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Institutional Capacity – Provisional Results of Member States during 2014-2020 Programming Period

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Abstract

Institutional capacity building and enhancement are the main focus for projects under thematic objective 11 for the programming period 2014-2020 supported by financial instruments under the Cohesion Policy, thus contributing to the objectives of economic, social and territorial cohesion of Member States. According to studies, there is a growing importance of education and, as such, of investment in education, but also a need for strengthening the efficiency of public administration and need to invest in the latter as well so that, in cooperation with social partners, be able to face the increasingly challenging societal overcoming needs and barriers. Considering the disrupting factors present in the socioeconomic and territorial contexts determined by the armed conflicts, by the recent pandemic effects which all have a negative mark on all aspects of life, to which the constraints on the national public funding add, there is a growing need of intervention and of investment for institutional capacity building. In line with the aforementioned, the aim of the research team was to investigate the achievements of the interventions funded under thematic objective 11 for all the Member States that selected it and highlight both the progress and the opportunities available for Romanian context. As the results show, Romania has much to gain in the following years in terms of activities to be supported, but also in the magnitude of the interventions. Yet, results should also be put in the light of driving forces or factors that contributed to the achievements and also to what each Member State envisaged.

Keywords: institutional capacity, Cohesion Policy, provisional results, opportunities for Romania.

JEL Classification: Y Miscellaneous Categories.

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1. Introduction

In the context of an ever changing economic, social, geopolitic environment, the need for a flexible, more adaptive, and capable governance at both local, regional, and national level is all the more felt, as it contributes to the design of robust strategies, to efficient allocation of resources, as well as to the efficient funding administration and a better financial compliance (Bachtler et al., 2023).

On the other hand, what matters more is not the type of administrative or governance system, but its capacity to generate good and effective outcomes. This is why a broader perspective is needed on the stakeholders involved, their individual capacities and impact on institutional and organisational capacity, as well as on other factors that contribute to the efficient use of resources. The focus is, as already mentioned, on outcomes, on achievements each administration succeeds in attaining thus determining growth, but there is also the need for a better understanding of internal and external forces that impact it. Sometimes economic factors – such as the recent recession experienced by Member States, or factors dependant on organisational culture, factors arisen out of technological development or the new geopolitical context, or even local or regional autonomy factors or a mix of aforementioned are accountable for the results and ask for further insight.

Considering the financial instruments available at the European Union level under the umbrella of the Cohesion Policy, institutional capacity – as it is covered by the 11th thematic objective of the 2014-2020 programmatic period – refers both to the administrative capacity of public authorities, and also to the institutional capacity of other stakeholders and roughly on efficient public administration.

The increasing interest in the development of institutional and administrative capacity and to thus investing in it is strongly related to policy performance – in this case, Cohesion Policy performance – as this proved to be one of the explanatory factors for which some regions with better quality institutions receive more funding and have a higher level of absorption and, as such, achieve faster economic growth. (Bachtler et al., 2023)

Irrespective of the operational programme that covered the 11th thematic objective for each of the Member States that selected it (i.e. Efficient Human Resources / Croatia; Growth and Employment / Latvia; Administrative Capacity / Romania; etc.) and irrespective of the way each state decided to manage it (i.e. under one national programme and/or regional programmes), the objective included investments directed to the same areas of action and, as such, reported achievements are corelated to the same indicators.

In this context, the aim of present study was to investigate the achievements of the interventions funded under thematic objective 11 during the 2014-2020 programmatic period for all the Member States that selected it and to highlight both the progress and the opportunities available for Romanian context.

2. Problem Statement

The institutional capacity, the administrative capacity or the capacity of public administration have been under the scrutiny of scholars who tackled different facets of the problem – determining factors of institutional capacity, influence of institutional capacity over growth and funds absorption, arguments for investing in certain areas that would have a greater impact on the improvement of institutional capacity etc.

Regarding the factors that could contribute to a better, more successful institutional capacity there have been pointed out drivers like the economic, social and territorial context; the historical context; the resources available and their quality (human resources, material resources, technological resources or instruments etc.). As studies show, the capacity of local management authorities is affected by operational dimensions like management stability, equipment and capabilities, staff and staff skills etc. (Cunico et al., 2023).

Studies also show that “there is a consensus on the need to tailor projects according to context” (Kacou et al., 2022). As researchers indicate, there is a need for “best fit” to issue and context, rather than an a historical, universal “best practice”. They plead for “tailored projects and associated techniques and tools designed to suit specific needs in specific contexts”.

Besides this, the allocation of funds is strongly dependent on the economic growth, as it is “based on the ratio of regional GDP per capita (in PPS) and the EU-wide GDP” (Mohl & Hagen, 2010). This could of course favor relatively rich regions, but it is also a matter of how economies may “absorb macroeconomic effects generated by the supplementary expenses”. (Incaltarau et al., 2020).

In a highly internationalised system, there is a huge pressure to take over transformations on the international arena, but “innovations in democratic and managerial practice” (Kaygısız, 2019) also need to match the context in which they are implemented, because sometimes they can lead to negative effects due to failures. Countries need to make choices in order to improve service delivery, but these choices are “based on capacity, history and politics” (Samaratunge & Alam, 2021).

As for areas over which the institutional capacity might show its *influence or impact*, these are various and generally related to all the stakeholders along the processes found under the responsibility of public administration – from the responsibility and relation to general public/citizens (or representatives of different groups of beneficiaries of public services) to the peer-to-peer relation in the case of different institutions involved in the same process. To only refer to the capacity of public institutions to absorb and manage funds, there could be mentioned the capacity to conduct needs analyses rooted in local realities, the capacity to develop long term strategies, the capacity to allocate resources targeted to the real needs and problems encountered, the capacity to develop or select adequate and mature projects, the capacity to develop and maintain partnerships with important stakeholders etc.

As far as the EU Cohesion Policy is concerned, capacity is defined as the ability “to design regional development programmes to meet EU objectives and in accordance with local needs; to allocate funding to eligible projects in line with EU rules; and to account for the funding spent in financial terms (audit) and physical outcomes (evaluation)” (Bachtler et al., 2023).

Considering the abovementioned, the important *areas of investment* necessary to improve institutional capacity are generally related to human resources (such as education and training of personnel and other categories of participants like representatives of NGOs and citizens), soft skills (i.e. assistance granted to SMEs, transfer of knowhow, training on techniques and methods etc.), equipment/hardware (see IT&C – instruments, platforms etc.).

In the 2014-2020 programming period, the “focus on innovation and smart growth specialisation” was highly related to the importance of education and innovation for economic development. The capacity to attract funds and spend them in a framework of regulatory compliance, while also achieving the envisaged results, has significant importance in the context of various constraints on national public funding (Pinho et al., 2015).

Indicating the importance and the impact of a better, successful institutional capacity has the role to raise the awareness on what can be lost in case of inaction, but, on the other hand, it is also important to analyse the achievements according to the areas of intervention, so that to further be able to take action depending on the level registered as compared to the desired one.

Also, it would be equally important for the policymakers to consider “not only the direct impact of the actions, but also the complex dynamics that they trigger and the effects that they can generate” (Cunico et al., 2023), because not only one policy, but a complex of timely coordinated actions can drive to the expected results.

In this broader context, the aim of the analysis undertaken by the authors of the present article was to investigate the achievements registered by Member States that have chosen thematic objective 11 (TO11) in order to identify the amplitude of activities, and also how well Romania performed as compared to other Member States – considering the number of participants to the programme and benefits reported for them regarding qualifications attained or change in their labour market status. In other words, the attempt of the authors is limited to the field of education and training and focuses on the results reported by the Member States until 2022 inclusive.

3. Research Questions / Aims of the Research

As already mentioned above, the aim of the research was to have an overview on how Romania performed as compared to the other Member States (MS) and to identify the opportunities available for the Romanian context regarding TO11 – *Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration.*

The analysis conducted considers the achievements reported by Member States for the 2014-2020 programmatic period that ended in December 2023 (according to the rule $n+3$ years), for which preliminary data are available, namely for 2022 included, which means that achievements for 2023 were not included in the analysis. Data subjected to analysis were consulted on the Cohesion Open Data Platform (EC - Cohesion Open Data Platform, 2024).

Important to mention is that, according to the open data available, 18 MS reported results until 2022, out of which two countries will not be represented in the results here included – one being the United Kingdom, which left the EU in 2020 and the other one Cyprus whose values for the common indicators are weakly represented.

Another important aspect for analysis was the exclusion of results reported for INTERREG. This was due to the fact that the programme includes 36 countries, out of which nine countries are not EU member states.

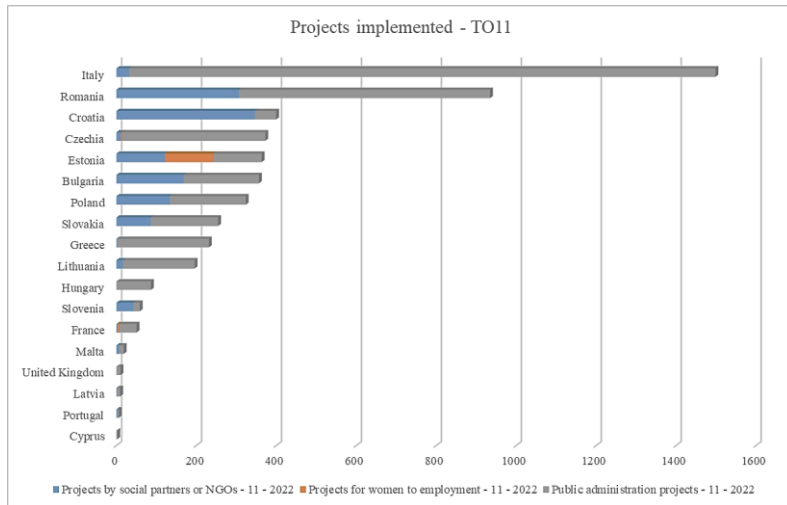
It should also be pointed out that the thematic objective was managed in a different way by different MS – some of them covered it (its indicators) in one or two national programmes – such as Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia, UK, while other covered it by regional programs (coupled or not with national programmes) – such as France, Italy, and Portugal.

4. Research Methods

In order to perform the analysis, the authors first searched for the indicators associated to TO11 and classified them into categories, namely: (a) participants to the programme(s) – as per age groups, per educational status and per employment status, and also disadvantaged categories; (b) benefits of participants upon leaving the programme and (c) benefits of participants six months after leaving the programme. Data related to indicators was extracted in January 2024 and quantitative analysis was conducted according to the three sets of indicators mentioned.

The below given is Figure 1 – a representation of the number of projects implemented per category of beneficiary (social partners versus public authorities), along with projects implemented for women to employment. This was rather considered an indication on the administrative procedure (most probably more projects, shorter implementation periods, smaller budgets allocated, *or either* more projects managed at the level of different regions of the MS) than an indication on the amplitude of the programme. Data will be further compared with the number of participants to the programme(s) and other influencing factors will also be taken into consideration.

Figure 1. Representation of the number of projects implemented per category of beneficiary



Source: authors' own research.

More and more in the past years, there has been an increasing pressure for large programmes to achieve better results (at least in what means countable, quantitative indicators), reason for which programme managers are tempted to set very ambitious targets which are then very difficult to achieve (Mendez & Bachtler, 2022). This is why the authors of the present article will indicate potential factors that might have influenced the results presented, as not only the figures matter, but also the reasons why these reached certain levels. Influencing factors sometimes fall into the category of demographic indicators or economic development or are related to other contextual factors which are complex, challenging effects of the pandemic period, armed conflicts, and other long-term effects of historic and cultural nature.

5. Findings

The first set of indicators subjected to analysis was related to the number of participants to the programme. Data were analysed as per age groups, per educational status, and per employment status, and disadvantaged categories were also separately considered.

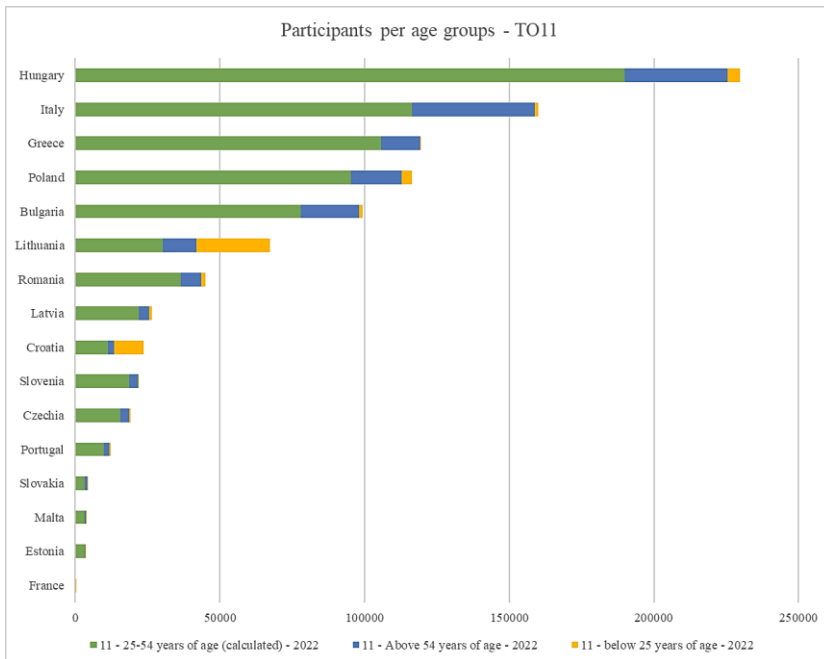
The total number of participants reported does not seem to be related with either larger populations of the states or greater experience in running projects (as would be expected in the case of older MS) and not even with territorial, geographical localisation. If considered, for example, the top three MS in terms of participants reported – Hungary, Italy, and Greece – these are located in different parts of Europe, joined the EU at different times (Italy is one of the first six MS – joined EU in 1958, Greece joined the EU in 1981 and Hungary in 2004) (European Union, 2024). On the other hand, if Greece and Hungary have similar populations in size

(10 394 055 / Greece and 9 597 085 / Hungary – 2023 census), they addressed TO11 under two national programmes, namely: Competitiveness Entrepreneurship and Innovation *and* Reform of the Public Sector – Greece *versus* Competitive Central-Hungary *and* Public Administration and Civil Service Development – Hungary. Italy, which has 5 times the population of the former two (58 850 717 / 2023 census), addressed TO11 under two national programmes (Governance and Institutional Capacity *and* Systems for Active Employment Policies) and 23 regional programmes. This proves on one side a high interest for the improvement of institutional capacity (in the case of Italy the more so for the local authorities) and, on the other side, the need to distribute the effort according to population size and administrative system.

As far as Romania is concerned, except the fact that it started reporting achievements one year later as compared to the aforementioned MS (started reporting in 2016), it managed the TO11 under a single national programme, namely *Administrative Capacity*.

Regarding the analysis per age groups, the larger group is the 25-54 age group in the case of all countries, which was expected as lifelong learning is needed more in the case of this age group and also the need for a permanent adaptation to the new requirements on the job (i.e. digital competence; use of new applications, techniques; implementation of new administrative systems / platforms etc.) – see Figure 2.

Figure 2. Number of participants per age groups - Thematic Objective 11

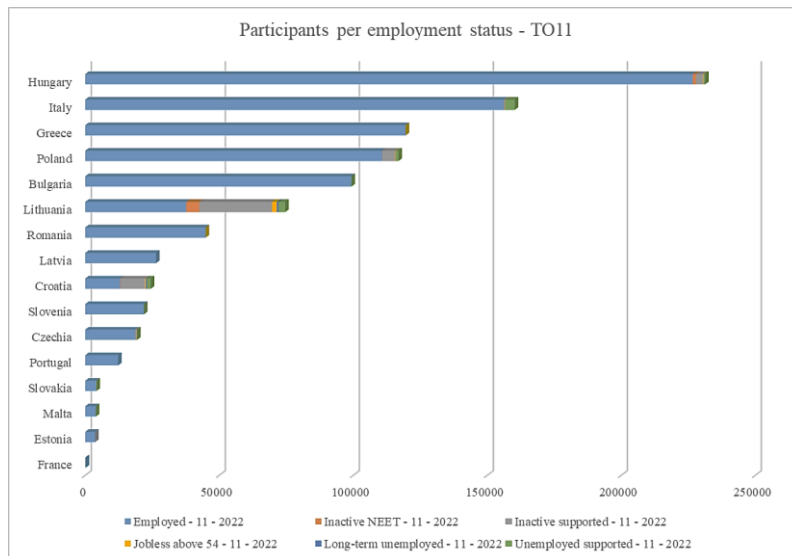


Source: authors' own research.

As per employment status (see Figure 3), the largest category represented is the *Employed* category. Considering that the programmes addressing institutional capacity target groups in public institutions and/or social partners/NGOs (in other words, employees) and to a lesser extent citizens (beneficiaries of the services provided by public institutions), this is self-explanatory.

Nevertheless, significant representations of *Inactive supported* (among which Inactive NEET – not employed nor in education or training) and *Unemployed supported* are encountered in MS like Lithuania, Croatia, Poland, and Italy, which means more citizens were included in the target group (ex. giving feedback for the procedures dedicated to these categories / being involved for input for the improvement of services provided to them).

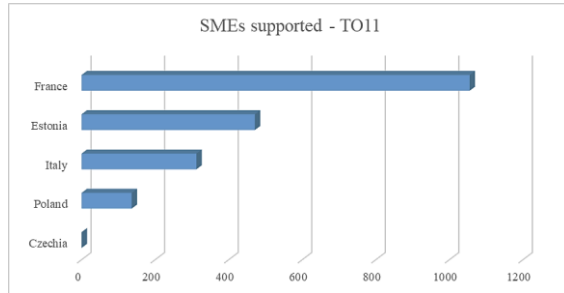
Figure 3. Number of participants per employment status - Thematic Objective 11



Source: authors' own research.

One significant indicator is reported by a few MS (see Figure 4) regarding the support granted to SMEs. This is not to be neglected, because on one hand, SMEs are drivers of growth in rural areas and, on the other hand, because mainly social enterprises (but not only) are practically partners with public administration in relation to disadvantaged categories like disabled or homeless (involving them in activities, offering support for employment etc.). This is good practice that could be taken over by Romania in the future programmes.

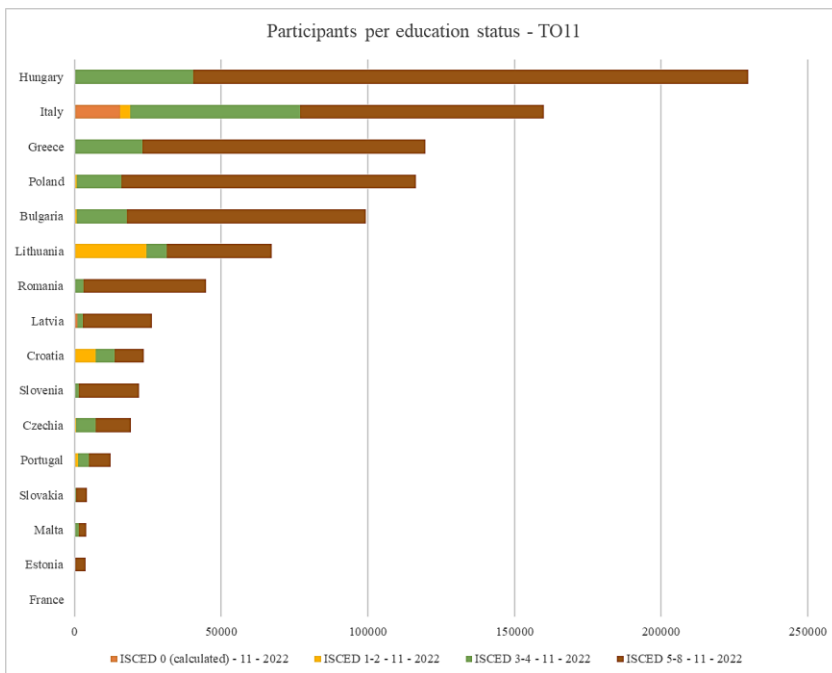
Figure 4. Number of Small and Medium Sized Enterprises supported – Thematic Objective 11



Source: authors' own research.

Participants per education status are again – as expected – highly represented by tertiary education or more (Bachelor/Master/Doctoral degree), on the second place being the secondary education participants (see Figure 5 – ISCED levels / International Standard Classification of Education). This is due to the targeted groups – employees in public administration or representatives of NGOs. Similarly to the employment status analysis, there are MS with a better representation of ISCED 0 and ISCED 1-2 categories.

Figure 5. Participants per education status according to ISCED levels – Thematic objective 11

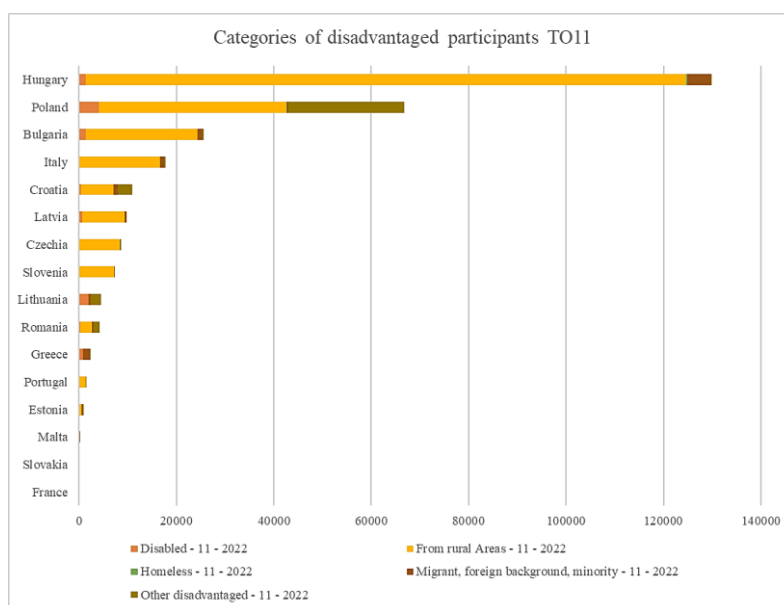


Source: authors' own research.

Here, included (see Figure 6) are the categories of disadvantaged participants as reported by the end of 2022. There were included the participants from rural areas on one hand considered disadvantaged because they come from the so called less developed regions and, on the other hand, because they do not have access to the same facilities as the ones in urban areas – at least in the East European countries. Another reason is also the fact that targeting people from rural areas means targeting local authorities – development, improvement of institutional capacity at local level. Important to mention is yet the fact that this indicator (participants from rural areas) was reported only in 2017.

Regarding the total number of participants falling in disadvantaged categories, the ranking is different in the sense that the first three places are taken by Hungary, Poland, and Bulgaria.

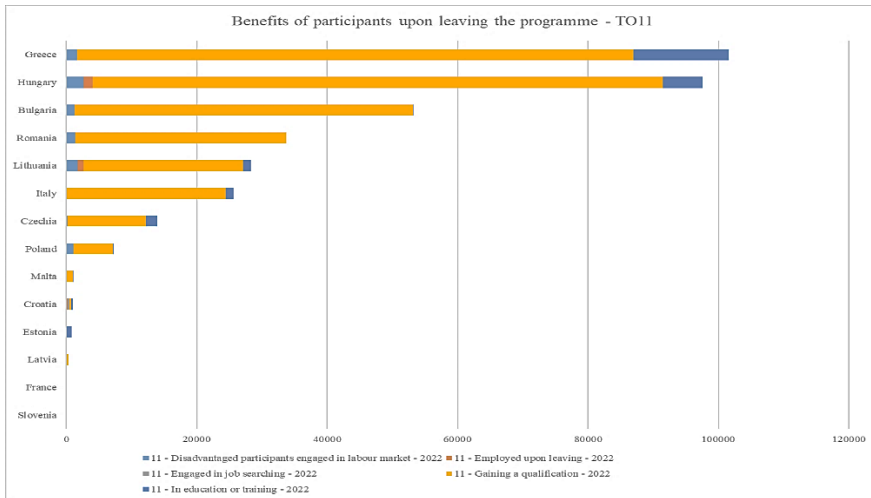
Figure 6. Disadvantaged participants – participants from rural areas included – Thematic objective 11



Source: authors' own research.

Among the benefits of participants upon leaving the programme, the greater representation is noted for *Gaining a qualification* (see Figure 7). This is probably due to the fact that most participants benefited from training programmes related to their current activity. The second place is taken by the category *In education or training*, which means that some of the participants continued the training courses upon leaving the programme.

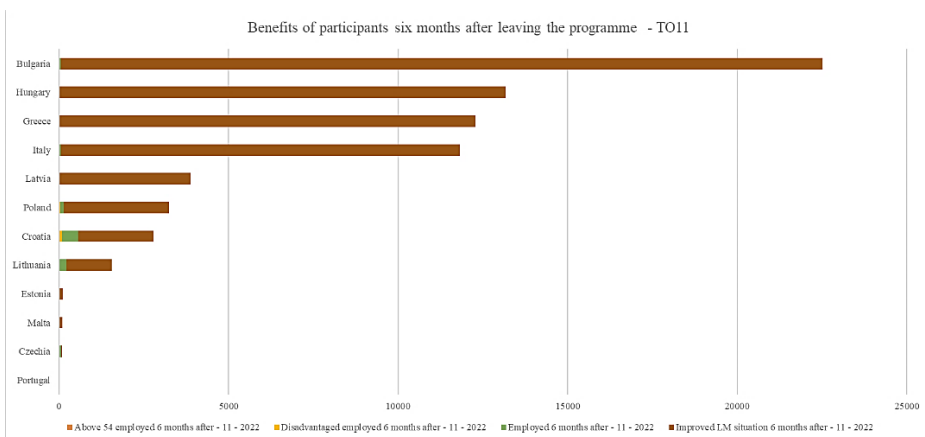
Figure 7. Benefits of participants upon leaving the programme – Thematic Objective 11



Source: authors' own research.

As for the benefits of participants six months after leaving the programme, it should be mentioned from the beginning that this might register bigger changes than the other indicators, considering that the programmes implementation has just ended in December 2023. In any case, because the aim was to have better trained employees in various aspects of their activity, *improved labour market situation* is the outcome expected for all the MS as represented in **Figure 8** below. On top three, the same MS appear – similar to the case of benefits of participant upon leaving the programme.

Figure 8. Benefits of participants six months after leaving the programme – Thematic Objective 11



Source: authors' own research.

According to the results presented, Romania has much to gain in the following years in terms of activities to be supported, but also in the magnitude of the interventions. Yet, results should be also put in the light of the driving forces or factors that contributed to the achievements. Considering that neighbouring countries like Bulgaria and Poland (keeping the proportions in terms of population) that both faced more or less the same problems determined by the Russia – Ukraine war with its many facets of social and economic life but also have similar historic background as countries located in Eastern Europe, Romania should take over good practice as it is equally interested in more successful institutions / public authorities able to absorb funds and able to provide better public services.

The results should of course be considered in the light of funds allocation which is determined by economic performance of each country and also correlated to what each country envisaged for the programme proposed and implemented.

6. Conclusions

The analysis conducted revealed an overall weak performance for Romania, but this must be further analysed as compared to results foreseen, but also funds allocated / budget executed. On the other hand, it should be noted that data subjected to analysis are preliminary for the 2014-2020 financial cycle, which means that important data may add for the last implementation year (2023) and also data reported for benefits of participants at 6 months after leaving the programme.

Making a comparison between the number of projects implemented and the number of participants to the programme, Romania ranks the second for the number of projects (with 934 projects, out of which 628 are implemented by public administrations and 306 by social partners and NGOs), but the 7th in terms of the number of participants to the programme. This could have various explanations, among them there might be a focus on other resources and not the human resource – with citizens less targeted than other MS and a better orientation to public servants. There could be also interpreted as a fragmentation of resources, which might have not been the right choice to reach the results of interest. On the other hand, if local authorities / institutions are targeted, then the large number of projects might be self-explanatory like in the case of Italy that addressed the thematic objective under national, but also regional programmes. This is why further analyses might shed a better light on the achievements reported.

Good opportunities for Romania could also be to investigate the need and the possibilities of implementation for activities targeted at different actors / stakeholders maybe less addressed in the past – like the case of SMEs illustrated in the present article.

It would be of high importance as well to correlate the performance of other programmes implemented in the same financial cycle with the performance of programme dedicated to enhancing the institutional capacity and also extract areas of interest for investment in the next financial cycles that would increase the overall performance with the final aim of economic, social, and territorial cohesion.

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