management and programming can be asked to all interviewees if there is time but priority should be given to the activities in which the respondent is personally involved. Additionally, other questions to be ask concern: ACB, learning and the role of external and internal factors with an impact on ROP implementation and delivery.

LEARNING ACTIVITY - audit and control

Q: What are the elements that make up the audit and control activity? (definition of the main activities)

Q: How would you evaluate the performance of the management and control system in place?

For example, as far as its capacity to prevent, identify and correct potential errors and Irregularities.

Q: what are the main obstacles faced in this stage?

Q: What are the main challenges as far as the beneficiary is concerned? What are the most common type of errors made by the beneficiaries?

Follow up Qs: In your opinion, has this capacity improved over time, particularly compared to the 2006-2013 programming period? And compared to the current programming period 2014-2020? If so, what has made this improvement possible? (e.g. specific measures implemented, exchange of best practice, seminars, etc.). What worked and why?

Q: In your opinion, what is the relationship between strategic, operational and learning activities? Do these influence each other?

LEARNING ACTIVITY - evaluation and monitoring

Q: What are the elements that make up the evaluation and monitoring activity?

Q: How would you assess the performance of the monitoring and evaluation system in place?

Follow up Qs: In your opinion, has this capacity improved over time, particularly compared to the 2006-2013 programming period? And compared to the current programming period 2014-2020? If so, what has made this improvement possible? (e.g. specific measures implemented, exchange of best practice, seminars, etc.). What worked and why?

Q: In your opinion, what is the relationship between strategic, operational and learning activities? Do these influence each other?

Monitoring Committee (MC)

Q: What are the elements that make up the activities carried out by the MC?

Q: How would you assess the MC's performance in its fields of activities?

Q: what are the main obstacles encountered by the MC in the implementation of its activities?

Follow up Qs: In your opinion, has this capacity improved over time, particularly compared to the 2006-2013 programming period? And compared to the current programming period 2014-2020? If so, what has made this improvement possible? (e.g. specific measures implemented, exchange of best practice, seminars, etc.). What worked and why?

Q: In your opinion, what is the relationship between strategic, operational and learning activities? Do these influence each other?

OPERATIONAL ACTIVITY – project appraisal and selection

Q: What are elements that make up the activities going from the appraisal of projects to their selection?

Q: How would you assess the relevant unit's performance as far as these activities are concerned?

Q: What are the main obstacles faced in this stage?

Q: What is the strategy behind project selection?

Q: What are the main challenges faced by beneficiaries in this stage?

Follow up Qs: In your opinion, has this capacity improved over time, particularly compared to the 2006-2013 programming period? And compared to the current programming period 2014-2020? If so, what has made this improvement possible? (e.g. specific measures implemented, exchange of best practice, seminars, etc.). What worked and why?

Q: In your opinion, what is the relationship between strategic, operational and learning activities? Do these influence each other?

OPERATIONAL ACTIVITY- financial management

Q: What are the elements that make up the financial management activity?

Q: How would you evaluate the relevant unit's financial management capacity of projects?

Q: What are the obstacles encountered in this stage?

Q: What are the main challenges faced by the beneficiaries in this stage? What are the most common mistakes/errors made?

Follow up Qs: In your opinion, has this capacity improved over time, particularly compared to the 2006-2013 programming period? And compared to the current programming period 2014-2020? If so, what has made this improvement possible? (e.g. specific measures implemented, exchange of best practice, seminars, etc.). What worked and why?

Q: In your opinion, what is the relationship between strategic, operational and learning activities? Do these influence each other?

OPERATIONAL ACTIVITY – information and promotion

Q: What are the elements that make up the information and promotion activity?

Q: How would you evaluate performance in this field?

Q: how would you assess performance as far the following activities are concerned:

- Existence of information campaigns, training, workshops, etc. addressed to potential applicants and beneficiaries;
- Support given to beneficiaries along the different stages of project delivery.

Follow up Qs: In your opinion, has this capacity improved over time, particularly compared to the 2006-2013 programming period? And compared to the current programming period 2014-2020? If so, what has made this improvement possible? (e.g. specific measures implemented, exchange of best practice, seminars, etc.). What worked and why?

Q: In your opinion, what is the relationship between strategic, operational and learning activities? Do these influence each other?