

PERCEIVE Final Conference

An improved Cohesion Policy
for a stronger EU

June 19th 2019

Brussels



PERCEIVE
PROJECT

GRANT AGREEMENT NUMBER 693529

Guidelines on Cohesion Policy Implementation:

PERCEIVE evidence, scenario
analysis and policy
recommendations

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Agenda

Background

Contents

Recommendations

- Evidence
- Target actions
- What-if scenarios

Incentives for discussion



Cohesion Policy and the citizens' perception of the EU: the role of good governance

- In **multilevel governance** framework, the **regional and local authorities** have a growing role in planning and implementing the policy.
- **When individuals think of Europe**, they usually do it from a local point of view and they are **influenced** by the **direct observation** of Cohesion projects in their territories.
- Thus, the **governance** of Cohesion Policy might affect **citizens' perception of Europe**.

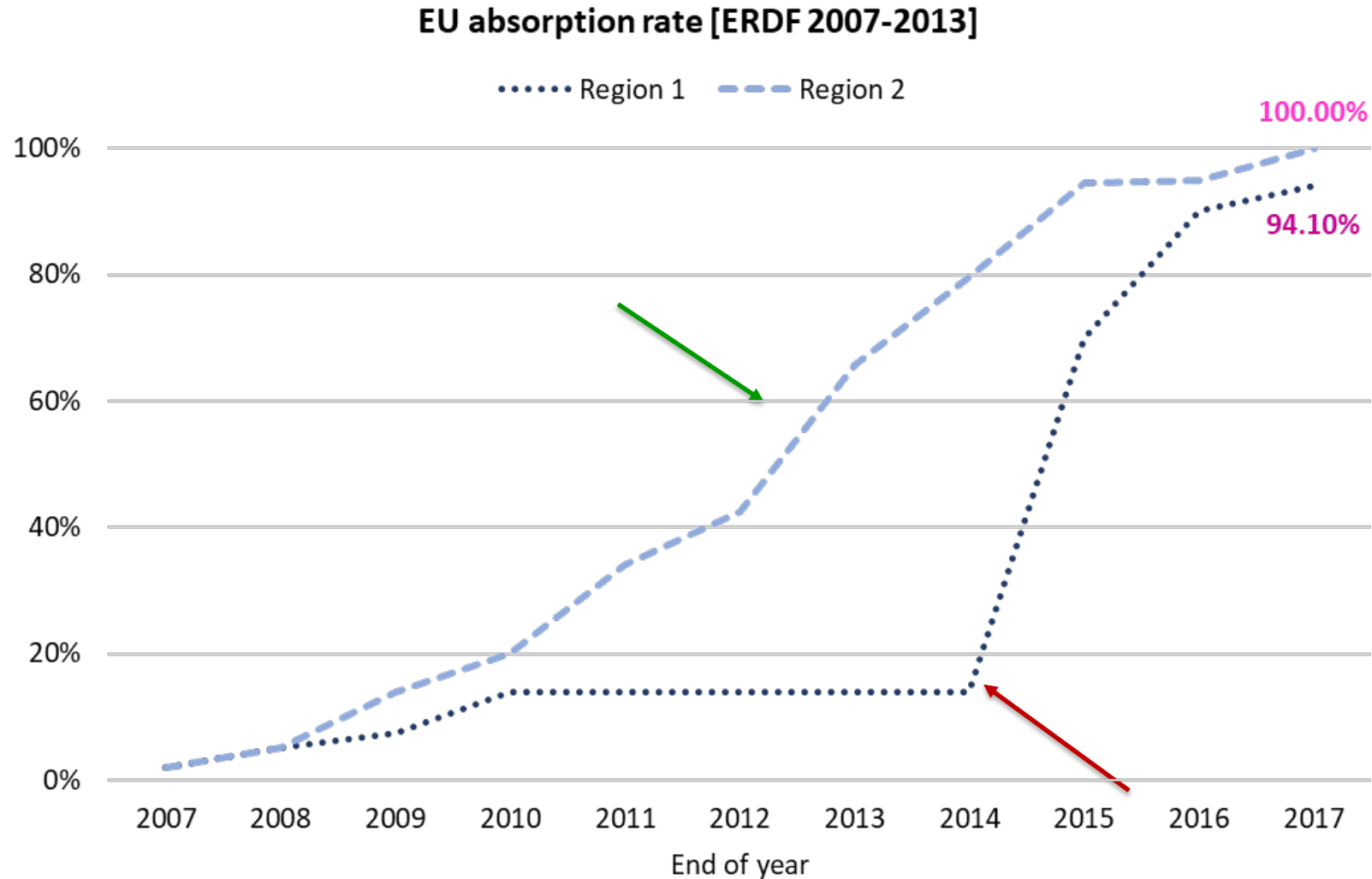


Cohesion Policy and measuring efficiency

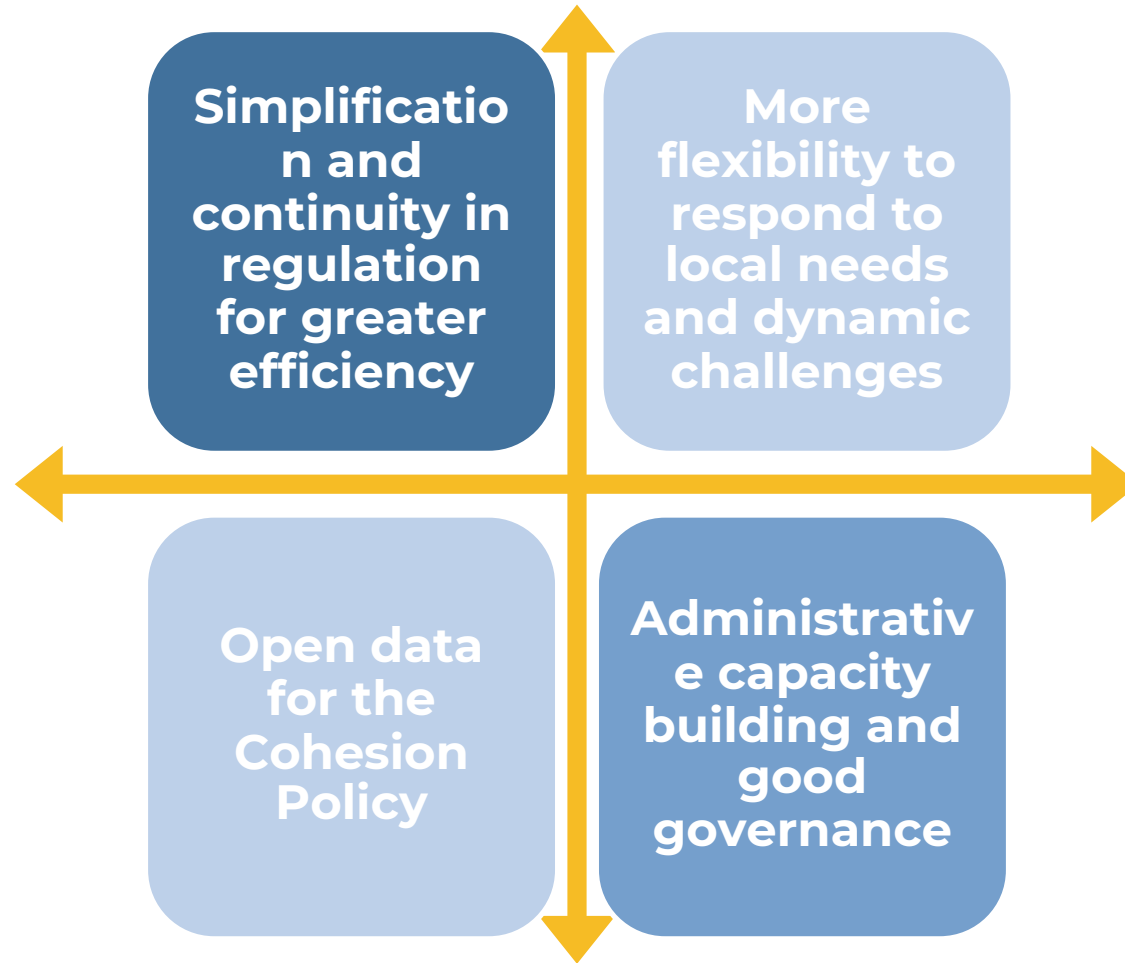
- **Absorption rate** as the common financial execution measure and indicator of efficiency for the management of Cohesion Policy – despite limitations –
- **Final** absorption rate **values** in the PERCEIVE case-regions testify high degree of **variability** in expenditure performance
- But this **heterogeneity** is even more evident when considering the **evolution over time** of the implementation scheme of the Cohesion Policy



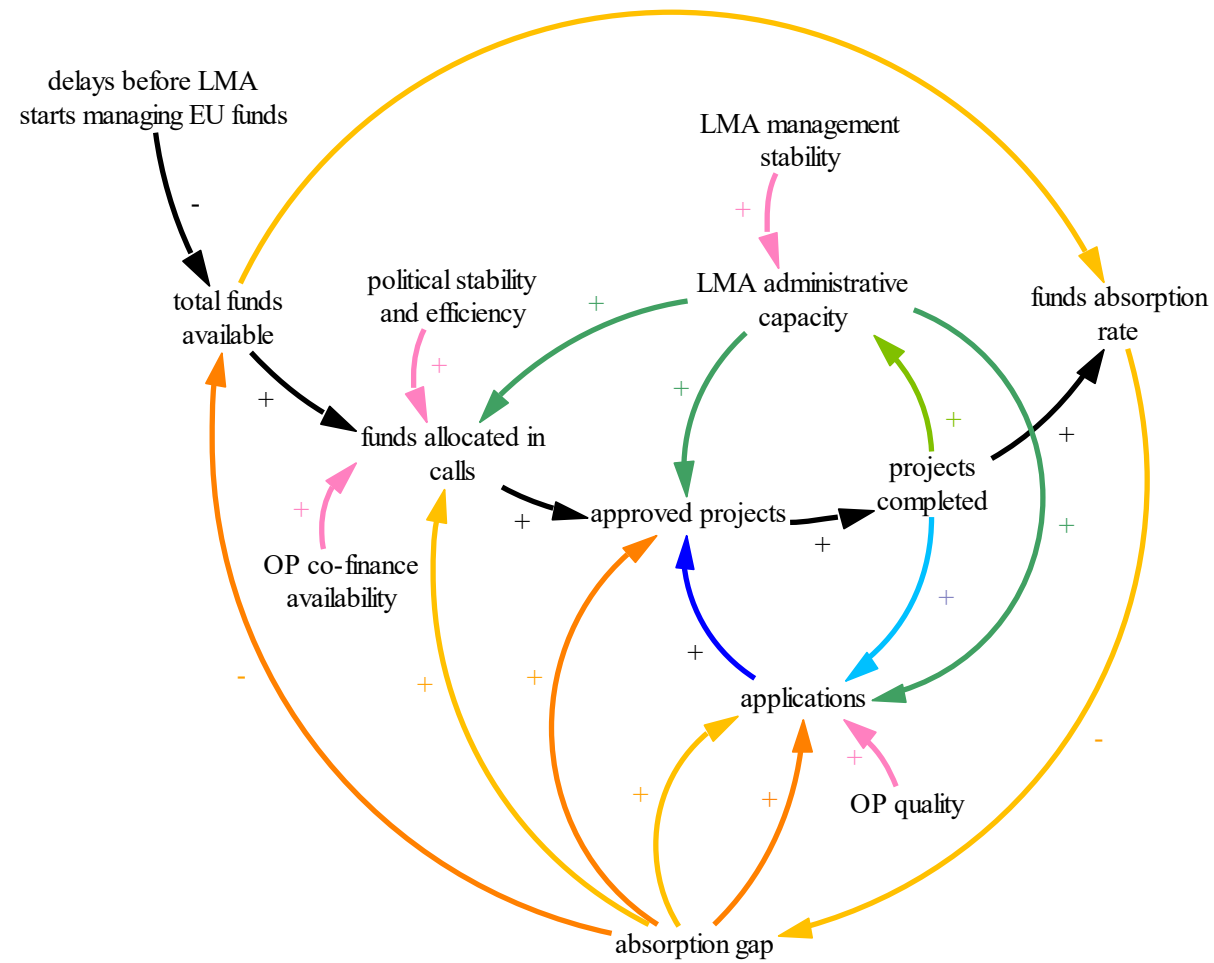
Cohesion Policy: how does *absorption rate* look over time?



Targets for policy recommendations 2007-2013 programming period



Cohesion Policy management: a system dynamics model



Simplification and continuity in regulation

Evidence

- **Red tape, bureaucratization** and political **disempowerment**
- Attention **bias for the efficiency** side over efficacy
- **Administrative costs** for monitoring and evaluation are detrimental for implementation



Simplification and continuity in regulation

Recommendations

- **Single comprehensive** legal framework
- **Legal certainty** since the onset
- Clear rules for the **transition time** and **roll-over procedures**



Simplification and continuity in regulation

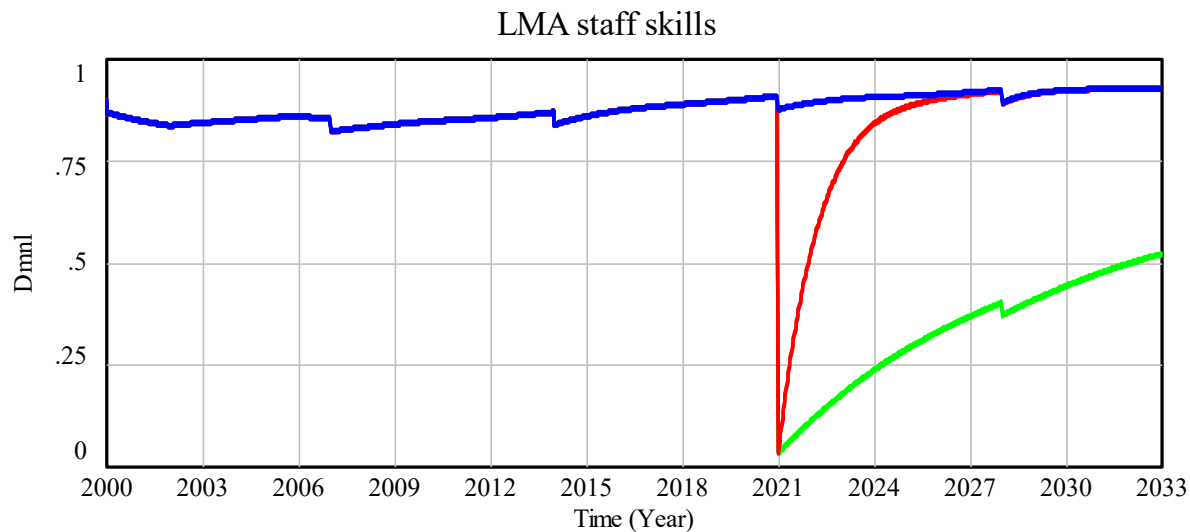
Recommendations

- **Fewer formal requirements** (i.e., progress report) and real-time monitoring through an open data platform
- Single-level audit control **proportionate** to potential **risks** and **track-records** of the projects
- **Simplification** of the **reimbursement** process to increase **financial sustainability**



What-if scenario: huge legislative and operational disruption

- **Effect:** quick knowledge obsolescence, accumulation of delays, decrease in absorption capacity
- **Recommendation:** continuity in regulation, strengthening organizational resilience



Blue baseline

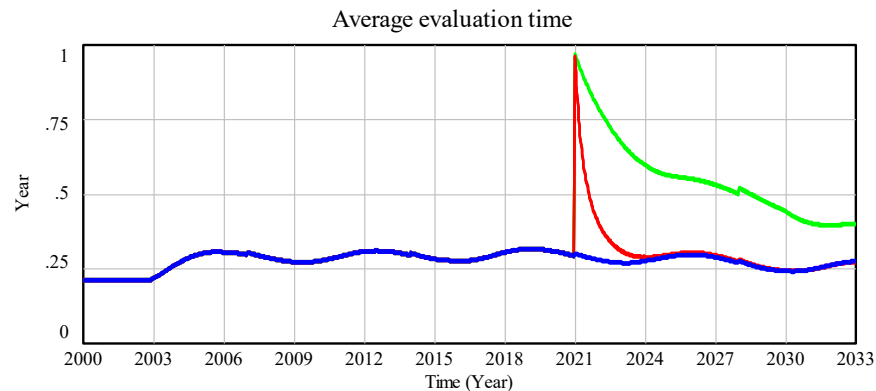
Red highly adaptive LMA

Green low adaptive LMA

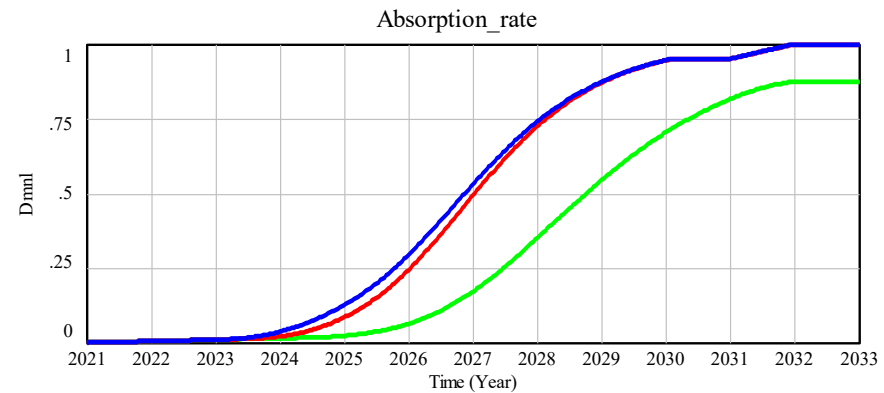


What-if scenario: huge legislative and operational disruption

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- **Recommendation:** continuity in regulation, strengthening organizational resilience



Blue baseline
Red highly adaptive LMA
Green low adaptive LMA



Flexibility for local needs and dynamic challenges

Evidence

Medium- or long-term strategy requires **adaptability** over the entire programming period

Potential barriers:

- Political vs technical **leadership**
- Vertical **coordination issues** in multi-level governance
- Lack of institutional and organization **pre-conditions** (i.e., institutional capacity, decentralisation, accountability, technical capability)



Flexibility for local needs and dynamic challenges

Recommendations

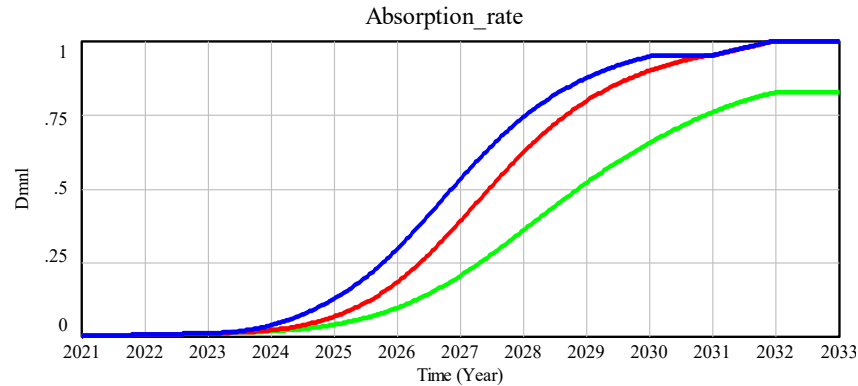
- **Easier adjustments** in the strategy and funds allocation due to both extraordinary events or dynamic challenges
- **Bottom-up approach** to specific challenges to balance with Cohesion Policy priorities and targets
 - requires political accountability, administrative capacity and transparent mode of coordination



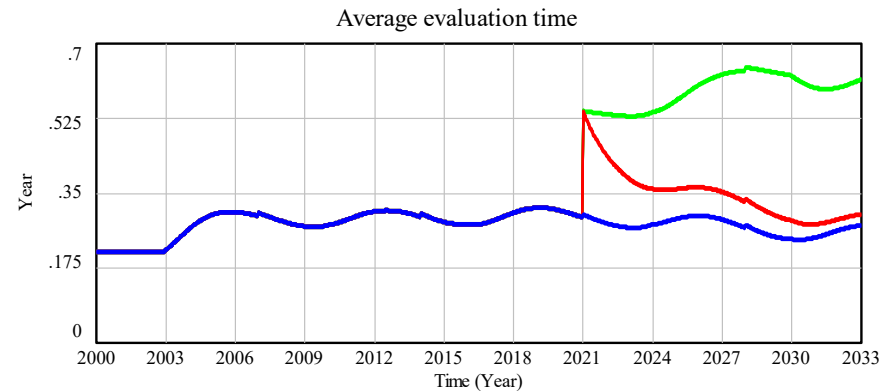
What-if scenario: Importance of adaptation

Effect: shock in terms of administrative/technical capability

Target: foster adaptive-resilient organization (staff adaptation, good equipment, high skills and productivity)



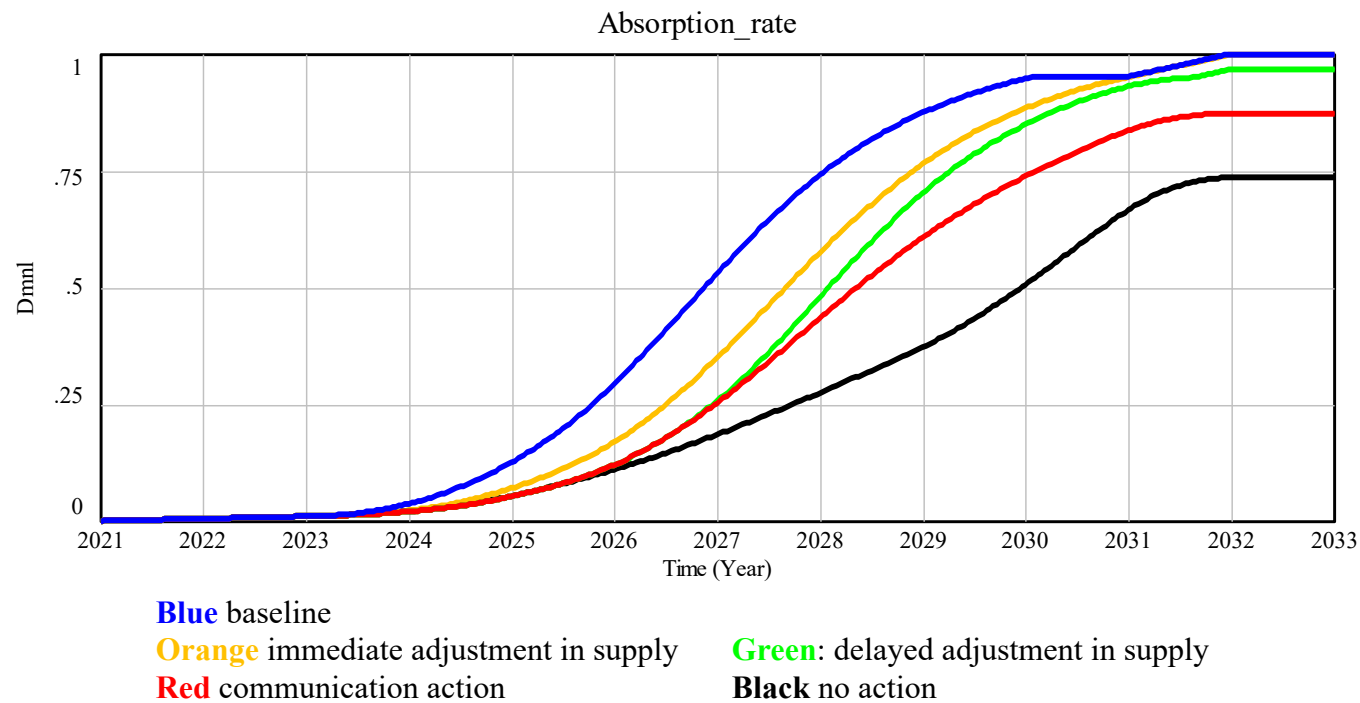
Blue baseline
Red highly adaptive LMA
Green less adaptive LMA



What-if scenario: low general demand

Effect: timely supply-side interventions more effective in recovering in case of low demand from beneficiaries

Recommendations: increase flexibility and adaptability of LMA programming for unexpected shocks in the local context in the medium run



Administrative capacity building and good governance

Evidence

- **Continuity** of the administrative **structures**
 - Learning-by-doing and avoid obsolescence of knowledge
 - Recruiting regulation and budgetary constraints
- Personnel **capabilities**
 - Training and job rotation not sufficient
- The limited use of **technical assistance**
 - Eligible actions and weak implementation
- Insufficient support for **knowledge exchange and best practices**
 - Turn to external guidance and consultants



Administrative capacity building and good governance

Recommendations

- Investment in **human resources management** and administrative **empowerment**
 - training for legal and technical competences
 - reducing turn-over
 - recruiting high-skilled personnel for key positions
- External support in a **developmental** scheme of **technical assistance**
 - Internalising competences rather than outsourcing single tasks
 - Develop a critical learning process and acknowledge how to adopt – and adapt – solutions through exchange of best practices



Administrative capacity building and good governance

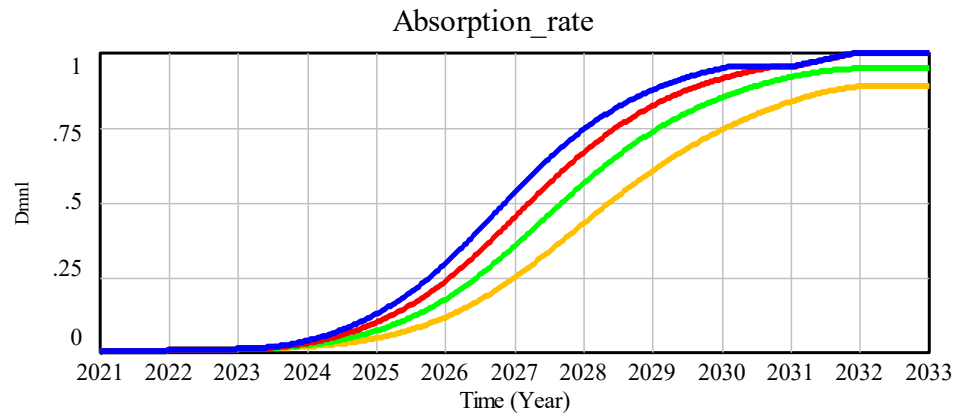
Recommendations

- **Ad-hoc thematic objective** with a specific line of financial interventions
 - Identify bottlenecks
 - Arrange medium-term plan
- **Strategic management** and organization design for ambidexterity
 - Resilience and adaptability
 - Administrative leadership and commitment
 - Streamline administrative architecture

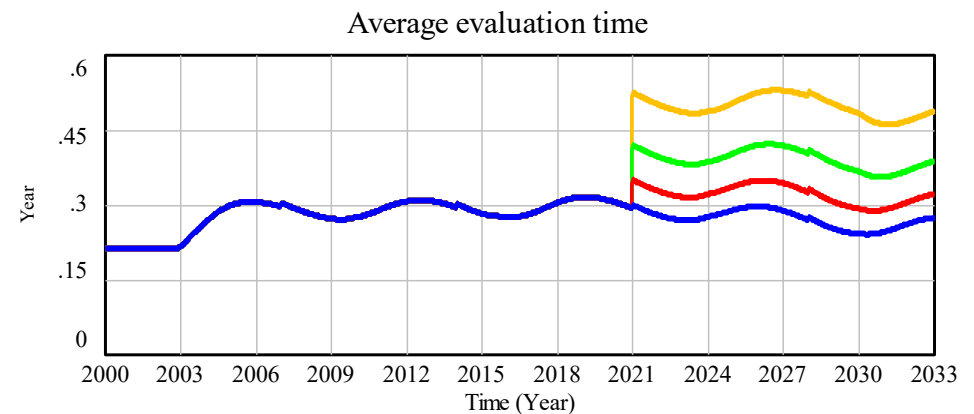


What-if scenario: administrative (in)capacity

- **Effect:** delays in implementation, falling absorption, risk of lowering quality
- **Recommendation:** any efforts towards administrative capacity building

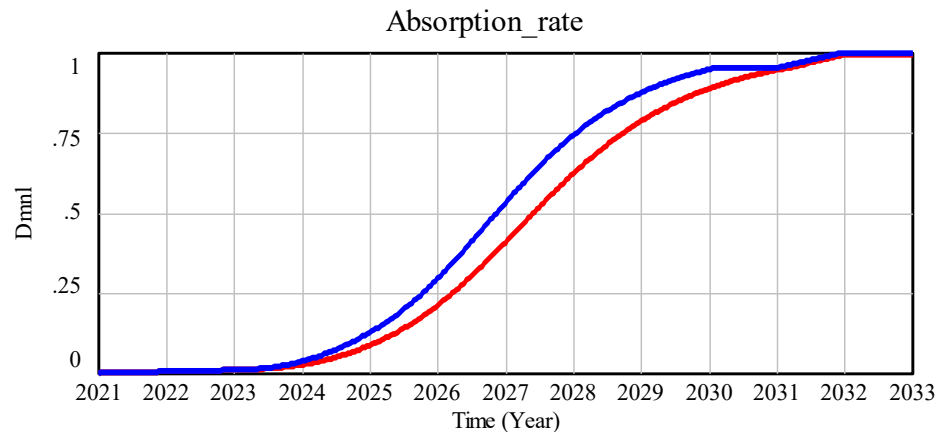


Blue: baseline
Red -20%
Green -40%
Orange -60%

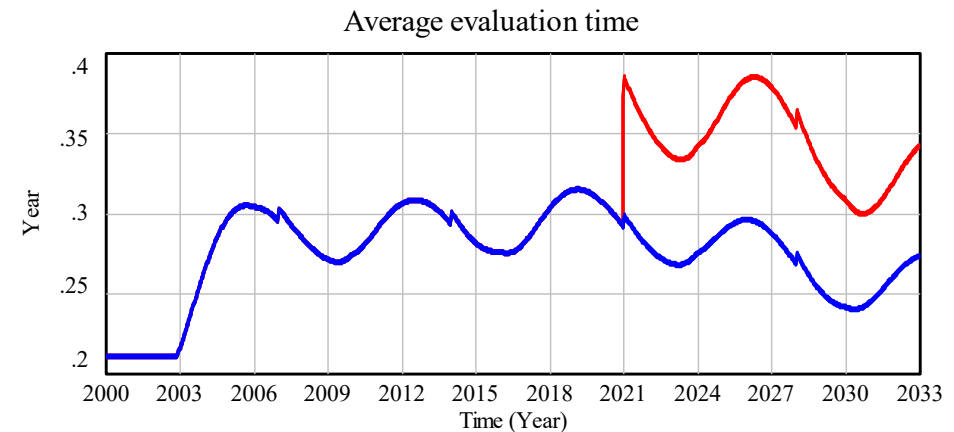


What-if scenario: HRM investments

- **Effect:** delays in implementation, falling absorption, risk of lowering quality
- **Recommendation:** any efforts towards administrative empowerment



Blue: higher HRM investments
Red: lower HRM investments



Open data for the Cohesion Policy Recommendations

Macro perspective

- Territorial **targets** defined in the OP
- By fund, year, NUTS level, priority theme:
 - Allocations, expenditures, payments
 - EU co-financing rates
 - Financing from non-EU sources
 - Number of projects financed and applications



Open data for the Cohesion Policy Recommendations

Micro perspective

- Financed projects and applications

Detailed information on involved subjects with a unique identifier (i.e. managing authority, intermediate body, implementing authority, beneficiary)

Localization (zip code, NUTS level)

Amount of the contribution from the EU funds and/or other sources

Thematic objective

Type of intervention

Full text of financed projects

Date of calls' publication whenever applicable

Report in case of “retrospective project”



Incentives for discussion

- **Innovative indicators for LMA performance**
 - absorption rate on **initial** commitments rather than **updated** ones, including national co-finance and making explicit eventual use of retrospective projects
 - average call's fulfilment time
 - time performance indicators
 - funds commitment rate
- **Evidence-based design**
- **Real-time monitoring through open data platforms**



Incentives for discussion

Administrative capacity building

- strenghtening technical assistance
- sharing of best-practices
- essential for accountability, autonomy and efficiency



Incentives for discussion

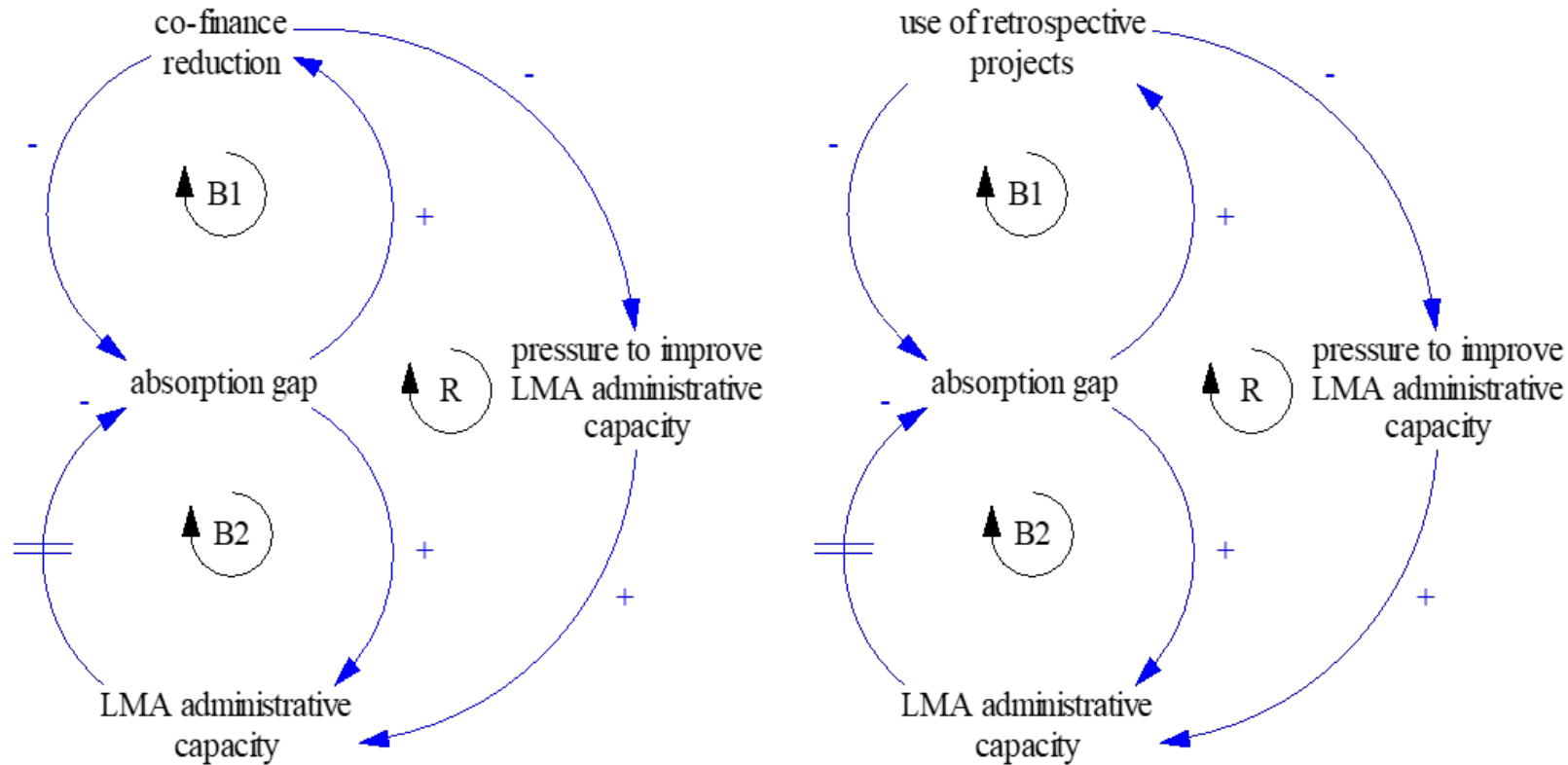
Change in organisational behaviour

- acting upon root causes rather than implementing symptomatic solutions:
 - «**fear of decommitments**» and maximisation of total investments (EU, national, regional)
 - risk of systemic organizational traps that can hinder LMA to use shortcuts to increase absorption instead to opt for a time and resources demanding investment in its administrative capacity (e.g. shifting the burden).
 - chronicity of bad performance over time



Incentives for discussion

Systemic traps: shifting the burden



Thank you.

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