



EU-ARGENTINA REGIONAL POLICY COOPERATION ON MULTI-LEVEL GOVERNANCE SYSTEMS

INSTITUTION AND CAPACITY BUILDING ON REGIONAL POLICY PROGRAMMING AND IMPLEMENTATION

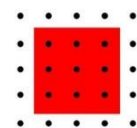
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EXECUTIVE SUMMARY - EN

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This report has been elaborated by Ismeri Europa Srl.



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INTRODUCTION

The aim and specific objectives of the project have by and large been very successful and have raised political interest among the participants over the implementation of a Multi-Level Governance system similar to that regulating EU cohesion policy. The latest developments in the macroeconomic and monetary conditions of Argentina have made the laying down of the foundations of an effective development policy even more urgent.

Some of these factors stem from the high level of protection of the national economy and the lack of competition due to a low propensity to develop international trade in manufacturing and business services. The internal market is heavily distorted by uncoordinated local and national taxation and a host of different subsidies and a concentration on taxation in agro business, which influence the relative prices of goods and services, penalize exporting firms and generate an increasing public deficit.

The need to change and improve public expenditure management, to develop competitive manufacturing and services and enhance trade already implicit in those factors which favoured the currency crisis, were further strengthened by the signing of the EU-Mercosur trade agreement which envisages a progressive opening of the market to EU goods and vice versa.

The institutional changes to adopt Multi-Level Governance principles and practices were identified as a result of our analysis of the context, of present rules and a constant dialogue with the national direction for regional policies and the Provinces.

All the steps of project organization were discussed with the "Dirección Nacional de Políticas Regionales del Ministerio del Interior" and results were systematically reported in order to verify the smooth execution of the work.

The activity was divided into "Institution building" to the "Dirección Nacional de Políticas Regionales del Ministerio del Interior" and "capacity building" to 5 Provinces.

INSTITUTION BUILDING

Three kinds of activities were carried out as institutional building:

1. Technical assistance to the "Dirección Nacional de Políticas Regionales" to prepare documents and technical papers;
2. Meetings with top officials, of the ministries and members of the Senate;
3. Training and tutoring of national development agencies and representatives of national ministries, dealing with territorial planning.

The relevant documents explaining the EU model of intervention from the basic principles to the current operational and management procedures have been put at the disposal of the Argentinean officials and experts on a Moodle platform created by ISMERI; this was an effective instrument for sustaining the training and consulting activities, which can be further used to cover the Multi-Level Governance issues which were not relevant to the present project in greater depth.

Multi-Level Governance main features were presented, explained and opened to debate with the functionaries during the training sessions at distance and in the classroom to identify their relevance to the local context and the obstacles to their full implementation.

The nation-wide debate among the provinces and the national institutions about shape, dimension and rules of a cohesion fund started with the project and will continue in the following months at an increasing pace. The project has initiated a debate on the form, dimension and rules that a cohesion fund should adopt and will undoubtedly continue in the following months.

CAPACITY BUILDING

A second part of the project focused on capacity building of the Provinces on Multi-Level Governance principles and management practices. Capacity building involved 5 Provinces (Jujuy, Misiones, Rio Negro, San Juan e Santa Fé), headed by the Ministerio de la producción o por Ministerio de CyT, 150 people between functionaries and local experts. For the first time, in a systematic way, Provinces were thought and practiced a method of Multi-Level Governance by which officials from different Ministries, public and semi-public institutions, Universities, Municipalities were gathered in working groups to jointly identify productive axis, priorities and actions and allocate resources accordingly.

The training activities consisted of 5 one hundred-hour modules including preparation.

A dedicated course was designed for each province and the contents of the Modules were uploaded and organized to carry out the 5 modules according to the specific needs of the provinces and of the trainees.

The 5 modules were partly carried out by using the Moodle platform and partly with the presence of one or two trainers.

The Provinces were asked to identify up to 20 officials including a representative from INTA¹, INTI² and COFECYT³ with a well specified profile and role in the administration.

The training method was based on a mix of methods utilized according to the objectives of each module.

a) Preparation and adaption of the training material

Modules 0 and 1 contain the main Multi-Level Governance principles and operating rules integrating examples to official EU documents on MLG and regional development fund regulation simplified and adapted to Argentina.

Modules 2 and 3 are the core of the exercise on the multilevel governance system applied to regional development. The Provinces was asked to draw up an operational plan, simplified and of a limited scope, based on 2 or 3 priority axes, with the investment priorities and actions taught in the previous modules.

¹ Instituto Nacional de Tecnología Agropecuaria, <https://www.argentina.gob.ar/inta>

² Instituto Nacional de Tecnología Industrial, <https://www.inti.gob.ar/>

³ Consejo Federal de Ciencia y Tecnología, <https://www.argentina.gob.ar/cofecyt>

b) Guidelines and template

To facilitate and harmonize the work of the trainees of the Provinces a guideline document was produced describing the content of the chapters and the paragraphs in detail, with examples, and with references to official documents.

c) Adaptation of the relevant official EU documents.

The EU regulation of the structural funds was shortened and the ERDF regulations were simplified and adapted to the needs of the projects.

The 5 Provinces carried out the work in the required time and fulfilled the engagements taken with the national government and the EU-CELAC assignment.

The four provinces implemented their plans under close coordination of Ismeri and in accordance with the principles of multi-level governance and the results of their work provide realistic and feasible planning for these provinces that can be carried out at any time. Focusing the work along strategic lines and objectives that are relevant to each province has been an important component in terms of their ultimate success.

In view of the implementation of a Multi-Level Governance reform, we have identified some preliminary critical issues that the Provinces have in common and need to be tackled.

The first and most important of these issues is the lack of essential data required for the programming. Little macroeconomic, sectoral and employment data is collected using different methodologies as it is often produced at a national level; provincial data collection is not regular and systematic and therefore not suitable for time series of a sufficient length; as a consequence, comparisons are almost impossible.

The second issue, which we consider to be a consequence of the first, is that the officials are not prepared to make use of the data as an information baseline, as is necessary for a strategic analysis across sectors and of the macro-social and employment data.

The Operational Programmes, that provided practical work exercise and applied to some provincial priorities, correspond to Modules 2, 3 and 4 of the capacity building Programme and can be found on the Moodle platform. They include Operational plan guidelines, management monitoring and evaluation rules and practice, together with examples of the EU best practices and flagship projects.

The achievements and limitations of the Provincial operational plans in view of the reform are the following:

- Four Operational Plans were developed following the method adopted by the European Union and reflecting basic Multi-Level Governance principles. These plans cover 9 sectors and between 15 and 20 local productive chains. Two different regions (sub-provincial territorial areas in Argentina) of the four provinces were subjects of a territorial analysis and a group of specific interventions involving almost 40 municipalities.
- The work was carried out by a group of 10-15 officials in each province, with 10 officials from INTI (the National Industrial Technology Institute) and INTA (the National Agricultural Technology Institute) and the participation of the "Dirección Nacional de

Políticas Regionales del Ministerio del Interior”, along with several provincial ministries that facilitated and speeded up the process.

- The 15/20 selected officials received intensive theoretical and practical training that included the participation of a larger public from organizations such as: universities, incubators, officials from different provincial ministries and national authorities. In the end, 150 officials registered on the Moodle platform and made use of the services available there.
- The MOODLE platform has been and can continue to act as an instrument to broaden the participation to other interested parties and authorities. Most of the following highlighted Multi-Level Governance activities were new to national and provincial practices and had never been systematically implemented in the past.
- The practical work in groups permitted the horizontal collaboration of different divisions and provincial ministries with diverse competencies and scopes of action in a systematic manner, something unheard of until now.
- The active participation of the numerous municipalities at each meeting discussing the definition of the Operational Plans was fundamental, leading to an active discussion of the needs, suggestions and commitments in accordance with the principles of subsidiarity.
- More than five universities participated, along with some business incubators and other institutions; INTI and INTA achieved an important collaboration within the framework of the training sessions and operational plans, contributing ideas and technical / strategic content to the investment priorities of the provincial chains, underlining their greater formal involvement with respect to the past.
- The planning of interventions over a four-year period fostering the adoption of a multi-year perspective on actions and priorities was an important outcome. This novel approach was supported by another exercise that requires resources to be shared among priorities and actions and entails an analysis of the contents and costs of the actions.
- Each Provincial Operational Programme produced a detailed financial framework per productive chain and investment priority over the four years of the life of the Operational Programme.

What weaknesses have been identified?

- There is a focus on the traditional sectors, especially on those linked to primary production, and there is insufficient knowledge of the manufacturing or productive services needed to complete the chain and add value to primary production. There does not appear to be a strategy that focuses on innovation and improving production through technological innovations geared towards current productions to make them competitive on the international market;
- The public sector tends to take on too many tasks and too much responsibility for the economy and it often mixes the social and economic dimensions, which respond to different requirements and result criteria and, therefore, does not directly enhance the growth of production and employment in the private sector;

- There is no inter-provincial co-operation on sectoral development policies, not even when it could lead to potential benefits in terms of creating collaborative networks and strengthening national chains; provinces operate as if they were a closed economy and the competition were at the national level.
- There is an insufficient capacity to work in public-private partnerships to stimulate business investment and boost employment; the institutions have taken a paternalistic role and do not hold the private sector accountable;
- What emerges is an excess weight assigned to the public sector and to public expenditure as a generator of economic activities and producer of services with little impact on private sector employment;
- Coordination between providers of technology and innovation, private companies and the public sector is lacking at the national and provincial level.
- SMEs and medium-sized companies are unable to formulate a demand for innovation or encourage the creation of operational links with potential technology providers.

FINAL WORKSHOP

Plans were officially presented in each Province in an event with the participation of the economic, political and administrative responsible (see annex).

An event common to all Provinces was organized on July 10 in Buenos Aires, demonstrating the interest and presence of 10 provinces, ministers and provincial secretaries, technical teams, together with INTA and INTI, referents of COFEPLAN⁴ and COFECYT, together with the commitment shared and sustained interest in creating a federal development policy.

CONCLUSIONS AND RECOMMENDATIONS

The objective and content of the project were perfectly aligned with the worsening economic context in which the objective to improve public expenditure efficiency and effectiveness became paramount.

The EU Cohesion policy objectives to focus on public investment, reinforce competition of firms, develop trade and employment in the tradable sectors and support the competitiveness of lagging regions fit the needs of the Argentinean economy.

The conclusions and recommendations have been agreed with the "Dirección Nacional de Políticas Regionales".

The work carried out within the present project with the support of the Union has paved the way for a necessary reform of the provincial development policies. The project success is proved by the strong provincial demand to extend training and institutional capacity to the 23 Provinces and to achieve a wider involvement of the national government ministries and agencies, thus making the institutional context more receptive to the new system.

⁴ Consejo Federal de Planificación y Ordenamiento Territorial, <https://www.argentina.gob.ar/interior/cofeplan>

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A second phase should follow up and take stock of the result of the first phase, extending and deepening the Multi-Level Governance training content of the platform, increasing the number of officials and of beneficiary institutions, deepening its scope to cover more thoroughly the management cycle of the cohesion programs, increasing and formalizing the practical work outcome. To achieve all these objectives the training program should last about 12 months and make the conditions for participation stricter asking the beneficiary to apply what they have learned and to implement the result of the practical work.

The training of officials of the Provinces should be extended to a group of officials of the government agencies asked to support Multi-Level Governance changes within the Ministries and implement them both on a central and provincial level. To do so the participants of the national Ministries should be mainly selected from the 3 main national Agencies of development 2 of which, INTI and INTA, are decentralized in the Provinces, while a third coordinates the national research and technology policy.

As in the previous phase, the training method should aim to train trainers; to focus on practicing the rules and streamline them in the current development planning procedures and to diffuse them in their institutions by training other officials.

The second phase of the process leading to the reform makes it necessary that Provinces and national government institutions increase their commitment and engage themselves to incorporate progressively the most relevant principles of the Multi-Level Governance system in their current operation. In other words, the level of internal commitment needs to increase significantly and involve the political sphere while the skills and competences of the administration improve as a result of the intervention.

The objectives of a second phase may be described as follows:

At Provincial level

To widen the audience of the officials trained by increasing the number of Provinces involved and deepening the technical level of the training content in relation to the implementation and monitoring of the activities. For Provinces which have already carried out the first phase, training and practical work can be extended and include additional Provincial Ministries and deepen the management side with monitoring and control activities. In view of the Mercosur-EU agreements the cooperation with the EU-CELAC should focus on the training and support of a tailor-made provincial support policy of SMEs, adapting the EU cohesion policies best practices, and enhance EU-Argentina inter-institutional and inter-firms contacts and cooperation on concrete operational issues.

At the national government level.

To help the national level to coordinate and support the process, the institutional and capacity building activity should include the key national agencies constituting the backbone of the present system of technical assistance, in agriculture and food-farming, industry, services to Pymes and innovation, and research and development. These agencies guarantee a "continuity" in the area of policy governance.

INTA and INTI together employ almost 9000 technicians both at provincial and at the national level, the third Agency COFECYT has an overall responsibility to coordinate provincial research science and technology policy This group should be trained to support the reform activities at

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the national level and organize in a systematic way the participation of the provincial offices in support of their planning, with feasibility studies and strategic analysis on different areas and sectors.