



European  
Commission

# COHESION POLICY: STRATEGIC REPORT 2013

*Factsheet: Institutional capacity building*



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## Strategic Report 2013 – Programme implementation 2007-2013

### Factsheet: Institutional Capacity Building

This factsheet has been produced in support of the Commission 2013 Strategic report on cohesion policy programme implementation (2007-2013). It should be read in conjunction with that report (COM(2013) 210) and the accompanying Staff Working Document (SEC(2013) 129) available on this website: [http://ec.europa.eu/regional\\_policy/how/policy/strategic\\_report\\_en.cfm](http://ec.europa.eu/regional_policy/how/policy/strategic_report_en.cfm)

#### 1. Overview

The 2006 Community Strategic Guidelines for Cohesion identify good governance and capacity building as key issues to address. Though the share of overall funding volumes is relatively small (1.1% of decided allocations), institutional capacity building (ICB) is important in view of the expected benefits for governance. ICB is funded mainly by the ESF (two thirds) and ERDF/CF.

The following 2 headings/ categories are reported:

- Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders
- Mechanisms for improving good policy and programme design, monitoring and evaluation at national regional and local level, capacity building in the delivery of policies and programmes.

Twenty three out of 27 Member States<sup>1</sup> report actions under these categories.

These two headings/categories represent activities of horizontal nature, and do not cover other categories directly contributing to institutional capacity building of the education or labour market institutions such as the largely ESF funded "Modernisation and strengthening labour market institutions", "Design, introduction and implementation of reform in the education and training systems" or ERDF support to e-government measures<sup>2</sup>. These are covered in the Labour Market, Human Capital and IT services and infrastructures factsheets respectively.

The strengthening of institutional capacity and the efficiency of public administrations and public services at national, regional and local level and, where relevant, of the social partners and non-governmental organisations (ICB) is a major ESF priority for the 2007-2013 period (Article 3.2(b) – Regulation EC 1081/2006). This new priority was introduced for Convergence regions and Cohesion MS as a key element for promoting structural adjustments, growth and jobs, as well as economic development. It is seen as a tool which will contribute to reforms, better regulation and good governance, especially in the economic, employment, education, social, environmental and judicial fields.

ESF-supported ICB is implemented as a separate operational programme (with one or more priority axes) in four Member States (BG, RO, HU and EL). Ten Members States have chosen to implement ICB as one priority axe in other programmes, especially regional programmes (CZ, EE, IT, LV, LT, MT, PL, SK, SI, UK Wales).

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<sup>1</sup> The exceptions are DK, IE, LU and NL

<sup>2</sup> Although in some Member states, such as BG the soft measures of the e-government are funded by ESF.

The programmes of the four MS with dedicated ISB OPs are profiled below.

### ***Bulgaria: Operational Programme for Administrative Capacity (OPAC)***

In Bulgaria, the administrative capacity priority is horizontal in scope, and its strategic objective is to improve the functioning of state administration. It aims to improve the implementation of policies, quality service delivery to citizens and businesses, and creating the conditions for sustainable economic growth and employment. Another objective is enhancing the professionalism, transparency and accountability of the judiciary. In this respect, the OPAC has the following specific objectives:

- Effective functioning of the administration and the judiciary;
- Improving human resources management and enhancing the qualification of employees in the state administration, judiciary and civil society structures;
- Modern service delivery provided by the administration and the judiciary;

The ESF value devoted to administrative capacity interventions is 153.7 m€ (excluding match-funding), which represents 13% of the ESF allocation to Bulgaria.

### ***Greece: Public Administration Reform Operational Programme***

ESF institutional and administrative capacity interventions are currently included in a separate OP: the Public Administration Reform OP. The strategic goal of this OP is to improve the quality of governance by enhancing the efficiency and effectiveness of public organisations. It also aims to enhance their accountability and their professional ethics, through a more widespread use of social consultation and participative approaches involving social partners. Overall, this OP aims to create a citizen-centred, effective, open and flexible public governance structure, aiming to:

- progress from the management of processes to the management of policies, results and services;
- improve citizens' quality of life and contribute to the reinforcement of national productivity, development and prosperity;

In Greece, 92.7 m€ of the ESF budget has been dedicated to administrative and institutional capacity interventions, which represents 2.1% of the total ESF allocation for the country (excluding match-funding). It is worth noting however that the total ESF allocation for the Public Administration Reform OP is 435.3 m€, i.e. 9.98% of the total ESF allocation for the country, an amount that serves directly the reform of the Greek public administration.

### ***Hungary: Hungarian State Reform Operational Programme***

The overall aim of the Hungarian State Reform Operational Programme is to increase the performance of the public administration. Through this increased performance, the administration will help improve Hungary's social and economic situation. This aim will be achieved through the following specific objectives:

- enhanced social outcomes, through a greater focus on effectiveness, social partnership and subsidiarity;
- more economical use of public resources, through better cost efficiency and application of the principle of "value for money";

- improved public service ethos and performance, through improved managerial capability, greater accountability and transparency, and improved motivation and performance incentives.

The OP also plays a key role in support of Hungary's other OPs (including those funded by ERDF and the Cohesion Fund), by improving the performance of the public administration in respect of the design, implementation and monitoring of those programmes. In Hungary, € 150 m€ of the ESF-budget has been dedicated to administrative and institutional capacity interventions, which represents 4.1% of the total ESF allocation for the country (excluding match-funding).

### **Romania: Sectoral Operational Programme for Administrative Capacity Development**

The general objective of the SOP ACD is to contribute to the creation of a more efficient and effective public administration for the socio-economic benefit of Romanian society. Taking into account problems and needs of Romanian public administration, some main priority areas have been identified where interventions are most needed and are likely to have the highest value-added:

- Building effective decision-making and accountability processes that enhance organisational effectiveness;
- Improving quality and efficiency standards in the delivery of public services, primarily on a decentralised basis.

Romania has allocated 199.7 m€ of the ESF-budget to the administrative capacity theme, which represents 5.4% of the ESF allocation to the country (excluding match-funding).

## **2. Project examples**

<b>BG</b>	<b>Programme for Administrative Capacity</b>	<b>Fund: ESF</b>	<b>EU: 0,52 m€</b>
<b>Title: Improving delivery through the IT systems of the Commercial register</b>			
The IT system of the Commercial register is being upgraded. Amending legislation will improve the internal operation of the Registry Agency. This will lead to better service delivery, improved collection and revenues, and overall accountability the Agency. The funding beneficiary is the Registry Agency while the users are the citizens and the business.			

<b>EL</b>	<b>Programme: Administrative reform</b>	<b>Fund: ESF</b>	<b>EU: 2.7 m€</b>
<b>Title: Diavgia</b>			
All draft laws will be published on the internet to allow public consultation and updates on. Citizens and stakeholders are able to respond and make suggestions. The project helps administrative and self-government bodies to allow citizens to benefit from their constitutional rights and gain better information about the projects. <u>Beneficiary:</u> Information Society S.A. (State owned body implementing e-governance projects) <u>Users:</u> Government, members of the parliament, social and economic partners, the wider public			

<b>LV</b>	<b>Human Resources and Employment</b>	<b>Fund: ESF</b>	<b>EU: 1,28 m€</b>
<b>Title: Reduction of Administrative Burden and Simplification of Administrative Procedures</b>			
The project is reducing administrative burdens for businesses, residents and non-governmental organizations. Its activities include the study of main administrative burdens in public administrations, an assessment of the Law on Administrative Procedures, citizens survey and the elaboration of guidelines and action plan for reduction of administrative burdens. <u>Beneficiary:</u> State Chancellery <u>Users:</u> General population, ministries, NGOs, businesses, local and regional administrations			

<b>MT</b>	<b>Programme for institutional and administrative capacity</b>	<b>Fund: ESF</b>	<b>EU: 2.86 m€</b>
<b>Title: Developing Core Skills in the Public Service</b>			
<p>The project aims to strengthen the ICB of Public Administration by identifying the needs of public officers as regards skills and competencies and addressing those needs via training. This will result in a better trained and qualified Public Sector workforce, equipped to better respond to the changing requirements of public administration in Malta and contributing towards improved efficiency and effectiveness in Government ministries and departments.</p> <p><u>Beneficiary:</u> Centre for Policy Research and Training (CDRT) Office for the Prime Minister (OPM)</p> <p><u>Users:</u> public services</p>			

<b>PT</b>	<b>Human Potential OP</b>	<b>Fund: ESF</b>	<b>EU: 0.57 m</b>
<b>Title: Extending representativeness and social dialogue</b>			
<p>Six social partners have been developing ESF-funded ICB projects under PA10, of the Human Potential OP. One of those projects (065055/2011/10). The aim of the project was to improve social dialogue capabilities of Confederation of Portuguese Industry, consolidate and expand its sectorial and regional representativeness, and strengthens intervention at international level.</p> <p><u>Beneficiary:</u> Confederation of Portuguese Industry (represents 70 business associations, 160 000 firms and is a member of the main employer organisations at the global level).</p> <p><u>Users:</u> Confederation's structure and associates, including sectorial, multisectorial and regional associations, and chambers of commerce and industry.</p>			

<b>RO</b>	<b>Administrative Capacity Development OP</b>	<b>Fund: ESF</b>	<b>EU: 28.9 m€</b>
<b>Title: Functional reviews in Romania</b>			
<p>The functional reviews in Romania included two stages, each covering six ministries/institutions/public sectors. It was implemented with the support of the World Bank experts focusing on the following key-elements: institutional and functional capacity of the institutions, financial and human resources management, activity efficiency. The first stage functional review, related to the sectors managed by several Ministries and resulted in the implementation of 15 projects, with total EU support of 25,68 m€. (Stage 2: EUR 3.25 m).</p> <p><u>Beneficiary and users:</u> Ministry of Agriculture and Rural Development, Ministry of National Education - pre-university education, Ministry of Public Finance, Ministry of Transport, General Secretariat of the Government and Competition Council, Ministry of Labour, Ministry of Regional Development and Tourism, Ministry of Economy, Ministry of Environment and Ministry of Health.</p>			

<b>SI</b>	<b>OP for Human Resources Development</b>	<b>Fund: ESF</b>	<b>EU: 0.73 m€</b>
<b>Title: Video conferencing project in Justice system (part of e-justice)</b>			
<p>The project aims to speed up procedures in the judicial system by improving the treatment of witnesses by: allowing their examination at a range of locations to reduce the need for travel; reducing repeated exposure of children to the hearings and improving their safety. In addition, the project increases the level of IT literacy of employees at courts, prisons, centres for social work; improved, simplified and more effective cooperation in the field of international legal assistance.</p> <p><u>Beneficiary:</u> Ministry of Justice and Public Administration</p> <p><u>Users:</u> judicial courts, police, centres for social work, Prison Dob (the biggest prison for men)</p>			

### **3 Assessment of Implementation**

#### **3.1 Tracking EU financial input**

MS approved, indicatively, € 3.7 billion to be invested in ICB actions. The projects selected so far amount to € 2.3 billion representing an implementation rate of 60.5% (average 71.2 %). The most important Heading/Category within the ICB Theme is "Mechanisms for improving good policy and programme design, monitoring and evaluation ", with 68% of the overall decided amount. A number of MS have already selected projects for a value close (LV, BE) or over (PT, SK) to the decided amounts (SK reaching even 300%). For instance HU, LT, PT and UK all have rates above 100% for "Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders" but lower rates for the other Heading/Category.

#### **3.2 Outputs and results**

The nature of the actions, which are very much dependant on the local situations and needs, make it very difficult to compile EU wide data. The reports however point to a large number of persons trained, about 700,000, in the ESF Operational Programmes or Priority Axes specifically dedicated to Capacity Building. Not unexpectedly, the profile of the participants is markedly different from the overall picture: the proportion of women is higher (nearly two thirds) except in MT where it is only 28%; they are employed; very few persons from groups vulnerable on the labour market (<2% on average except in RO and BG where it is 5%); they tend to be highly educated (three quarters having higher tertiary education).

Below are brief descriptions of the achievement in some of those MS with an Institutional Capacity Building Operational Programme (ICB OP) or dedicated Priority Axis (PA).

##### **Bulgaria**

Bulgarian Administrative Capacity OP (OPAC) shows progress in all areas except PA2 – human resources management of the civil service. Five OP indicators are close to 100% fulfilment. Overall 146 judicial bodies have introduced a case-management system; 90 administrations have undergone internal optimisation; 23 administrations have introduced rules for policy monitoring; 89 training modules for the judiciary have been introduced; 100 have obtained document management systems; 2 100 administrative services have been provided online; 25 499 staff of the civil society organisations have been trained. There is a need for reform in several sectors (road, rail, water, health care, education) in order to improve services and the implementation of projects.

In 2011 the OPAC funded a large number of projects for the rapid development of e-government targeting: the establishment of an integrated system, the provision of new e-services, and the development of the single point of contact.

##### **Czech Republic**

The ICB is financed under the PA 4 of the OP Human Resources and Employment (OPHRE). The 14 indicators are of a very general nature (e.g. numbers of created products, number of course participants, use of e-government by central, regional, local administration in %). Only few are specific e.g. shortening of court proceedings in days. Overall, there were 79 projects being implemented by end of 2011.

##### **Estonia**

In Estonia, 389 projects have been accepted, out of which 295 are already finished. Support includes further capacity development for social partners, knowledge-based policy development and measures for better regulation. There have been difficulties with the indicators (e.g. not showing the

actual impact) and some of the projects have taken more time than planned. In addition, Estonia lacks strategic approach on the workforce development.

### **Greece**

With the on-going recession of the Greek economy and the fiscal consolidation after 2009 also the status of implementation of the OPs is directly affected by these developments.

Nevertheless, a number of important projects have been launched under the Administrative Reform OP and these include the administrative reform at the Regional and Local government ('Kallikrates' reform) as one of the millstones concerning the public administration reforms, the establishment, organisation and operation of "Units for Planning and Budgeting" in the line ministries, the standardization of the implementing procedures of the New Civil Servants' Code, the reorganisation of the General Accounting Office of Greece, the reorganisation of the services of the tax and customs administration, the establishment of "Units for the Application of the Principles of Good Legislating and for the Incorporation of Community Legislation", the application of new procedures for the reduction of administrative burdens and costs, the upgrading, reinforcement and reorganisation of the Directorate General for Human Resources of the Ministry of Public Administration, and, probably the most important project of the OP, the reorganisation of the State: Towards a more policy orientated State.

It is noted that while most of the operations implemented under the Administrative Reform OP had been planned from the beginning of the programming period, they now serve directly and effectively the Economic Adjustment Programme for Greece.

### **Hungary**

The OP is covering both the Convergence and the Regional Competitiveness and Employment regions of Hungary. The allocated amount is EUR 172 435 891. The contracted amount was EUR 107 597 203 and the committed amount EUR 58 880 554 as of 31.12.2012.

A total of 487 projects are co-financed in the course of the OP out which 420 are covering the Convergence Regions and 67 the Central Hungarian Region. The OP was modified in 2012 – based on the new strategic documents of the Hungarian Government, identifying shift of priorities – in order to reallocate resources from the PA1 (Renewal of processes and organizational development) to the 2 Priority axis (Improvement of the quality of human resources) aiming also to support the more efficient absorption of funds. Also based on the midterm evaluations performed and due to the new strategic planning the indicator system was revised and modified to support the successful implementation of the 2011-13 Action Plan and the Government Program (Magyary Plan).

### **Italy**

Each Italian Convergence OP has a capacity building dedicated PA. With the exception of the OP Governance e azioni di sistema, which shows good implementation levels (at 31.12.2012, commitments at about 91% and payments above 41%), the progress of those axis is quite slow, though slightly improving lately in particular in terms of commitments (for an average rate above 50%, against a payment rate of 17%). 119 projects have been co-financed so far. Large majority (71) relates to the OP Governance e azioni di sistema, focusing on system actions. A series of projects, across all regional OPs, address the judicial system to improve its efficiency, with promising results, building on a 2000-2006 good practice.

### **Latvia**

PA "Administrative Capacity Building" of Operational Programme "Human Resources and Employment" provides significant measures for reduction of administrative burden and raising capacity at various institutions – ministries, local municipalities, NGOs, trade unions and employers' organisations. Currently, 4 output and result indicators have been either fulfilled or close

to fulfilment. Quality management system has been now introduced in 85% of public administration institutions with participation of 25 institutions in the project. Activity of NGOs in capacity building activities is significantly raised with 463 institutions taking part in capacity building projects (initial target was 200). With assistance of ESF, 10 regional representations of Latvian Employers' Confederation and Latvian Trade Union were established providing better representation of employers' and employees' rights.

Based on the outcomes of 3 studies completed with the ESF "Reducing the administrative burden and simplification of administrative procedures" the Latvian government approved an Action Plan aiming at reducing administrative burden, simplifying administrative procedures and improving the quality of public services for business and citizens.

### **Lithuania**

In order to increase country's competitiveness and to adapt to the changing economic and social conditions, modernization of public administration was one of the most important Lithuanian Government's priorities. Lithuania allocated 162 m€ for Institutional Capacity Building priority (16% of the total ESF - the highest share among other MSs).

Mainly three types of projects are being implemented under this priority: 1) trainings of civil servants 2) introduction of various management systems (financial and operational management, human resource management, quality management, document management) and 3) preparation of documents (territorial planning, regional or local strategic documents). More than 600 projects (average project budget 0.25 m€) are being implemented. By the end of 2011 over 22150 civil servants, statutory officers and other state and local institutions public servants attended training sessions. Municipal administration entities introduced 10 Quality Management Systems, state administration entities - 8 Quality Management System. In 2009-2011 over 81 strategic planning documents for municipalities, 6 regional development plans and 45 strategic planning documents have been prepared or up-dated.

### **Malta**

Capacity building within the public administration as well as within the social partners' network is part of the NSRF Strategic Objective 3 – Investing in Human Capital with a dedicated PA4: Strengthening of institutional and administrative capacity. Currently there are 17 projects benefiting from it. The recent reform in the public administration puts a spotlight on maximising the potential of its workers through training and re-skilling, reorganising work procedures, integrating ICT into its work plans and making better use of e-government services (for increased use by private individuals). Recently approved projects aimed at widening the training opportunities for public administration employees in line with new working processes and pilot quality frameworks for the services delivered. The involvement of the social partners aims at strengthening the dialogue with relevant stakeholders.

### **Poland**

The Polish ESF OP provides substantial assistance to capacity building. Achieved results of measures contributing to better regulation include: simplification of 92 national legal acts related to business activity (through 125 simplification measures), implementation of the system of measurement of administrative costs, optimisation of the system of impact assessment. These measures contributed to the reduction of 15.9% of administrative burden for enterprises. Measures at national level were complemented by support to capacity building for better regulation at regional and local level: competence standards were established and 16 000 civil servants were trained. Achieved results related to improvement of business conditions include: training of 4 000 officials in relation to implementation of the one-stop shop for business registration, training of 9 000 treasury services officials to improve client-orientation. These measures contributed to shortening the time necessary to start-up a business and substantial reduction of administrative costs of

registration (establishment of 91 information points in courts). Moreover, 272 offices benefited from projects aiming at improvement of management standards.

The greatest flaw of the Polish judiciary is still the lengthiness of legal proceedings. According to the World Bank, the average contract execution time did not change in the analysed period and in 2011 it still amounted to 830 days (against the 200 days objective).

### **Portugal**

The ICB interventions can be found in: Human Potential, Pro-Emprego (Azores islands), Rumos (Madeira islands), and ESF Technical Assistance (TA). Within the TA the ICB interventions of social partners accounts for 10,5 m€ in ESF approved allocation, with an execution rate of 57,3%. In PA 1 (Baseline Qualifications – includes activities to support the design, integration and implementation of reforms in education and training systems), PA2 (Adaptability and Lifelong Learning – with emphasis on the recognition, validation and certification of skills), PA3 (Management and Professional Development – training activities linked to organisational restructuring and modernisation, including the promotion of internal capacities for innovation, management and modernisation of public and private sector organisations) and PA4 (Advanced Training – supports activities to improve the skills and qualification of high-level officials within public institutions).

### **Romania**

Within the Romanian "Administrative Capacity Development" OP 416 projects have been contracted and 206 projects finalised (54 by central and 125 by local administration as well as 27 by NGOs). 18 174 officials (10 136 were women) from local and central public administration participated in activities financed by this OP. As regards the fulfillment of indicators, results are quite mixed. There are situations in which the fulfillment of indicators exceeded 100% (e.g.: training modules, participant training days, guidelines and other methodological documents). Nevertheless, there are cases where some of the indicators have a low level of achievement (e.g. structural revisions - 14% at the end of 2012) and for others the degree of fulfillment is zero (e.g. percentage of administrative costs reduction).

### **Slovenia**

The 5 PA of the Human Resources Development OP is intended to support ICB through programmes and projects in the fields of efficient and effective public administration; reform of the institutions in the labour market; promotion of the development of NGOs, of civil and social dialogue; healthcare in the information age.

Overall 688 e-government services accessible over the internet were prepared; 16 e-services intended for unemployed persons and employers at Public Employment Service (PES) were prepared; 264 of trainings for the employees of the PES were held which represents 6.6 training per employee; 598 representatives of NGO's and 637 social partners were trained.

### **United Kingdom**

The PA4 of the West Wales and the Valleys OP (WEFO) includes ICB interventions aiming at modernising and improving the quality and efficiency of public services in the region. By end 2011 five projects had been approved under this PA representing a total investment of €36.6m (ESF €21.1m) with a 64% commitment rate. It is considered that the focus on innovations into other collaborative working in relation to learning partnerships, local service boards and encouraging greater integration, co-operation and sharing of best practice in areas of finance have resulted in a sufficiently broad portfolio of project that meet the needs of the Programme, Priority and Strategic Framework.

**Table 1.1: 2007-2011 – Project selection by priority theme**

Code	Category	Decided Ops - Million € (a)	% Decided OPs of Total Decided (b)	Allocated to selected projects AIR 2011 - million € (c)	% (d=c/a)
80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders	1,178	0.3%	576.8	49.0%
81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...	2,562	0.7%	1,686.4	65.8%
	<b>Total Capacity building</b>	<b>3,740</b>	<b>1.1%</b>	<b>2,263.3</b>	<b>60.5%</b>
	<b>Total all themes</b>	<b>346,717</b>		<b>246,983</b>	<b>71.2%</b>

**Table 1.2: 2007-2011 – Project selection reported by MS.**

Country	Decided OPs	% of National SF/CF	Allocated to selected projects AIR 2011	%
	(a) - in M.€		(b) - in M.€	(c=b/a)
PL	575	0.9%	300	52.1%
ETC	502	6.3%	397	79.1%
ES	408	1.2%	105	25.8%
BG	377	5.7%	239	63.3%
CZ	359	1.4%	279	77.7%
IT	349	1.2%	130	37.4%
RO	311	1.6%	215	69.2%
LT	162	2.4%	100	62.1%
HU	160	0.6%	79	49.6%
FR	126	0.9%	71	56.7%
GR	99	0.5%	56	56.3%
PT	91	0.4%	98	108.1%
DE	36	0.1%	3	7.7%
UK	35	0.4%	22	63.4%
SI	29	0.7%	13	44.6%
SK	25	0.2%	85	342.7%
LV	24	0.5%	22	90.5%
AT	23	1.9%	12	54.9%
EE	20	0.6%	12	60.3%
MT	13	1.5%	6	48.9%
CY	9	1.5%	6	66.9%
FI	3	0.2%	3	74.2%
NL	3	0.2%	0	0.0%
BE	2	0.1%	2	96.3%
SE	0	0.0%	8	-
DK	0	0	0	-
IE	0	0	0	-
LU	0	0	0	-
<b>EU27 + ETC</b>	<b>3,740</b>	<b>1.1%</b>	<b>2,263</b>	<b>60.5%</b>

**Graph 1: 2007-2011 – Project selection reported by MS**

