



**European Committee
of the Regions**

ECON-VI/047

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OPINION

Improving administrative capacity of local and regional authorities to strengthen investments and structural reforms in 2021-2027

THE EUROPEAN COMMITTEE OF THE REGIONS

- points out that, under the current MFF, capacity building for LRAs was supported by the EU through cohesion policy, the SRSP and several other instruments and programmes;
- regrets the lack of transparent information on the total amount, actual use and overall impact of EU resources available for capacity building of LRAs and calls on the Commission to provide this information as soon as possible; suggests that the Annual Monitoring Report of the Structural Reform Support Programme include a permanent chapter on the involvement of the LRAs as beneficiaries of the Programme;
- notes that EU resources available for capacity building of LRAs under the current MFF were used to an insufficient extent, considering the role of LRAs in the current division of powers;
- insists that adequate funding for capacity building (i.e. not less than during 2014-2020) should remain directly accessible to LRAs through policy instruments under shared management;
- points to its opinions: on the proposed CPR 2021-2027, which suggested that the flat rate for technical assistance in the ERDF and CF should be raised to 5%; on the next ERDF/CF, which proposes additional funding for capacity building, including in view of the need to localise the SDGs; on the ESF+, aimed at bringing back thematic objective 11 for the post-2020 period;
- considers that the EU's long-term goal should be that of a sustainable improvement of LRAs' institutional and administrative capacity;
- reiterates its recommendation that the Commission issue a single set of guidelines on capacity building applying to all relevant EU programmes;
- stresses that chapters on capacity building *at all levels of government* should be included in the Annual Growth Survey, Country Reports and National Reform Programmes.

Rapporteur

Manuela Bora (IT/PES), Member of the Marche Regional Council and Regional Minister

Reference document(s)

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Opinion of the European Committee of the Regions – Improving administrative capacity of local and regional authorities to strengthen investments and structural reforms in 2021-2027

I. OPINION

THE EUROPEAN COMMITTEE OF THE REGIONS

Ensuring adequate administrative capacity for EU cities and regions: the challenge

1. stresses that administrative capacity is a key element for the successful implementation of investments and reforms necessary for achieving long-term EU policy objectives. After the expiry of the Europe 2020 Strategy, these long-term objectives should be framed by the implementation of the Sustainable Development Goals, which should also take precedence over economic governance schemes relevant to administrative capacity such as the European Semester process. Also stresses the significant relevance of strengthening administrative capacity of local and regional authorities (LRAs) with regard to the environmental and climate-related challenges to be addressed when implementing the new Green Deal;
2. notes that local and regional authorities (LRAs) are relevant actors in the division of powers within Member States and that they are responsible for more than half of public investment in the EU while having a considerable triggering impact on private investment; underlines that improved administrative capacity of LRAs would favour more effective implementation of place-based public policies, which are a prerequisite for citizens' trust in local, regional national and EU institutions;
3. highlights that, since January 2017, at least 38 CoR opinions and resolutions have addressed the need to strengthen the administrative capacity of the LRAs in many areas, including cohesion policy, EFSI/InvestEU and the single market programme¹; also draws attention to its resolution of 9 October 2019 on the European Semester and in view of the 2020 Annual Growth Survey (AGS)²;
4. emphasises that 12% of all sub-recommendations included in the 2019 country-specific recommendations (CSRs) address challenges concerning the administrative capacity of LRAs³ in 17 Member States;
5. considers that improving administrative capacity is a systemic challenge. It relates to: (a) human resources (including understaffing, difficulties in covering highly qualified positions, insufficient in-house technical competences, insufficient reward to merit, lower salaries than in the private sector, training needs of civil servants in relation to digital skills, the ability to

¹ Plus many others, including the SDGs, the Environment Action Programme, smart villages, macro-regional strategies, the EGF, Erasmus+, Digital Europe (with its digital hubs), smart specialisation strategies, effort sharing and the LULUCF Regulation, the Asylum and Migration Fund, artificial intelligence for Europe, the blue economy, and the full implementation of the Paris Agreement on climate change at country level.

² <https://memportal.cor.europa.eu/Handlers/ViewDoc.ashx?doc=COR-2019-03856-00-00-RES-TRA-EN.docx>

³ CoR's territorial analysis of the country-specific recommendations (<https://portal.cor.europa.eu/europe2020/Pages/welcome.aspx#>)

perform highly qualified and technical tasks and knowledge of the EU functioning and funding opportunities); (b) systems and procedures; and (c) networking with external actors;

6. notes that, in line with the principle of subsidiarity, the responsibility for the quality of public administration lies with the Member States and involves different levels of governance. The EU can however play a complementary role by approximating standards through legislation or coordination processes such as the European Semester, and by enabling the exchange of best practices and supporting efficiency and innovation in the public administration and administrative capacity building at all levels of government. Article 14 of the Treaty on the Functioning of the European Union could be a relevant legal basis for the quality of public administration in relation to services of general economic interest;

Assessment of the current MFF

7. points out that, under the current MFF, capacity building for LRAs was supported by the EU through cohesion policy, the Structural Reform Support Programme and several other instruments and programmes⁴, including those managed by the EIB supporting LRAs' investments⁵;
8. regrets the lack of transparent information on the total amount and actual use of the⁶ EU resources available for capacity building of LRAs, as well as on their overall impact, and calls on the Commission to provide this information as soon as possible; also suggests that the Annual Monitoring Report of the Structural Reform Support Programme include a permanent section on the involvement of LRAs as beneficiaries of the Programme;
9. notes that available information suggests that EU resources available for capacity building of LRAs under the current MFF were used to an insufficient extent considering the role of LRAs in the current division of powers and the number of CSRs addressed to LRAs⁷. With regard to the two programmes of which LRAs could also be direct beneficiaries, the information available shows that: (a) the LRAs obtained 15% of capacity-building funding available under thematic objective 11 of the ESI Funds (TO11); and (b) ESIF technical assistance at the initiative of the Member States, which could also support capacity building linked to the use of the Funds, was not used in a significant way by LRAs;

4 See the study commissioned by the CoR on Administrative capacity of local and regional authorities: Opportunities and challenges for structural reforms and a more effective European economic governance (<https://portal.cor.europa.eu/europe2020/Documents/publi-file/AdminCapacity/AdminCapacity.pdf>), as well as the EP study on "Public Sector Reform: How the EU budget is used to encourage it" ([http://www.europarl.europa.eu/RegData/etudes/STUD/2016/572696/IPOL_STU\(2016\)572696_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/572696/IPOL_STU(2016)572696_EN.pdf))

5 <https://eah.eib.org/index>

6 "Administrative capacity of local and regional authorities: Opportunities and challenges for structural reforms and a more effective European economic governance", Study commissioned by the CoR, October 2018 (<https://cor.europa.eu/en/engage/studies/Documents/Administrative-capacity/AdminCapacity.pdf>)

7 See the documents mentioned in footnote 11.

10. it would be worthwhile incorporating additional elements into European funding regulations in order to facilitate the combining - beyond integrated projects - of various kinds of European funds within a single project;
11. underlines that the information available on the involvement of LRAs in the Structural Reform Support Programme (SRSP) is insufficient. According to unofficial estimates, only about 6% of projects received under the SRSP concerned LRAs, a very low percentage considering that 55% of all CSR are directly or indirectly addressed to LRAs; therefore regrets that LRAs can only access the SRSP through their national governments;
12. considers that obstacles for LRAs to the use of EU capacity-building support may include: lack of awareness of existing opportunities; lack of the skills necessary to apply for support; difficulties in co-financing; excessive administrative burden; and lack of support from national governments;
13. notes that gaps between Member States in the quality of the public administration seem to be "slowly blurring"⁸; notes that EU cohesion policy played a role in this development, especially in the Member States in which the Funds represent one half or more of total public investment; stresses that technical assistance at the initiative of the Commission represented nearly half of its resources to improve capacity building at all levels for the management of the ESI Funds⁹;
14. highlights that the quality of public institutions may vary also *within* a country, as shown by the World Bank's Doing Business approach; also shares the European Parliament's view that "especially in regions lagging behind, it often proves difficult to gain access to, or use, funding [for public sector reform], owing to red tape, administrative capacity issues or irregularities", and shares the Parliament's hope, therefore, that "Member States will pursue internal reforms aimed at giving tangible effect to the principle of sound administration and expediting judicial proceedings"¹⁰;
15. stresses that the challenge of insufficient administrative capacity is sometimes compounded by procedures imposing excessive administrative burden; in this respect, notes its concern about the EU proposals for the e-services card, notification procedure and proportionality test included in the services package, as well as about additional administrative burden coming from EU and national public procurement legislation;

Proposals for action under the next MFF

16. insists that adequate funding for capacity building (i.e. not less than during 2014-2020) should remain directly accessible to LRAs through policy instruments under shared management;

⁸ According to a recent EPRS review, based on findings of the 2017 European Quality of Government Index (EQI), eastern regions made significant improvement compared with the previous years, while some southern regions showed signs of decline ([http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI\(2018\)628244](http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI(2018)628244))

⁹ These initiatives are presented in this specific section of the Commission's cohesion policy webpages: https://ec.europa.eu/regional_policy/en/policy/how/improving-investment/

¹⁰ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2019-0012&format=XML&language=EN>

suggests, therefore, that Article 32 of the proposed CPR for 2021-2027 or Article 2 of the proposed ERDF/CF Regulation envisage actions in all OPs aimed at building the capacity of public authorities and stakeholders at all levels and not exclusively relating to the management of the ESI Funds;

17. points to its opinions on the proposed CPR 2021-2027¹¹, which suggested that the flat rate for technical assistance in the ERDF and CF (Article 31) should be raised to 5%, and on the next ERDF/CF¹², proposing additional funding for capacity building, including in view of the need to localise the SDGs, and on the ESF+¹³, aimed at bringing back thematic objective 11 for the post-2020 period;
18. underlines the importance of disseminating knowledge and good practices, such as Italy's plans for administrative strengthening¹⁴, the Covenant of Mayors for Climate and Energy, and Interreg Europe's interregional cooperation projects; welcomes the Commission's TAIEX-REGIO PEER 2 PEER initiatives, the integrity pacts and the pilot initiative, in cooperation with the OECD, calling for roadmaps to frontload administrative capacity building for post-2020;
19. its proposal to establish an Erasmus for local and regional elected representatives¹⁵ could be relevant for improving administrative capacity;
20. public servants from local and regional authorities of the Member States should be encouraged to spend a period of time in the administrations of the various European institutions, bodies and agencies as part of the seconded national expert, national expert in professional training, and Erasmus public administration programmes;
21. stresses that national and regional co-financing of capacity-building programmes should be exempted from the deficit ceilings of the Stability and Growth Pact;
22. local and regional public administrations are required to implement the SDGs in their area; to this end, the CoR needs to support Goal 17, the global partnership goal. In an increasingly interconnected world, it is essential that we improve access to technology and boost the knowledge of local and regional authorities in order to exchange ideas and foster public innovation;

Better governance and simplification

23. considers that the EU's long-term goal should be that of a sustainable improvement of LRAs' institutional and administrative capacity; underlines that this requires long-term planning, while there is a risk of trade-offs with Member States' short-term requests for technical assistance;

11 Adopted on 5.12.2018 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2018-03593-00-00-ac-tra-en.docx/content>)

12 Adopted on 5.12.2018 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2018-03594-00-00-ac-tra-en.docx/content>)

13 Adopted on 5.12.2018 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2018-03597-00-00-ac-tra-en.docx/content>)

14 <http://www.pra.gov.it/cosa-sono/>

15 Adopted on 31.1.2018 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2017-01298-00-00-ac-tra-en.docx/content>)

24. reiterates that the Covenant of Mayors is a key tool for supporting local and regional authorities in the transition towards climate neutrality. Points however to the fact that lack of administrative capacity has been flagged as one of the major impediments to more successful implementation of the Covenant and in particular to local and regional authorities' ability to benefit from favourable financing conditions for energy efficiency renovation projects;
25. highlights the need for coordination and synergy between the existing EU-funded capacity-building instruments, as well as for transparent and timely monitoring and evaluation of such instruments; in this respect, reiterates its recommendation¹⁶ that the Commission issue a single set of guidelines on capacity building applying to all relevant EU programmes;
26. regrets that the efforts made to move towards greater administrative simplification in the management of the funds have failed to achieve the expected results. This is a significant obstacle, which reduces the capacity of intermediate bodies and, in particular, the beneficiaries of the aid. In fact, recent studies estimate that the administrative costs amount to 3% of the average programme costs for the ERDF and 2.2% in the case of the Cohesion Fund;
27. stresses that chapters on capacity building *at all levels of government* should be included in the Annual Growth Survey, country reports and national reform programmes. An assessment of needs and related capacity-building policies at all levels of government would turn the national reform programmes into a strategic coordination tool; shares the European Parliament's proposal to reintroduce in the AGS a chapter dedicated to public administration and governance¹⁷;
28. considers that direct structured involvement of LRAs, or national organisations of LRAs, in the European semester, based on partnership and multilevel governance, would allow them to help assess capacity-building needs and set long-term goals and policies, strengthening their ownership and encouraging action. LRAs, or national organisations of LRAs, should be involved as full partners in the European semester through a legally binding European code of conduct¹⁸, even more so now that the semester gives guidelines for cohesion policy programming¹⁹ through Annex D of the country reports. This would allow the LRAs to contribute, under the semester cycle, to successfully adapting EU policies to actual territorial disparities and specific challenges;
29. taking into consideration the European Commission's simplification proposals for the next period from 2021 to 2027 and regarding the implementation of cohesion policy through the combination of different EU funding sources, there is a need for an integrated approach involving joint planning, thus facilitating the use of different instruments, such as Integrated

¹⁶ Opinion on the SRSP 2017-2020 adopted on 7.4.2016 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2016-01214-00-00-ac-tra-en.docx/content>)

¹⁷ EP resolution of 15 January 2019 on "Assessing how the EU budget is used for public sector reform", http://www.europarl.europa.eu/doceo/document/TA-8-2019-0012_EN.html

¹⁸ Opinion on Improving the governance of the European Semester: a Code of Conduct for the involvement of local and regional authorities, adopted on 11.5.2017 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2016-05386-00-00-ac-tra-en.docx/content>)

¹⁹ Opinion on the European semester and cohesion policy: aligning structural reforms with long-term investments, adopted on 10.4.2019 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2018-05504-00-00-ac-tra-en.docx/content>)

Territorial Investment (ITI) and Community-Led-Local-Development (CLLD), involving the local and regional authorities in the decision-making and implementation process;

30. shares the European Parliament's concern that "the Commission has neither a standardised and shared assessment framework for public administration nor a method of systematic data collection" and asks the European Commission to develop these tools;
31. recommends that the new RSP can be directly accessible to LRAs and more focused on improving the quality of public administration and supporting capacity building at all levels of government; points to its recommendations that the governance of the RSP should be based on partnership and multilevel governance²⁰; asks that a share of the RSP allocation be earmarked for projects requested by LRAs; recommends that, as long as Member States only access the Structural Reform Support Service through contact points at national level, applications from LRAs should be permanently encouraged and monitored;
32. underlines the importance of digitalisation and e-governance, including digital regional hubs and open data platforms, and shares the EP's view that "within public administration innovation processes should be promoted so as to make for better connectivity, digitalisation and quality digital services"²¹.

Brussels, 5 December 2019

The President
of the European Committee of the Regions

Karl-Heinz Lambertz

The Secretary-General ad interim
of the European Committee of the Regions

Pedro Cervilla

²⁰ Opinion on the Reform Support Programme and European Investment Stabilisation Function, adopted on 5.12.2018
<https://webapi2016.cor.europa.eu/v1/documents/cor-2018-03764-00-00-ac-tra-en.docx/content>

²¹ EP resolution of 15 January 2019 on "Assessing how the EU budget is used for public sector reform",
http://www.europarl.europa.eu/doceo/document/TA-8-2019-0012_EN.html.

II. PROCEDURE

Title	Improving administrative capacity of local and regional authorities to strengthen investments and structural reforms in 2021-2027
Reference(s)	/
Legal basis	Article 307(4) TFEU
Procedural basis	Rule 41(b)(ii) of the RoP
Date of Council/EP referral/Date of Commission letter	N/A
Date of Bureau/President's decision	9 April 2019
Commission responsible	Commission for Economic Policy (ECON)
Rapporteur	Manuela BORA (IT/PSE)
Analysis	10 September 2019
Discussed in commission	9 July 2019
Date adopted by commission	Adopted on 22 October 2019
Result of the vote in commission (majority, unanimity)	Majority
Date adopted in plenary	Adopted on 5 December 2019
Previous Committee opinions	N/A
Date of subsidiarity monitoring consultation	N/A