**GENERAL INFORMATION ABOUT THE RESEARCH**

**Research title:** **“The impact of technical assistance on the human resources potential of selected Member States in implementing cohesion policy - good and bad practices”**

**Ordered by:** Department for Aid Programmes, Ministry of Development Funds and Regional Policy

**Conducted:** November 2019 – February 2020

**Contractor**: IDEA Instytut Sp. z o.o.

**Research objective**: review the solutions functioning in the selected Member States ('the old' and 'the new' ones), in which the financing of the posts from technical assistance or the lack of it, has a specific impact on the efficiency of the cohesion policy implementation system and its effects.

**Research scope**: 7 Member States: France, Croatia, Czechia, Hungary, Italy, Bulgaria, Romania.

**Methodology**: structured workshop with representatives of the institution ordering the research, the analysis of existing data available on websites and obtained from individual Member States (using a questionnaire among others), individual and telephone interviews (partially structured) with administration of individual Member States and external experts (14 interviews).

**KEY NUMERIC DATA FOR ALL SURVEYED COUNTRIES**

The selected key numeric data that were collected within the course of this research are presented below. Detailed information on the data source, measurement methodology etc. is available in the chapter "Comparison of systems in Hungary and Romania against the background of the other surveyed Member States". Before using the following data, we recommend to read this additional information (as well as chapters dedicated to each case study), as most of the data presented is not measured in exactly the same way in all Member States. This chapters also present additional information along with data analysis.

|   | Bulgaria | Croatia | Czechia | France | Romania | Hungary | Italy |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Total allocation of EU funds per country (in billion EUR)  | 7,4 | 9,9 | 21,5 | 14,9 | 22,6 | 21,5 | 33,6 |
| The absorption rate of EU funds – decided (% of allocation) | 79% | 88% | 77% | 86% | 94,2 % | 113,2% | 75% |
| The absorption rate of EU funds – spent (% of allocation) | 37% | 24% | 33% | 36,7% | 22,7 % | 37,1% | 26% |
| Is there a separate TAOP? | YES | NO | YES | YES | YES | NO | YES |
| Are there any TA components in the operational programmes? | YES | YES | YES | YES | YES | YES | YES |
| Average monthly earnings in the administration dealing with the implementation of European funds (EUR) | B.D. | +30% | 1204 | 2 303 | 2549 | + bonus | B.D. |
| Number of posts involved in the implementation of European funds (pcs) | estimation 1 900 | 1570 | 2852 | 2346 | 2816 | 3300-3500 | estimation 1 500 |
| Financing posts from technical assistance under European funds (yes/no) | YES | YES | YES | YES | YES | NO | YES |

Source: Own elaboration on the basis of the collected data.

**BRIEF DESCRIPTION OF THE CASE STUDIES**

**FRANCE**. In the period 2014-2020, France **decentralized the system of implementing EU cohesion policy** by transferring almost all ERDF and part of the ESF resources to be managed by regions. This has given rise for building the appropriate regional structures, including the recruitment of new staff or the staff transfer from the central to regional level. This process was supported by technical assistance measures, from which **the remuneration of staff involved in implementing funds was co-financed. This is primarily done through the components of technical assistance in operational programmes**. The technical assistance programme itself therefore focuses on providing coordination structures for the very extensive and multi-level ESIF implementation system in France (covering 83 different operational programmes). In France, technical assistance also finances general and specialized trainings, as well as the functioning of thematic networks. There is also the possibility of financing activities targeted to beneficiaries and other institutions not belonging to the EU cohesion policy system. The contracting and spending indicators place France close to the EU average. That means, that owing to technical assistance among others, it was possible **to stabilize the functioning of decentralized management structures and implementation of EU funds**.

**CROATIA**. In Croatia, **the cohesion policy management system has been strongly centralized**. The leading role is played by two ministries, acting as Managing Authorities for 2 operational programmes. Regional authorities have virtually no role in implementing cohesion policy. **Croatia is the youngest Member State of European Union**. **Therefore, the challenge was to build an efficient management and control system**, particularly in view of the weakness of the Croatian public administration. Technical assistance measures are managed as separate priority axes under operational programmes. **The management and control system employees’ renumeration is 100% financed from these funds. Their average renumeration is 30% higher** than other public administration staff, which is used to motivate employees and maintain employment stability. Among other activities dedicated for staff there are primarily various training programs, including international workshops as well. Technical assistance measures **are used to finance other institutions that although do not participate in the management and control system, but have a significant impact on the efficiency of funds spending** (e.g. the Ministry of Construction). Great importance is attached to financing projects preparation. Activities of 21 regional development agencies are financed, which support project promoters at the local level. Preparation of projects from the health sector is also financed (due to insufficient allocation to this priority axis). In general, **the availability of technical assistance support is one of the key factors contributing to the smooth implementation of operational programmes.** This is particularly important given the limited experience of the Croatian administration in managing European funds and the general weakness of public administration in Croatia.

**CZECHIA**. The system for implementing cohesion policy in Czechia is **centralized**. Under the 2014-2020 financial perspective, 7 national operational programmes are implemented in Czechia, including TA OP. **The wages of the funds administration are financed both from the TA components in operational programmes, as well as from TA OP**. In the case of TA OP, this applies to the remuneration of staff within the horizontal structures. Due to the fact that the remuneration level is regulated under the provisions of the Civil Service Act, which came into force on January 1st. 2015, the financing of remuneration from technical assistance does not differentiate it from the remuneration financed by the state budget. Nevertheless, incentive mechanisms have been created that allow some flexibility in the remuneration of fund administration staff. Other activities aimed at supporting human resources were also undertaken, i.e. training under the dual education system, satisfaction survey among fund administration staff, developing plans supporting administrative capacity, etc. The main problems of the Czech fund administration include difficulties in filling vacancies due to very low unemployment and long recruitment procedures. Staff implementing EU funds also face **the rigidity of the regulatory system in the Czech administration and excessive bureaucracy**. This can have a negative impact on the effectiveness of fund administration measured by the level of contracting and spending. Nonetheless, over the years TA has contributed to **stabilizing the system of implementing EU cohesion policy in Czechia**; without its support it would focus on fund administration instead of managing development policy.

**HUNGARY.** As part of the 2014-2020 financial perspective, 5 national operational programmes and 2 regional programmes are implemented in Hungary. The approach to programming and implementing interventions co-financed from European funds, as compared to the previous perspective, has been significantly modified in the cohesion policy in Hungary. An important change is the observed **strong centralization of EU funds** and their dependence on central government administration decisions. The National Development Agency – the most important institution responsible for managing and implementing EU funds - was closed. **The restructuring process negatively affected the preservation of institutional memory**. To counteract the staff outflow the annual rewards system was introduced in Hungary, which has limited this process to some extent. **In the 2014-2020 perspective, it was decided to stop financing remuneration from technical assistance from EU funds**. It seems that the political issues were the main motive for such action, and the real goal was to strengthen the loyalty of staff implementing European programmes towards the national government, which became the entity paying salaries to public servants. **In Hungary, technical assistance is used only to a small extent** (a separate axis exists in the Operational Programme for the Development of Public Administration and the Civil Service). Many activities typical for technical assistance are financed from the national budget in this country. Hungary decided on **a very high level of contactation, exceeding the available allocation by 13%.** Such a high level of over-contracting **allows, when irregularities are identified by the audit services, to immediately withdraw a dubious project and replace it with another one**. This reduces the risk of losing European funds. Hungary is the fastest country (among those surveyed) to deal with the spending of European funds.

**ITALY**. The system for managing and implementing cohesion policy in Italy has been **decentralized and it is multilevel** since the constitutional reform in 2001. It is characterized by the "parallel" competencies of national and regional governments. The effect of decentralization is a significant number of programmes financed by the ESF, ERDF and YEI, i.e. 39 regional and 12 national. Due to delays in implementing cohesion policy measures in the financial perspective 2007-2013, Italy was obliged by the Council to introduce reforms aimed primarily at: strengthening the efficiency of public administration and improving coordination between its various levels, improving the administrative and regulatory environment for citizens and enterprises, shortening the time of court proceedings, as well as strengthening the legal framework to fight corruption. These reforms, according to the Council's recommendations, were to be financed, among others, from structural funds. Following these recommendations, Italy has prepared a ***Programme for governance and institutional capacity for the period 2014-2020***. The programme supports the reform of the entire public administration and the judiciary, and is also intended to build administrative capacity to implement development policies. It focuses largely on financing the development and implementation of **Administrative Reinforcement Plans (ARP)** recommended by the Council for **programming ESI funds for the years 2014-2020**, i.e. structural actions. It also finances the posts of staff responsible for managing the Programme, as well as the posts of horizontal units supporting the implementation of the ESI Funds. The posts of employees responsible for managing other programmes are financed as part of the technical assistance components in individual programmes. According to the ex-post evaluation of the 2007-2013 perspective, **Italy allocates relatively little resources from TA to finance full-time posts** - 3% of TA allocation, while to support systems as well as management and implementation tools up to 69%, and to develop human potential 12%. The current contracting and spending indicators of the ESI Funds place Italy below the EU average.

**BULGARIA**. In the ex-post evaluation of ESI Funds implementation during years 2007-2013, it was noted that Bulgaria has made progress in the institutional structure, in reducing staff turnover and in effective financial management, compared to the initial period of implementing cohesion policy. At the same time, it was pointed out that **it is necessary to further improve the institutional structure, further reduce staff turnover, simplify public procurement procedures, eliminate duplication of functions in the system and improve the monitoring system**. Therefore, in the years 2014-2020 it was decided to continue support under TA - funds for administrative support are provided both under **the national programme "Good Governance" and in individual operational programmes under priority axes Technical Assistance**. The total amount allocated from the ESI Funds for **technical assistance** in the years 2014-2020 was determined in the Partnership Agreement and amounts to EUR 351 490 127, which is less than **5% of the total allocation of EU funds** for Bulgaria. The ESI Funds Management System (CF, ESF, ERDF, YEI) in the period 2014-2020 in Bulgaria is highly centralized and includes 7 national operational programmes and 1 regional. Relatively large TA share in the total allocation (5%) and centralization of the management system, combined with the fact that this is only the second financial perspective in Bulgaria, seem to have positive effects in terms of contracting and spending. **Bulgaria has a faster implementation rate compared to the previous perspective, at the same time the indicators place this country around the EU average**. Many studies, however, **highlights the need for further and lasting reforms of broadly defined public administration**, especially aimed at combating corruption, improving the judicial system, and in the area of implementing EU funds - decreasing the number and value of irregularities and financial corrections.

**ROMANIA.** As part of the 2014-2020 financial perspective, 5 national operational programmes and 1 regional programme are implemented in Romania. The level of spending is below the EU average. **Romania** (compared to other countries surveyed) **has the highest rate of EU funds per one government official** (which may, in part, explain the slower spending). On the other hand, the contracting level is high – and it is higher than in most other Member States. **In the Romanian system, the Operational Programme Administrative Capacity,** financed from the European Social Fund, is implemented (Objective 11), **next to the national technical assistance programme**. **Technical support components function in some other programmes as well**. Technical assistance is the basic source of financing salaries of the fund administration staff (they earn on average 35% more than people employed on similar posts in non-fund administration). Interlocutors from the Romanian administration pointed out that **the financing remuneration from EU funds played a very important role in stabilizing the system compared to the pre-accession period** (when salaries were financed from national funds). Firstly, the increased salaries **allowed to encourage the best staff to work with European funds**, limiting the pressure on their transition to the private sector. Secondly, the issue of financing remuneration from European funds allowed to **"break free" from the functioning logic of the annual national budget, where the remuneration rate and the number of posts** dedicated to managing funds **was decided from year to year**. **It was also strongly dependent on the situation of the central budget and sensitive to individual ministers’ personal influence or the strength of entire ministries in the annual negotiations of budgetary parts**.

**FINAL RESEARCH CONCLUSIONS**

Data collected during this research indicate that **achieving the assumed goals of cohesion policy could be very difficult and could generate significant risks without financing salaries from technical assistance in the Member States:**

1. First of all, financing salaries from EU funds allows **raising the remuneration** of fund administration in many countries, **encouraging the best government officials to work with European funds and limiting the pressure on their transition to the private sector**.

2. Secondly, in many countries the financing of remuneration from European funds allows to **"break free" from the functioning logic of the annual national budget, where the amount of remuneration and the number of posts dedicated to managing funds are decided from year to year**. It is also **strongly dependent on the situation of the central budget and sensitive to individual ministers’ personal influence or the strength of entire ministries** in the annual negotiations of budgetary parts.

3. Thirdly, attention should be drawn to the risk that would be associated with a potential transition to financing salaries from the national budget. For all new Member States, cohesion policy represents the vast majority of their investment policy. **In the event of problems related to the change of the financing source of remuneration, resulting in destabilization of the system for implementing cohesion policy, this could affect the situation of the entire economy of these countries**. Structural funds are the main source of financing development investments. Disturbances in the investment system **would also adversely affect major trading partners (mostly EU-15 countries**).

4. Fourth**, the implementation of cohesion policy imposes additional and non-standard requirements on the member states** (especially the new ones). Most people dealing with cohesion policy should know English to communicate effectively with representatives of the EC. There are many additional obligations that often do not result from national regulations: evaluation, monitoring, involvement of partners into implementation process e.g. monitoring committees and standards for the settlement of funds (controlled by EU institutions) are also high. It seems that the financing of the staff remuneration involved in this process finds additional justification in this context. **Especially as this is not a very significant cost - around 1-2% of the entire cohesion policy**.