



EU-CELAC Cooperation on Territorial Cohesion - EU-ARGENTINA Regional Policy Cooperation on Multi-Level Governance Systems

A project of the Directorate General for Regional and Urban Policy (DG REGIO)
of the European Commission

Executive Summary EN

December 2017

This report has been elaborated by Ismeri Europa Srl (contract N° 2016CE160AT081).

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Table of Contents

Introduction.....	4
Multi-level governance and management of development projects	4
Positive effects of the reform of the FOFESO on governance and efficiency	5
The training needs of the institutions.	5
The study visits.....	6

INTRODUCTION

This report analyses the decisions of the Ministry of the Interior of Argentina on the decentralization of the development policies of the provinces carried out under the new regulation, on the use of the FOFESO that confers to the provinces the possibility to invest in economic development projects, and compares them with the model of the EU cohesion policy.

The present document takes into account the results of the work carried out at the national ministries in Buenos Aires and in the provinces of Córdoba and Misiones.

The work is focused on the decentralization of development policies, on the adoption of practices of multilevel governance and on training needs enabling the implementation of a management system similar to that of the ESI funds.

Argentina is a federal republic in which the provinces (which are similar to European NUTS 2 regions) have a wide institutional autonomy; they are responsible for education, health, public safety, and have concurrent powers with the central government in all areas of economic development.

The municipalities benefit from a political and institutional autonomy in their territory which are regulated by the Constitutions of the provinces. In fact, the provincial constitutions determine the degree of autonomy, the competences, and the extension of the territory in which they operate.

The responsibilities on economic development are not regulated precisely in the sense that there is no normative basis, nor a systematic operational praxis, providing a subdivision of the fields of action within shared competences for economic development. In fact, from the interviews with the ministries and the provinces, there seem to be no mandatory standard procedures of institutional coordination between ministries, provincial and municipal authorities .

On the basis of the questionnaires and interviews, it was not possible to reconstruct the complete framework of intervention in the area of development management, which is mainly carried out by the ministries of the central government, each for their specific sector, and their different secretariats and sub-secretariats¹.

The current government aims to improve the institutional situation regulating territorial development policy and multilevel governance and can be summarized as follows.

MULTI-LEVEL GOVERNANCE AND MANAGEMENT OF DEVELOPMENT PROJECTS

- Lack of provincial economic accounts detailed in terms of incomes and production.
- Poor regulation of the shared responsibilities between ministries and provinces, limited institutional weight of the municipalities, with the exception of the Autonomous City of Buenos Aires and a few other large municipalities.
- Institutional coordination is segmented by sectoral ministries and by type of intervention and is carried out through federal advisory councils and other consulting bodies addressing specific issues of development. There is not a common strategy taking into account the multiple aspects of territorial development.
- The absence of a strategic and operational development framework shared between the different institutional levels.
- Management of development policies based on a short-term approach focusing on individual projects.
- Investment decisions are not made as part of a common strategy shared by the central government and the provinces; there are no multiannual operational plans of development for each province linked to the national plan.

¹ We have proposed some tables to the ministries that would allow an approximate monitoring of expenditures of each ministry and each financial instrument available at provincial level.

Executive Summary EN

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- Tendency to focus on projects that are part of programs and funds requiring management that the provinces (except in some individual cases) have limited institutional capacity for.
 - The absence of mandatory and systematic monitoring and evaluation.

POSITIVE EFFECTS OF THE REFORM OF THE FOFESO ON GOVERNANCE AND EFFICIENCY

- Thanks to the reform of the FOFESO significant financial resources have for the first time been transferred to the provinces and municipalities for financing territorial development.
- The reform can generate greater coordination and synergies between the development activities of the ministries and those of the provinces to the extent that the above-mentioned ministries, in addition to their advisory role, co-finance investments and develop a capability to coordinate provincial development policies. The process is already being implemented.
- Currently, the technical and institutional capacities of the Argentine provinces are insufficient to create a long term development strategy agreed with the civil society, and to identify, evaluate, develop, manage, and measure the impact of the projects which should emerge from this strategy. However, the availability of resources can now allow them to start developing such skills.
- Positive effects can be generated by the fact that the provinces will be encouraged to develop the aforementioned capabilities. Especially if the ministries involved cooperate with the provinces in the formulation of shared strategies.
- In the medium term the reform should lead to a transformation of the administrative processes of the provinces and municipalities making them less bureaucratic and more oriented toward the resolution of problems and the achievement of results.
- The reform, if it is accompanied by a formalization of the development strategies, the operational plans and common schemes for their management, would establish methods to ensure "accountability", "transparency", "openness" in the political and administrative decisions. These principles permeate the European funds and the reform could foster their application, even on a voluntary basis, among the responsible institutions.
- The reform should guide the provinces to think and act in a strategic way as regards economic development and to focus on the development of medium to long-term actions instead of concentrating on occasional and brief interventions that are not sustained on the basis of future outcomes, but on electoral contingencies.
- The reform also promotes the adoption of common and multi-annual programming tools, which is a core aspect of the logic of intervention of the EU cohesion policy.

THE TRAINING NEEDS OF THE INSTITUTIONS.

The management of provincial development policies during the process of decentralization requires not only the acquisition of new knowledge, but also of new skills and competencies, especially when referring to the models and kind of interventions of the European regional policy.

To move closer to the European model of multilevel governance, the implementation of the operational aspects of development policies at the national, provincial and communal level require intervention at two different levels. The first involves institution building aimed at improving the regulations and the organizations: the procedures and internal processes of the institutions and inter-institutional relations. It is therefore necessary to adopt a legislative or regulatory framework to clearly establish in a mandatory and systematic way the necessary steps to be taken, in order to define investment decisions for development (as a process to defining strategies and medium to long-term operational plans) and the role that each institution plays in the new operational model.

The second level refers to capacity building activities strengthening the skills needed within the

administrations in order to use the management tools, the plans and the projects developed by the European funds for regional development. The activity of capacity building is necessary both for the national government and for the provinces.

The workshop on training and the field work carried out in the provinces, allowed us to define the following conclusions in relation to the training needs related to the European management model for the development (ESI Funds).

Although widespread intervention is necessary to strengthen the capacities of the provinces, it is possible to point out some specific priority needs such as:

- Implement a multi-level cooperation scheme throughout the country involving the provinces and the central government and among the different ministries (adapted from the European model)
- Define annual and multi-annual budgets for the public governance of development
- Build institutional and organizational frameworks for the management of development
- Definition of medium and long-term provincial and local strategies long-term as the basis to access the funds
- Definition of different kinds of public interventions schemes
- The operational definition of the lines of action to be used for specific budgetary allocations
- Management of the funds from the bidding phase: definition of the tender, project selection, management, control, monitoring and evaluation, measurement of the impact, etc.
- Organization and management of networks of local producers in all socio-productive tissue

THE STUDY VISITS

The purpose of the visits to Europe was to analyse the management of decentralized and multilevel regional policies, financed by the ESI funds and in particular by the European Regional Development Fund. During the visits, the participating officials acquired knowledge on the functioning of some regional policies in sectors relevant to development (incubators, technological park, development agencies, agencies for the environment and for the internationalisation of enterprises, university cooperation with productive activities in the agrifood sector, etc.).

The provinces of Córdoba and Misiones each sent 4 staff members for a period of 4 working days to 2 European Regions: Piedmont and the Autonomous Province of Trento.

The study visits culminated in the workshop with the provinces and the national ministries where an extensive discussion took place over the work carried out with the aim of learning how to manage regional policies and sectoral and territorial interventions on the basis of what was observed in the European regions.

The main findings and recommendations emerging from the workshop are the following:

- There is a lack of systematic interaction between the parties in the provinces and the communication is poor.
- No defined procedures to work in multi-level networks, both vertical and horizontal.
- The provinces must, even independently, define development strategies that are shared with the territory on a medium term perspective; the example of Trento demonstrates how this approach is necessary to direct the action of institutional and economic actors towards the same direction.
- Strategic and operational programming should be used to broaden and foster a more long-term approach to the current development activities.
- In some relevant areas of specializations the provinces should define sectoral strategies and create ad hoc policy tools to implement them, such as those carried out in Piedmont in the sectors

Executive Summary EN

of agrifood, mechatronics and the environment, and in the Autonomous Province of Trento in the timber construction sector and in the integration of tourism / conservation / training with land management and use.

- Establish partnerships with European regional structures that operate successfully in specific sectors, such as Habitech and Trentino Development.
- Involve the Provincial Development Council in a pilot multilevel governance system, defining integrated development strategies with ministries in sectors such as SMEs, support for exports, etc.
- Foster training in methods for local/municipal development in accordance with the European model.
- Develop interventions fostering integration between universities and enterprises to increase the added value and their degree of innovation and competitiveness (e.g. the University of Gastronomic Sciences in Pollenzo).
- Establish forms of coordination with the Ministries of the National Government on the co-financing of joint projects identified as a priority by the provincial plans.
- Continue and strengthen the current initiative of cooperation with the EU in terms of capacity building and transfer of European best practices to provide added value and innovative content to the provincial development policies.
- Implement an institution and capacity building process on a wide scale to progress towards better governance and management of territorial development