

The monitoring of the implementation of thematic Objectives 11 and 2 in Italian National and Regional ESIF Operational Programmes

REPORT 2017

EXECUTIVE SUMMARY

This report was prepared by the Technical Secretariat of the TO11-TO2 Steering Committee.

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For the 2017 full report visit

<http://www.ot11ot2.it/comitato-di-pilotaggio/monitoraggio/monitoraggio-sull'attuazione-degli-obiettivi-tematici-11-e-2-2017> *(in Italian).*



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COMITATO DI PILOTAGGIO

The TO11-TO2 Steering Committee

The Italian 2014-2020 Partnership Agreement foresees the institution of a Steering Committee for the coordination and monitoring of the TO11 (Strengthening administrative capacity) and TO2 (Digital growth) interventions in all Italian Regional and National ESIF Operational Programmes (OPs). The main aim of the Committee is to promote the integration and synergy between the interventions implemented under these TOs and between different OPs, in order to avoid overlaps and fragmentation and to ensure the efficient use of resources and the effective implementation of actions.

The Committee was formally established at the beginning of 2015. It is composed by:

- the Department of Public Administration (Chair);
- the Italian National Administrations with a coordinating role for the ESI Funds: Agency for Territorial Cohesion, Department of Cohesion Policies, National Agency for Active Labour Policies;
- the Italian National Administrations responsible for NOPs which include interventions under TO11 and TO2 (Digital Growth);
- the General Inspectorate for Financial Relations with the EU (IGRUE);
- the Agency for Digital Italy (Agenzia per l'Italia Digitale, AgID);
- the Regions, via representatives appointed by the State-Regions Conference for each of the three categories of regions (more developed, less developed and in transition) as well as for the two TOs.

The European Commission (DG EMPL and DG REGIO) participates in the OT11-OT2 Steering Committee meetings.

For more info, visit: www.ot11ot2.it (in Italian).

The monitoring report on Thematic Objectives 11 and 2 (Digital Growth) - Introduction

In 2016 the TO11-TO2 Steering Committee launched a monitoring activity aimed at developing a comprehensive picture of the state of TO11 and TO2 interventions in all applicable regional and national OPs. A first monitoring report was released in May 2017, based on end of 2016 data (available at <http://www.ot11ot2.it/comitato-di-pilotaggio/monitoraggio>).

The second (and current) report focuses on the interventions launched and implemented during 2017. In line with the previous Report, the analysis covers the financial progress at 31 December 2017 (based on data provided by IGRUE – General Inspectorate for Financial Relations with the EU) and presents a predominantly qualitative analysis of the current state of implementation. More specifically, in the 2017 Report the focus is on the analysis of some key implementation factors, such as the interventions' characteristics, the synergies between the two Thematic Objectives (TO), the identification of 'significant' interventions and practices, and the challenges which have emerged during implementation.

The 2017 Report is comprised of two main Parts and some Annexes. The First Part includes a quantitative analysis of financial progress. In line with the 2016 Report, the analysis of financial progress was carried out, for each TO and overall, using three indicators: expenditure commitment capacity, utilisation capacity and implementation efficiency¹. Further, the 2017 Report enhances the above set of information with additional elements, namely: the average values of the above indicators, to allow a comparison between the performance of the two TOs and the general performance of programmes; and the calculation of the overall volume of commitments of expenditure related to the two TOs (including both legally binding financial commitments and preliminary financial commitments), based on the evidence gathered through the online survey (presented in the Second Part of the Report).

The Second Part of the Report focuses on the qualitative analysis of the implementation of the Operational Programmes (OP), which relies on information collected through desk research, the online survey and eight case studies. In this Part we discuss: the relevance of strategies; the interventions implemented (reclassified by types of activities); the financial and physical progress of the interventions launched to date; the strengths and weaknesses of implementation; support actions carried out to address implementation problems; the achievement of performance framework targets; and the synergies between the two TOs and between those and other TOs/programmes.

¹ However, unlike in 2016, when data came from the Managing Authorities' (MAs) bimonthly monitoring of the flexibility clause, the 2017 survey relies on the financial data contained in IGRUE's Unitary Database, in the context of the annual survey based on the 'Protocollo Unico di Colloquio' (Single Data Entry Protocol) adopted for the 2014-2020 programming period. Therefore, the data presented in the 2017 Report are not comparable with those in the 2016 Report.

In addition to these two main Parts, the Report includes a number of Annexes containing: the analysis of the contribution of TO11 to the Administrative Strengthening Plans (*Piani di Rafforzamento Amministrativo* - PRA, Annex 1); detailed factsheets for TO11 and TO2 interventions launched and currently being implemented for each programme (Annexes 2 and 3); and a short international review (Annex 4), realised to contextualise the Italian programmes in relation to ESIF programming in the other EU Member States.

Programming

Overall, the resources for the Regional Operational Programmes (ROP) planned under TO11 take up 2.6% of the total programmed resources of the European Social Fund (ESF), while the resources allocated for Digital Growth (TO2 net of the interventions for Ultra Broadband²) account for 3.5% of the total resources of the ROPs funded by the European Regional Development Fund (ERDF). However, this amount varies significantly between regions. While all ROPs include investments under TO11, three ERDF ROPs – those of Lombardy, Tuscany and the Autonomous Province of Trento – chose not to invest on the theme of Digital Growth. Over 20% of ROPs' resources under TO11 are programmed by the Puglia Region (€60 million euros) while 44% of total resources programmed for Digital Growth are jointly managed by the Puglia and Campania Regions (about 190 million euros). The NOPs' resources programmed under TO11 exceed 1 bn euros, of which over 67% falls under the National Operational Programme 'Governance' (including 267,269.9 euros from ERDF), while the resources for the NOP 'Digital Growth' account for less than 339 million euros (11.5% of the total amount programmed for the NOPs).

Financial progress

The overall financial progress of TO11 in the ROPs by 31/12/2017 shows that legally binding commitments of expenditure slightly exceed 33 million euros (compared to over 287 million euros programmed), while payments are around 9 million euros. The national average of expenditure commitments is around 11.5%, transition regions have the highest rate at 20.4%, while the less developed regions have a rate of 11.7% and the most developed ones less than 10%. There are also significant differences within the same group of regions.

2 These interventions do not fall under the competence of the Steering Committee and therefore are not discussed in this Report.

The financial progress of TO2 is no more significant than that of TO11. Overall, against 862 million euros programmed, legally binding commitments account for almost 97 million euros and payments for 35 million euros. With reference to commitment capacity, transition regions are well above the average value (11.2%) with 37%, while the most developed regions are just a few points above the average (15%) and the less developed regions are well below average (slightly more than 6%). In this case too, there are major differences between programmes within the same group of regions.

With reference to TO11, the Specific Objectives (SO) showing highest levels of progress include: SO 11.3 “Improving the performance of public administration”, with legally binding commitments exceeding 14 million euros, and SO 11.1 “Increasing transparency and interoperability, and access to public data” with commitments for about 10.3 million euros. Regarding TO2, the highest level of progress was made for SO 2.2 “Digitalization of administrative processes and dissemination of fully interoperable digital services”, with total legally binding commitments worth over 93 million euros, and SO 2.3 “Strengthening ICT demand from citizens and businesses regarding the use of online services, digital inclusion and web participation” with 3.6 million euros of legally binding commitments.

If we consider all NOPs, legally binding commitments for TO11 by 31/12/2017 exceed 106 million euros, corresponding to a commitment capacity of 10.6% (against an overall NOPs’ capacity of 18.9%), while payments, by the same date, amount to almost 32 million euros, with 3.2% implementing efficiency, which is in line with the general data for NOPs. With reference to TO2, NOPs confirm a low expenditure commitment capacity. This is identical to the 2016 Report, and shows a commitment capacity below 1% (against a general spending capacity higher than 8%), while the utilisation capacity exceeds 50%. Almost all TO2-related commitments refer to NOP Metro, the remaining refer to the NOP “Governance”.

Preliminary financial commitments and content of interventions

To complement the quantitative analysis presented in the First Part of this Report relying on IGRUE’s database, and in order to provide a more detailed picture of the progress of programmes, a programme-by-programme survey of all interventions launched or currently being implemented was carried out and all projects under the two TOs

launched by 31/12/2017 were mapped, including those that had not generated legally binding commitments yet but for which resources had been allocated through specific administrative decisions (preliminary financial commitments)³.

The total number of projects identified within the ROPs is 144 for TO11 and 194 for TO2. For the NOPs, 123 and 117 projects were identified respectively for each TO. Such projects (considering both the legally binding financial commitments and the preliminary financial commitments) account for twice as much as the LBCs under ROP TO11, and are four times higher than TO11 LBCs in NOPs and five times higher than the value of TO2 LBCs of ROPs. The most significant figure is for TO2 interventions under the NOPs, where total commitments - i.e. legally binding and preliminary commitments taken together - are 66 times higher than the legally binding commitments alone, showing that there is a significant project pipeline.

Regarding TO11, ROPs' interventions mainly focus on training (accounting for almost half of all funded activities), followed by consulting and specialised support (20.2%), benchmarking, exchange of experiences and networking. NOPs' TO11 projects focus on consulting and specialised support – covering more than half of the activities carried out (54%) – and analysis and research activities (15%). Training only accounts for 4% of all funded activities.

As for TO2, interventions were grouped under two types of activities: "interventions to develop technological applications" and "interventions for the adoption and development of technological infrastructure". These activities are evenly distributed in the ROPs (43.2% for the development of application and 52.3% for the development/adoption of infrastructure). Regarding the NOPs, almost all interventions cover both typologies and are evenly distributed.

Strategic value and relevance

A significant element which emerged during the survey was the relevance of TO11 and TO2 strategies in the programmes. Although

³ The survey was launched in December 2017 and was sent to all regional and national administrations in charge of OPs comprising TO11 and TO2 (Digital Growth) interventions. Specifically, all Italian Regions and Autonomous Provinces and four national Administrations were involved, namely: the Ministry of Education and Research (NOP School); the Ministry of Interiors (NOP Legality); the Ministry of Labour and Social Policies (NOP Inclusion and NOP Active Policies); and the Agency for Territorial Cohesion (NOP Governance and NOP Metropolitan Cities).

Financial and procedural progress

the state of implementation is not advanced and despite the fact that the operational framework for TO2 was consolidated only after the approval of the OPs, the overall strategic structure of programmes is still considered valid by the administrations responsible for their implementation.

Regarding the performance of the two TOs (level of satisfaction of administrations regarding the financial and physical progress of interventions), over 70% of projects implemented under the ROPs and about half of the interventions planned in the NOPs under TO11 register a satisfactory financial progress, against a much lower value for TO2 interventions. Only 31.9% of ROPs' interventions and 0.8% of interventions within NOPs under TO2 are considered to have a satisfactory or better than expected financial progress (the latter category applies only to the ROPs).

With reference to administrative procedures, 84.7% of TO11 interventions included in ROPs and 60.2% of TO11 interventions included in NOPs are considered to display a satisfactory progress, against 39.9% and 1.7% of TO2 measures (in the ROPs and NOPs respectively).

Only 0.7% of interventions included in ROPs and 4.1% of interventions included in NOPs under TO11 are considered to be facing major procedural delays, against 5.8% of TO2 interventions in ROPs. As for TO2, more than 40% of interventions included in ROPs and almost all interventions in the NOPs (97.4%) are slightly lagging behind in terms of procedural progress, as opposed to much lower values for TO11 interventions (only 8.3% of TO11 interventions in ROPs and 32.5% of TO11 interventions in NOPs are facing minor procedural delays).

The survey is mainly based on perceptions (rather than objective data); nevertheless, the above figures lead to three important considerations:

- first, administrations have a more positive perception of the implementation performance of TO11 than TO2 for both financial performance and physical progress. While most of the interventions launched under the ROPs relating to TO2 are facing some delay, administrations believe that most of TO11 interventions are being implemented according to a satisfactory schedule. An explanation for this perception, which is supported

by IGRUE's data, is perhaps connected to the implementation delays caused by the slow evolution of the national regulatory framework on Digital Growth, which became consolidated only between 2016 and 2017 (with the Declaration of Fulfilment of Relative ex ante Conditionality (July 2016) and the publication of the 2017-19 three-year IT Plan for Public Administration in May 2017).

- second, procedural progress is considered to be more advanced than financial progress, which is in line with the implementation structure of programmes and is a promising indication for financial progress over the next months.
- third, even if the amount of legally binding commitments is still quite disappointing (for both TOs the average values are lower than the overall values for the programmes), the resulting picture is more encouraging. This may be because on the one hand, the values of legally binding commitments included in the IGRUE's database are underestimated and, on the other, because administrations have many available projects that correspond to a sizeable amount of preliminary financial commitments.

Implementation's strengths and weaknesses

According to the perceptions of authorities responsible for the ROPs, the key factor for good performance and a satisfactory level of progress for projects under both TOs is their correspondence to real needs. This also holds true for TO11 interventions in NOPs. However the key factors are different for NOP TO2, where four equally important factors were identified: meeting needs, continuity with projects from the previous programming period, presence of adequate human resources and good governance of the project as a whole. Implementation was also made easier when the surrounding context was 'performing', that is to say when interventions were included in a programme that was started timely and implemented in a context of generally efficient governance.

In relation to TO11 (ROPs and NOPs), the reasons for a dissatisfactory performance are mainly connected with the complex features of interventions or specific implementation problems. Similarly, regarding TO2, most of the problems with ROPs are the result of specific difficulties with the features of the projects and implementation. For NOPs investing in TO2, instead, the key factor causing implementation delays (two NOPs out of three) according to administrations was

The performance framework

the complex public procurement regulations, namely the difficult implementation of the new public procurement code.

Administrations were aware of these difficulties and therefore developed different implementation support measures. Among these there are training, animation and awareness-raising actions for target beneficiaries (ROPs TO11), simplification of selections procedures, the provision of experts/helpdesk and the organisation of meetings and animation activities (NOPs TO11). For both types of programmes, training was provided to administrative staff. With reference to TO2, activities included awareness-raising and animation for beneficiaries and regional administrations, provision of experts and helpdesk to clarify procedures and contents, training seminars for staff dealing with implementation and introduction of simplified procedures (both for ROPs and NOPs).

Most of the administrations in charge of the management of ROPs or NOPs believe they can achieve both the financial and administrative procedures performance framework mid-term targets for both TOs by end of 2018. Where delays were identified, these were caused by specific factors linked to the individual programme/administration. Various problems were identified including: overestimation or miscalculation of mid-term and final targets (and underestimation of schedules in the programming phase); a general delay in the implementation of programmes; and the difficulties connected with the innovative and complex nature of some interventions. In some programmes, delays were caused by procurement procedures, the need to adjust to changes introduced along the way to programmes' strategies, and the failure or withdrawal of beneficiaries.

Synergies

Administrations are generally satisfied with the level of synergies achieved between the two TOs (TO11/TO2) and between these TOs and the other TOs of the 2014-2020 ESIF programming. They are also generally satisfied about the synergies pursued between these two TOs and the interventions funded via other programmes and funding sources. However, these considerations and the magnitude of synergies vary between programmes.

TO2 seems to be more synergetic than TO11 with the other TOs in the 2014-2020 ESIF programming, especially TOs 3 and 1. As to synergies between TO11/TO2 and other programmes, the most significant consideration emerged from the monitoring is the high integration between TO11 and the Administrative Strengthening Plans. With regard to national regional policy interventions (funded by the so called Development and Cohesion Fund - DCF) and ordinary policy interventions, the picture is less clear. If, on the one hand, synergies with DCF and ordinary policy are positively evaluated in all cases where they are considered applicable, there are a high number of administrations which consider synergies between these programmes and the two TOs as 'non-applicable'. Some regional administrations are also unsatisfied with the integration between ROPs and national programmes.

There are many aspects that administrations plan to focus on to strengthen the integration between policy areas and the synergies between TOs, funds and programmes. The data collected shows that synergies are generally envisaged at programming level, although they do not always occur in practice. When synergies were successfully pursued, they were facilitated by political commitment, a fruitful and well rooted dialogue between different parts of the same administration, and a participatory approach in setting programmes' strategies. The presence of these and other positive factors for the achievement of synergies was mostly visible in the multi-fund programmes (particularly Puglia and Calabria).

Conclusions

Although this Report is not meant to be an evaluation, the evidence gathered allows drawing some general conclusions on the role of TO11 and TO2 interventions (Digital Growth) in the 2014-2020 programmes.

Both TOs are seen by the administrations as being 'strategic' and the strategies defined for both TOs are still considered valid in most cases. For both TOs, strategies were often developed in continuity with the 2007-2013 programming period and based on the lessons learnt during the current programming period. Moreover, in a few cases, the involvement of stakeholders was crucial in developing strategies for both TOs, and the strategic value of the ROPs' TO11/TO2 interventions was strengthened, in some cases, by their being framed in broader strategies, also at national level.

Regarding TO11, in most regional programmes and in some NOPs, some interventions are conceived as being complementary to the 'main' interventions included in the programmes and to the sectoral strategies of the administrations. However, TO11 interventions cannot always be said to be 'structural', with the obvious exception of the NOP Governance which includes measures to support the Reform of Public Administration. In some cases, TO11 resources are used for interventions which have a specific purpose or which meet the long-term needs of administrations but these risk being fragmented in the absence of an overall plan. Moreover, there are very few cases of 'systemic' interventions. This confirms what was already described in the 2016 Report.

Also noticeable is some kind of permeability between TO11 interventions and those implemented under Technical Assistance (TA). This shows that there is an operational difficulty for administrations to distinguish between structural capacity building and 'temporary' capacity building that is needed to better implement programmes and meet immediate or contingent administrative needs.

Thanks to TO11, ESF programmes are key for administrative capacity building. However, this raises doubts on the additionality of investments and the overall adequacy of resources in relation to needs.

Another criticality is connected with the problems caused by capacity deficits: the risk is that a vicious cycle is created, and that better-staffed and better structured administrations are more capable than others to seize the opportunities offered by TO11, with the result of exacerbating existing disparities rather than improving them.

Also the strategic value and relevance of TO2 interventions appear to have been secured by their framing in broader strategies and, often, by a continuity with the 2007-2013 programming, of which 2014-2020 interventions represent a consolidation and an evolution. In this case too, however, one ought to consider what is meant by strategic value. Simply meeting a real need is not a synonym for 'strategic value'. Programme's financial allocations for Digital Growth objectives are often deployed to update existing solutions, while radical innovation strategies are not pursued. In this case too, the financial scope of interventions is lower than the actual need.

Both TOs have shown different procedural and financial progress in the different programmes, including within the same type of regions.

At aggregate level, however, expenditure commitment capacity and implementation efficiency for both TOs is slightly lower than the corresponding values for the programmes as a whole.

If some of the interventions are being implemented satisfactorily, in other cases, there are elements that are slowing down implementation. Some of the problems reported by the administrations in implementing TO11 and TO2 interventions are of a general nature and are connected to wider delays in implementing the programmes or to issues that are even beyond the programmes' scope of action. Understaffing, delays due to political or administrative changes within the institutions responsible for implementation, lack of skills in administrations and beneficiaries, difficult dialogue and coordination between administrations at different governance levels and also within the same administrations are all critical factors that programmes were unable to address.

Administrations are generally satisfied with the level of synergy achieved between the two TOs, between TO11/TO2 and the other TOs, and between different programmes and financing sources. However, these assessments and the magnitude of synergies vary between programmes. Moreover, although there are many aspects that administrations plan to focus on to strengthen the integration between policy areas and the synergies between TOs, funds and programmes, the evidence gathered shows that synergies are generally envisaged at the programming stage, but they do not always occur in practice.

A number of factors may facilitate or hinder synergies. What seems to have an impact on the actual ability of administrations to adopt a synergic and integrated approach between TOs and programmes is not their multi-fund nature per se, but rather the presence of a strong structure which is able to ensure policy supervision and coordination, and the integration between different funding sources, the availability of adequate staff in terms of quantity and skills, and a working method based on inter and intra-institutional cooperation.

It is also significant that, in many cases, administrations do not perceive the potential synergies with national regional policies and with ordinary policies. For both TOs, the amount of ESIF funding was considered insufficient in relation to actual needs. This situation entails the risk that the structural capacity building and Digital Growth objectives may not be achieved.

The evidence gathered suggests the opportunity to kick-start a shared process of reflection not only on how to better integrate interventions but also on how to enhance the strategic and operational support provided by centre, to support the administrations in setting priorities and in understanding the dividing line between structural and systemic administrative capacity building and capacity building for specific and temporary needs.

In addition to this, the NOP 'Governance' and the OT11-OT2 Steering Committee might take action to support a variety of specific fields. In their answers to the online survey, almost one third of administrations provided indications on possible support actions. These included: enhancing the PAs' ability to network and engage stakeholders; providing support and coaching to local authorities involved in the ongoing institutional reform process (through staff retraining in institutions affected by the reform); networking between Italian administrations and other European authorities; human resources development; and greater support to the integration of national and regional strategies.

In relation to the NOP 'Governance', the integration with the regional programmes is partly already operational, both through support actions towards the creation of system conditions that are functional to local needs, and through national projects that are complementary to regional programmes in the framework of integrated strategies. This connection needs to be enhanced through a shared commitment towards raising awareness about national interventions at regional level and developing a needs analysis from the bottom-up. To this end, the OT11-OT2 Steering Committee, also through the TO11 and TO2 network - networkot11ot2.it - that already gathers all central and regional administrations concerned by these two Thematic Objectives, will certainly have a role to play.

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