



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

## **INSTITUTION AND CAPACITY BUILDING ON REGIONAL POLICY PROGRAMMING AND IMPLEMENTATION**

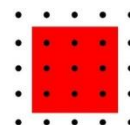
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## **ABSTRACT**

The aim of the project was to assist the Central Government and some Provincial Institutions of Argentina in a process of reform of their development policies to enhance a decentralized process of growth. The assistance was provided in the context of the EU-CELAC agreement with the aim of transferring the best practices of the EU regional policy, following the main principles and the relevant institutional and operational steps of the EU Cohesion policy. Two main activities were carried out:

Support was fostered in the Central Government, and within it in the "Dirección Nacional de Políticas Regionales del Ministerio del Interior", to establish a political dialogue on multilevel governance with the National Parliament, the Ministries of the National Government, the Provinces, the public agencies and the main stakeholders.

A second part of the project focused on capacity building of the Provinces (Jujuy, Santa Fe, San Juan y Misiones) on Multi-Level Governance principles and management practices. Capacity building involved 5 Provinces, headed by the Ministerio de la Producción o por Ministerio de Ciencia y Tecnología, 150 people between functionaries and local experts. For the first time Provinces were thought and practiced a method of Multi-Level Governance by which officials from different Ministries, public and semipublic institutions, Universities, Municipalities were gathered in working groups to jointly identify productive axis, priorities and actions and allocate resources accordingly in a pilot operational plan of the Province.

The four provinces implemented their plans in accordance with the principles of multi-level governance and the results of their work provide realistic and feasible planning for these provinces 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. Following a positive outcome of the present first phase, the Argentinean government intends to go on and carry out a second phase in order not to lose momentum and to consolidate the wide acceptance of a cohesion intervention following the Multi-Level Governance principles, taking stock of the experiences, successes and errors of almost 50 years of EU cohesion policy implementation.

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## **INTRODUCTION**

The general aim of the project was to assist the Central Government and the Provincial Institutions of Argentina in a process of reform of their development policies to enhance a decentralized process of growth of income and jobs. The assistance was provided in the context of the EU-CELAC agreement with the aim of transferring the best practices of the EU regional policy, following the main principles and the relevant institutional and operational steps of the EU Cohesion policy. The general objective can be divided into the following specific objectives:

Support was fostered in the Central Government, and within it in the "Dirección Nacional de Políticas Regionales del Ministerio del Interior", to establish a political dialogue on multilevel governance with the National Parliament, the Ministries of the National Government, the Provinces, the public agencies and the main stakeholders, to agree on the possible and desirable changes in the governance of development policies, clarifying the inspiring principles, the objectives and the results that those changes can bring.

The coordinator supervised all activities from the planning phase and ensured that the training, the workshops and the other activities were well focused and produced a valued added for the stakeholders. The coordinator was assisted by an executive secretariat in Rome and by a secretariat made available by the Province, to assure coordination of the activities on a local level.

The work of Ismeri Europe was carried out with a team of 3 experts in Rome, 3 in Argentina and the project coordinator. Of the experts in Rome: 2 worked on the documents: Andrea Ciffolilli and Andrea Naldini and 1 on the platform and in communication with Argentina: Santiago Rolandi. The 3 experts in Argentina: Hugo Dellavedova, Martín Dellavedova and Carlos Seggiaro, and the coordinator: Enrico Wolleb, worked on the face-to-face in the 5 Provinces and distance training activities. The work done within the project has had the collaboration of the officials of the National Government of Argentina: Luis Rappoport, Gustavo Gibert, German Regalini and Juan Escobar.

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. Finally, an internal peer review process guaranteed the quality of the deliverables.

The project required a significant coordination effort from a logistic point of view (trips between Europe and Argentina, internal flights to the Provinces and the requirements of the programmed events).

Training began in September along with the first meetings in Buenos Aires to determine the provinces and working times. In addition, the platform was designed and created and in October modules 0 and 1 started to be loaded. The first visit in November was to the provinces where the trainings of Modules 0 and 1 had been carried out. 1 to 2 work days per province. Then in February and March the second face-to-face training courses in the provinces, Module 2 (4 days per province) was carried out. In May saw the third visit to each province (2 days), where the training of modules 3 and 4 were developed and the corrections of the first drafts of



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the Operational Programs were made. The last visit occurred in June and July when a final balance of the work was carried out and the Operational Programs of each group was presented in front of the representatives of the government of each province, journalists and special guests of each province, the closing event was held in Buenos Aires in the presence of 10 provinces, ministers and provincial secretaries, technical teams, together with INTA<sup>1</sup> and INTI<sup>2</sup>, referents of COFEPLAN<sup>3</sup> and COFECYT<sup>4</sup>.

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

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

<sup>3</sup> Consejo Federal de Planificación y Ordenamiento Territorial, <https://www.argentina.gob.ar/interior/cofeplan>

<sup>4</sup> Consejo Federal de Ciencia y Tecnología, <https://www.argentina.gob.ar/cofecyt>

## **1. MAIN FINDINGS**

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.

The legal, economic and institutional context of Argentina changed drastically during project execution as a result of a currency crisis and of a correspondent cancellation of the Fofeso fund allocated to the Provinces, to cut public expenditure in excess of fiscal receipts. Clearly the currency crisis and the correspondent budgetary cuts and high inflation are connected to the low productivity of the public and private sectors, the low level of private investments especially in technological innovation, low FDI and inefficient fiscal and budgetary management penalizing competitive productions and export trade.

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 national economy richly endowed for primary production in agriculture, animal farming and mining characterized by a low employment intensity and high productivity, has failed to develop an equally competitive manufacturing and business service sectors which are penalized, among other things, by an unfavourable fiscal and budgetary policy stance and by an unstable social, political and institutional setting due, among other factors, to social inequality and territorial imbalances.

Social and territorial disparities are very pronounced since the federal setting has not been able to assure fiscal and budgetary policies to develop the many lagging provinces; the bulk of production and income is generated in the city of Buenos Aires, the Buenos Aires province and 3 provinces located in the central part of the country.

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.

National and international factors, therefore, require drastic structural changes in the budgetary and fiscal policy stance on the one hand, and direct public expenditure to enhance private investments, productivity and growth on the other.

For these reasons the relevance of the project based on Multi-Level Governance rules and practices for regional development to enhance these institutional changes has increased and has raised motivation and interest of the people and institutions involved.

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 "Dirección Nacional de Políticas Regionales" and the Provinces.

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 is an effective instrument for sustaining the training and consulting activities, which can be used and integrated 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 Argentinean members of the team and the officials of the "Dirección Nacional de Políticas Regionales" greatly contributed in this direction. MLG features were presented at a conference in December 2018 at the Banco de la Nación with the participation of Ministers from most Provinces and from the National government, members of Parliament, the President of the Banco de la Nación and experts

Finally, a rough model of Multi-Level Governance has been drawn up, adapted to Argentina but still to be refined in many directions, to implement a cohesion fund to substitute the Fofeso to deal with the territorial cohesion problems.

This model of Multi-Level Governance for Argentina, developed in task 1 of the project supporting institutional and legal changes at the national and federal level, has been summarized in an official paper circulated by the "Dirección Nacional de Políticas Regionales" (Hacia una política federal de desarrollo territorial) and was a good basis for an open discussion on territorial cohesion and development, which took place in the training sections in the Provinces and in the national Ministries and in several national Agencies. The model applied in the practical programming exercise simulated the allocation of a fund of realistic size to the Provinces whose co-financing was inversely correlated to their income per head. The model was also presented to the Parliament and to a wider audience of companies, banks, Municipalities and Provinces during the past 12 months.

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

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, headed by the Ministerio de la Producción or by the Ministerio de Ciencia y Tecnología, 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 activity carried out with the Provinces, local representatives of national agencies, national Ministries and Municipalities led to the following results:

- Increasing awareness among the political and institutional bodies of the necessity to revise current policies of decentralized development and cohesion policy when adopting and adapting the EU Multi-Level Governance system; the reform remains valid under government of different political parties, as demonstrated by the fact that Provinces run by different political parties wanted to adopt the system.
- The interest in implementing the EU governance system including the regulations and the management rules of regional cohesion policy requires the authorities to take a further step towards incorporating them into the organization and the legal and administrative procedures of the central, provincial and municipal institutions.
- The need for further and wider technical cooperation with the EU on these matters is, therefore, crucial for them to progress in this direction with sufficient speed and make use of the experience of EU regions and countries that have trodden the same institutional path to implement regional cohesion policy.
- The process of practicing and adapting EU principles and governing rules which has started successfully in the Province still has a long way to go to achieve tangible results. To continue successfully further involvement of the relevant ministries is necessary at both national and provincial level.
- Supported by the project activities, the Direction for the regional policy has asked the WB to finance a cohesion fund of a significant amount to be allocated to some Provinces and managed in accordance to the EU Multi-Level Governance planning principles and practices that were object of our institution building and training activities.
- Negotiation with the World Bank to finance a pilot Operational Plan in two provinces, following the EU Multi-Level Governance implementation and management method taught in the present Project.
- The findings at provincial level where Multi-Level Governance principles were practiced after the training on the Regional Fund implementation methods are of extreme importance for the validation of the path initiated with the project.
- A remarkable set of achievements was produced in the Provinces at the institutional and administrative levels. by the practical work carried out to write a reduced operational plan on a few priority axes.
- In the provinces where a similar exercise was under way, the officials underlined the effectiveness of the EU approach to make concrete and realistic their planning activity and especially to be able to come to ground by defining in detail the operational phase targets, timing resources and actors involved. This exercise had never been done by the Provinces in the past.
- The training on the successful EU interventions on thematic axis such as, support to SMEs (trade and innovation), the cluster and technology policy, the territorial development approach, small local renewable energy plants, has been highly appreciated by the province officials and can be further developed.

- At the same time the operational plan presents some limitations in the context analysis and in the strategy due to the novelty of the approach and to other factors which will be examined more closely in the following section.
- One main limitation lies in the lack of provincial economic and social data, which is centrally produced and homogeneous; thus, universally accepted for establishing funds allocation criteria. Fundamental data at Provincial and regional levels on income, value added and public and private sector investments are lacking or are collected in an unsystematic way by the Provinces. This makes difficult to define objective criteria, backed by robust statistical evidence to allocate funds for cohesion purposes among Provinces. Also, data on innovation and competitiveness and detailed data at sector level are lacking and make difficult to design policies and make provincial comparisons.

## **1.1. SOME DISTINCT FINDINGS OF THE PROVINCIAL PLANS**

The 4 Provinces carried out the work in the required time and fulfilled the engagements taken with the national government and the EU-CELAC assignment. A 5<sup>th</sup> province abandoned the project for political reason during the second phase of the activity in April 2019, despite the formal engagements and the requests of the national government, when the Governor and the relevant Ministry responsible for the training was not confirmed in the election, though training was well under way.

The four provinces implemented their plans 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.

The Operational Programme of each province follows the model (format) of the plan used in the Union, with a few simplifications. The same structure was used in each province and a guide was made available on the platform so that they could understand what was requested.

It is worth noting that we have identified certain issues that the four provinces have in common in the context of this work.

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 and, furthermore, values are often unreliable. Unreliable provincial data make problematic a proper measurement of the present level of disparities among provinces and regions within them, their drivers and evolution.

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. Thus, it has been difficult to produce a context analysis and establish an objective basis for the consequent strategic decisions. Decision making in the planning and investment fields are, therefore, made in a rather unfamiliar context analysis and its impact is consequently equally difficult to assess.

## **1.2. ACHIEVEMENTS AND LIMITATIONS OF THE PROVINCIAL OPERATIONAL PLANS**

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. The provinces drafted their Operational Programmes following the training on Multi-Level Governance principles, with the aim of applying the concepts learned and expanding the contents and working methods for the programming of European regional funds.

It should be noted that:

- 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 Office of Regional Policy of the Ministry of the 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 officials involved all had high quality profiles, which allowed the system to be adopted rapidly. At no stage of the process did we note insufficient or lack of technical knowledge. On the other hand, we noticed a lack of internal communication and cooperation among offices and ministries of the province.
- The numerous new features of the programming exercise really helped to improve the efficiency and effectiveness of the program and the technical and cultural training of the officials, and helped to expand and deepen the knowledge and competence of officials on the methods and practices of European programming within a Multi-Level Governance context.
- 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.
- In keeping with the principles of participation and transparency, approximately 40 to 50 agricultural and manufacturing companies from the provincial chains were involved in discussing and programming the Operational Plans and identifying investment priorities; the contents of the programmes were presented to the social actors involved during the final presentation (a reflection of the principle of communication).

- Another important outcome was the planning of interventions over a four-year period fostering the adoption of a multi-year perspective on actions and priorities. 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.
- All the participants that received training in the four provinces wish to continue with the training activities in order to consolidate their knowledge.

There are many new contents of the programming exercise and these have greatly improved the efficiency and effectiveness of the program and the technical and cultural training of the officials, and have contributed to expanding and deepening the knowledge and competence of the officials on the methods and practices of European programming within a Multi-Level Governance context.

Nevertheless, the Provincial Operational Programmes reveal some cultural constraints of the working groups with regard to two main issues: market orientation and the increase in private sector competition upon seeing the connection between these interventions and their favourable direct impact on private sector growth; and the promotion of technological innovation in clusters and SMEs as the main tool for productivity growth and job creation. These cultural constraints on economic development do not relate to individuals but to the cultural environment of the public sector, which has never set targets for the growth of the private sector that are based on its competitiveness in a global market. These constraints are issues that must be overcome through the long-term continuous training of the officials and accompanied by the cultural growth of those taking policy and investment decisions. "It is not just about opening minds, but also changing assessment parameters in order to choose priorities". This objective can also be pursued through a national discussion of the developmental policy system and the strict rules for admitting and financing public investment projects.

### **What weaknesses have been identified?**

Together with the many positive aspects mentioned above, we highlight some criticism of the Ops content and of the process undergone by the officials to carry out the work, to address in the future work.

- 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;



- There is a need for techno-economic knowledge about the feasibility of developing different products and sectors from those that already exist, and the studies and sectoral and territorial analyses needed to support public investment decisions are lacking. The studies produced by the universities are not connected to public sector needs.
- 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.
- Within the administration there is no sufficient technical knowledge about the feasibility and potential of developing key sectors of the local economy or new sectors that are undergoing considerable growth at the global scale, consequently the innovation dynamic is slow.
- 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;
- The officials have no experience in defining interventions at the techno-operational level or in monitoring and evaluating plans and projects.
- 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;
- There is little capacity for activating external investments of private companies and an autarchic vision of development, so there is rarely any cooperation between provinces in order to connect territories and companies.
- Coordination between providers of technology and innovation, private companies and the public sector is lacking at the national and provincial level. However, there is knowledge, and many research structures of a relatively good standard do exist. Due to its lack of connections, the public sector strategy does not support innovations and SMEs in a systematic way. This also because it neglects establishing systematic cooperation with institutions such as universities and other centres for applied research, whose knowledge does not circulate properly due to the lack of an operational mechanism that induces these institutions to work together with producers and public institutions.
- SMEs and medium-sized companies are unable to formulate a demand for innovation or encourage the creation of operational links with potential technology providers.
- Partnership with producers is weak and focuses on requests for one-off services that the companies ask of the public authorities, rather than on producing a common vision of medium and long-term development and identifying the reciprocal contributions necessary to achieve it. What is missing is a shared vision of development perspectives with private investors.

- Provincial economies are focused on primary productions such as agriculture, livestock, mining, or energy, and there is no push to develop the entire production chain or other chains in the services or manufacturing sectors.
- Many interventions of the Operational Plans don't impact directly on the market conditions because the provincial institution lacks the knowledge to boost new products or new sectors. Hence, development programmes focus too much on infrastructure and services that, in absence of dynamic firms may not be relevant to fostering growth and creating jobs.

### **1.3. SUPPORT TO THE PROVINCES ON OPERATIONAL PLANS.**

A summary the main findings of the activities carried out in the provinces. (see Annex 2 for evaluation reports for each province)

#### **Jujuy Province**

From the outset of the first workshop, it was decided that work would focus on a specific territory, the Yungas area, where a new road was being completed that would unlock the value of the region, which has a magnificent landscape and, therefore, a strong potential for tourism. This choice was key in motivational terms, as the officials had the opportunity to debate the functions and tasks of the different areas of the provincial government and the coordination with private actors from the region.

It should be noted that in the recent past the province had been overwhelmed by an exceedingly high number of tourists, because of its poor planning and management and the lack of coordination that existed between the different areas of government which, at the time, resulted in strong criticisms to the provincial government.

The new road clearly presented both opportunities and threats, as it lies in a relatively isolated area, in regional terms, where an influx of tourists could have both a high environmental and economic impact, requiring a systemic approach by the provincial government.

Everything appears to indicate that the final project, which has ample possibilities of being executed effectively, reflects a program of action that is very concrete and feasible to implement using the provincial government economic and human resources.

Furthermore, the action plan represents a good example of multi-level governance in accordance with European Union criteria, as its implementation clearly depends on both public-private coordination and the different levels of government —national, provincial, and municipal— interacting and complementing one another.

It is also an essential part of the objectives being pursued, driving job creation and production in the private sector with a clear emphasis on developing the SMEs and micro enterprises of the region through a road map that is feasible to implement, as can be observed from the work that has been done. In fact, it should be noted that local actors from both the public and the private sectors participated in the planning activities for the geographic region in question all the time.

The involvement of these local actors was strengthened through the presence of the municipal authorities from the town targeted for tourist investments, as well as the authorities from the largest city in the valley (San Pedro). Furthermore, we were able to take advantage of the presence of 15 to 20 companies that participated in the general workshops on provincial development, and that also actively participated in the discussions on strategy for the entire province.

The officials that took part in the training and planning activities considered the experience very useful as, on the whole, they were not accustomed to the different ministries, municipalities and other social actors working together on actions.

Here, the European Union's own multi-level governance mechanisms were highly valued by the participants in the training sessions for providing new and valuable tools for the future, particularly in terms of management for this case and others that may arise in the future.

The fact is that, until now, the province has lacked management mechanisms for coordinating processes, both horizontally and vertically and there were no objective criteria to work on in terms of management control. The measurement of impacts using objective criteria was practically non-existent, and the officials who participated in this experience said that they considered this part of the training very valuable.

### **Misiones Province**

Misiones Province, which had a previous experience of cooperation in European regional policies (Trentino Alto Adige), undertook a project that required a very long planning process focusing on three sectors: forestry (the most important industry in the province), ICT services, and the agricultural and livestock development in a different region in the south of the province. A mix of interventions was included: one to enhance the competitiveness of forestry, then an intervention to encourage the use of ICT in institutions and companies, and finally for territorial development in tourism and livestock of an individual region where we noticed a wide participation of the municipalities.

The intervention in the forestry sector needed to increase its productivity and quality of the final product, and to develop manufacturing activities based on the production of wood within a framework of environmental sustainability. The ICT sector aims to develop services for local producers, encouraging the use of ICT in a local economy. For the agricultural development in the southern region, the aim is to strengthen the local economy through a mix of interventions.

Three working groups were formed around these issues and were made up of all the essential components, such as the ministries, INTI and INTA, municipalities, universities and chambers. The groups worked for five months.

At the end of the project, a single Operational Programme was drawn up for the province of Misiones, consolidating into a single document the three separate operational programmes that had been developed previously.

Setting up the three operational programmes meant a great deal of work by the provincial authorities and the other institutions that participated (INTA, INTI, the municipalities and

NGOs). The programmes were defined by the work of those that participated in the training process, although other institutions, companies from each sector, universities and end beneficiaries (companies, entrepreneurs and families) all made valuable contributions.

The involvement of civil society in defining the operational programmes was observed by all, as there were no precedents in the province for management mechanisms that permitted a process of cooperation, either of a horizontal or vertical nature.

The final presentation in the province saw the active participation of more than 30 municipalities from the regions concerned, which gives hope that the Multi-Level Governance principles have been received positively over the course of the practical work.

### **Santa Fe Province**

The province of Santa Fe is one of the most developed in the country due to its economy, standard of living and institutional organization.

The productive structure of the province is based on five major production systems: (1) agro-food and biofuels, (2) metal-mechanical, chemical and other manufacturing, (3) technology-based companies, (4) tourism, trade and services, and (5) water, forestry and mining. These systems are organized into value chains.

The agro-food and biofuels system involve the production and processing of primary products such as cereals and oilseeds, cotton, sugar cane and livestock. Santa Fe is an important producer of meat, milk and dairy products.

In terms of primary activities, the main production is the cultivation of soybeans, wheat, corn, and sunflower and, to a lesser extent, sorghum, rice, cotton and sugar cane. Due to its natural endowments and availability of service infrastructures, the province is one of the main soya producers and the second largest cereal producer.

The agro-industrial hub, which centres largely on oil, extends along the coast of the Paraná River and has become the most important worldwide in terms of its geographical concentration, production levels and technology.

Middle and senior public administration officials from the Government of the Province of Santa Fe participated in the training, mainly with members of staff, high-ranking officials and political officials from the offices of the Ministries of Production and Science and Technology. A good relationship and coordination between officials of different levels, hierarchies and from different offices of the ministries could be observed, though this was not the case in terms of the cooperation between ministries and other bodies dependent on the provincial government that intervene in territorial development policies.

It should be noted that very few participants had a basic knowledge of the principles of multi-level governance at the beginning of the training and were even less aware of the procedures for implementing a Multi-Level Governance system.

In developing the Bio-economy productive axis, the proposed approach begins with surveying and characterizing all resources available in the province, determining their availability and

potential for use, and finally proposing projects or actions that would lead to their valorisation. The proposed goals were attainable and thus we can say that the priority objectives were relevant and the actions or lines of action were very well defined and agreed with the actors.

For the Dairy Value Chain, the Operational Programme takes into consideration many of the requirements proposed by the key actors involved in the process and the conclusions drawn from the diagnosis or competitive positioning of the province, and considered that there some primary infrastructure needs fell outside of the financing framework proposed. The primary objectives and the proposed lines of action will substantially contribute to the better positioning of this value chain.

Based on the analysis of the institutional profile of the province and the opinions voiced by the participants that received training, it can be observed that the relationships and coordination between different ministries and organisms of the provincial government were lacking, hampering a shared vision of territorial development and multi-level governance. Although the Executive Branch issues guidelines, different bodies intervene on matters inherent territorial development, but they do so in an isolated manner and without a common strategy. A multi-level governance system based on to the European model could contribute to actions achieving a greater impact and a more efficient use of resources and the excellent human capital of the province.

In their conclusion, all participants emphasized the benefits of the method or procedures they learned for developing an operational plan that will be applied for future actions. The training facilitated the formation of a team of officials that are pooling their acquired knowledge and hope the Operational Programme for the Bio-economy productive axis and the Dairy Value Chain can be effectively implemented.

### **San Juan Province**

From the geo-economic perspective, the province of San Juan suffers from a spatial issue of low economic profitability, as it lacks both quantity and quality of resources, in terms of soil (rocky outcrops predominate) and water (there is a shortage of precipitation; rainfall generally does not exceed 100 mm and permanent surface waterways are scarce). These issues are the preponderant causes of the morphology of the economic spaces, which are characterized by a system of intensive agriculture sustained by artificial irrigation with a dominance of smallholdings and underdevelopment of livestock activity. Although the extensive rocky outcrops may allow for mining activities, the shortage of water would present a negative factor for their development. The majority of the economically active population is concentrated in the urban agglomeration of Greater San Juan, where secondary, tertiary and quaternary activities are carried out.

The province encompasses 89,651 km<sup>2</sup> of land, mostly mountainous terrain, interspersed with valleys and traverses. The climate is predominantly dry and temperate, marked by a severe shortage of surface waterways. Oases have developed in the valleys as a product of the damming and systematization of the rivers fed by the snowmelt from the mountains. The population of 700,000 inhabitants is concentrated in these areas. Among them, the Tulum oasis stands out as it is the location of Greater San Juan, an urban centre that is home to more than 60 % of the province's total population.

Agricultural activities prevail in the development of these oases, where viticulture is an important activity and representative of the province. Olive-growing is also very prominent, along with a large variety of fruit and vegetable crops.

An agro industrial complex centred on wine production has emerged in a large part due to the first two activities mentioned above. The province is the second-largest wine producer by volume in the country, producing several wine varieties of note, and it also produces large volumes of olive oil.

Beyond the agricultural activities that are concentrated in the oases, there is also significant mining activity that is increasing.

The selected work team was a homogeneous group, with a vast knowledge of the functioning of the provincial administration and the socio-productive structure of the province. A few of the members possessed robust knowledge of the methodology behind strategy development from participating in the formulation of the 2020-2030 provincial strategy. However, broadly speaking, most of the participants had not received any specific training in this field. It should be noted that all members showed a commitment to the project and actively participated in the discussions and formulation of the Operational Programmes.

The discussions carried out prior to developing the Operational Programme made it possible to evaluate the different productive axes that are of interest to the province. An analysis was made of the importance of rural tourism and of the wine tourism related to San Juan's wine-growing industry. Analysis also included the production of renewable energies and the need to create a cluster that develops the entire value chain, as well as the importance of promoting the provincial entrepreneurial ecosystem due to its importance in creating direct employment. Creative industries were also discussed; knowledge-based services; non-metalliferous mining and rock applications; agri-foods; and the development of products that are characteristic of San Juan (honey, olive oils, processed fruits and vegetables, meats, etc.).

Once the information on the priority productive axes that are of provincial interest was gathered and an analysis of the competitive positioning of the region was carried out, interviews were held with the key actors to confirm the importance of these sectors to the provincial economy.

Winemaking ranks first as a productive axis in the agricultural and agro industrial sector of the province and represents more than 21 % of the total land surface in Argentina that is planted with vines. Not only does the province have an optimal climate for wine production, there is a long tradition of the production of grapes for use in wine, grape must and raisins.

The livestock production axis plays an important role in the value chain for the provincial economy and there is greater potential for its development in San Juan. Provincial meat consumption is equivalent to 150,000 bovine steers weighing 400 kilograms each, which is supplied from other provinces of Argentina and thus accompanied by a loss of revenue. Given that the province has an ancestral culture of livestock production and that it is technically possible for the territory to produce all of the meat consumed in the region, increasing the competitiveness of the agricultural SMEs producing meat supplies and meat products of sustainable animal origin was identified as the General Thematic Objective of the Operational Programme. This argument is strengthened by the need to improve the quality of life of rural

families and consolidate the populations in arid regions of San Juan, thereby generating genuine local employment with a high impact.

The third stage of on-site training was oriented towards analysing the implementation methods of the Operational Programme; debating the formation and responsibilities of the managing authority of the Operational Programme; selecting the authorities responsible for the management and supervision of the interventions; the project selection methods; the role of the economic and social partners and other stakeholders, as well as those of the certification and auditing agencies; and the measuring of the impact of interventions.

The participants unanimously agree the training was of great importance and see that there is a need to develop it further and expand it: to other areas of the provincial administration, to the socio-economic actors and to the scientific, technological and innovation sector of the province. They also agree that an inter-ministerial and interdisciplinary team must be formed to coordinate the cooperation of the different levels of provincial government and the relationship with the productive sectors, with solid training in multi-level governance systems and territorial development supported by an institutional framework that allows it to extend its actions independently of changes in provincial government authorities.

The program developed in the province of San Juan was carried out by a group of young civil servants on permanent staff in the provincial public administration and political officials with a clear vision of the importance of implementing European models of multi-level governance in the territorial development process. They acquired an understanding of the value of cohesion policies and how they can contribute to producing a permanent shift in the competitive positioning of the province, in improving the efficiency of the use of development funds, in adding value to primary productions, generating genuine employment, internationalising their companies and, in effect, improving the quality of life of the people of San Juan.

## 2. SYNTHESIS OF THE ACTIVITY

### 2.1. TASK 1 – COORDINATION AND PREPARATION OF THE WORK PROGRAMME

The project started at the end of August with the preparation of the first mission of the Ismeri team to Buenos Aires. During the last week of August and the first week of September the Ismeri coordinator worked with the Dirección Nacional de Políticas Regionales to define a weekly program of activity for the following month and to verify the objectives of the project and take stock of the changes to the original road map due to the devaluation of the Pesos and the abolition of the Fofeso, which was analysed in the previous assignment and was the initial object of the reform of development policies. This unforeseen event created the need to conceive new legislation defining the functioning of a future development fund for 2020, whose responsibility was given to the Dirección Nacional de Políticas Regionales. This decision of substituting the "Fofeso", a fund transferred by the National Government to the Provinces and Municipalities, makes it possible to revise managing rules and possibly to insert some fundamental elements of the multilevel governance of cohesion funds in a newly conceived fund. The main objective was to insert some form of common planning procedure and the obligation to make only investment for improving competitiveness and creating private and sustainable job rather than current expenditure or social public works.

A second objective of this activity was to organize a set of meetings with the federal government to verify their involvement in the project's activities. These meetings were finalized to explain the objectives and the content of the project to the most relevant institutions dealing with territorial development plans and related issues, in order to select and ask for the participation of the most appropriate national institutions and officials especially in those phases of the project requiring some form of coordination and vertical cooperation among the Federal, Provincial and Urban institutions.

In Buenos Aires the "Dirección Nacional de Políticas Regionales" organized a series of meetings with the national institutions INTA, INTI, Plan Belgrano and Plan Patagonia and COFECYT. Each meeting lasted half a day and allowed the participants to learn about the objectives, contents and operating method of the project. Following the requests of the Ismeri coordinator to actively participate in the provincial operational plan as a connection agent with the national government to experiment a multilevel governance method in each Province.

In addition, the Ismeri team had several meetings with Ministries and national agencies for development organized by the MINCYT<sup>5</sup>. Apart from these meetings there were some individual meetings with political and administrative officials of the main economic Ministries. The aim of the meetings was to explain the project content and to ask for their active participation by assuring federal government participation in a joint project with the Provinces.

A platform or at distance training was set up and technical material on Multi-Level Governance was uploaded, as well as focused interviews and blogs.

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<sup>5</sup> Ministerio de Ciencia y Tecnología <https://www.argentina.gob.ar/ciencia>



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

A dedicated course was created 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 content was discussed with the "Dirección Nacional de Políticas Regionales". 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 INTA, INTI and COFECYT. The Provinces were supplied with a participant profile with the aim of making the set of participants homogeneous and ensuring that they had a suitable background to follow the training program. The list of participants was examined by the Ismeri team.

The training was carried out at distance and with the trainer presence. The access to the Moodle platform was organized according to the structure of the modules and was made available to the project participants. Specialized technical material covering the subject and a test were carried out and were charged videos on this platform. Each Province was responsible for the logistics and was provided with the necessary equipment and the appropriate training rooms. The definition of this organization was discussed and approved by the experts when visiting the site, at the beginning of the training program.

## **2.2. TASK 2 – INSTITUTION BUILDING**

The activities of institution building, enhanced and redirected by the above mentioned change, aimed to support the "Dirección Nacional de Políticas Regionales del Ministerio del Interior" and public works and other relevant Directions with the Secretaries of infrastructure and public works planning, of Science and Technology, the Ministry of the Producción, INTI and INTA in their endeavour to improve the degree of coordination and cooperation on public investments on territorial development among themselves (horizontally) and with the Provinces (vertically).

Three kinds of activities were carried out in task 2:

1. Technical assistance to the "Dirección Nacional de Políticas Regionales" to prepare documents and technical papers to negotiate with the other Ministries and the national Assembly the features of the future Argentinean fund for development and cohesion;
2. Meetings with top officials, of the ministries and members of the Senate;
3. Training and tutoring of national agencies and representatives of national ministries, dealing with territorial planning. These activities were also consolidated during the first part of task 3.

The first activity of technical assistance consisted in a set of meetings with the office members lead by Dr. L. Rappoport in order to help them to prepare documents and presentations to illustrate the new proposal of which the Dirección is in charge. This activity was also supported

by desk research to simplify and adapt the EU Multi-Level Governance on regional cohesion policies to the Argentinean institutional and legal context. This activity implied the analysis of the legal and institutional arrangements which operate within the federal organization of the Argentinean governance.

The second type of activity was carried out in Buenos Aires and consisted in a series of two-hour-long meetings, supported by a detailed presentation of the intervention model for the Multi-Level Governance, in which the coordinator explained the main objectives of the Multilevel Governance, the forms and procedures to adapt them to Argentina, the benefits that could be obtained by adopting them progressively on a larger scale. Ismeri presented a simplified model of the EU regional intervention system which was elaborated and discussed internally with the director for regional policy of the Interior Ministry.

This step aiming to involve the Ministries in the Multi-Level Governance discussion and simulation led to positive results which initially were uncertain, but was certainly fostered by the ability of the Direction of regional policies and to the convincing feature of the simplified model elaborated by Ismeri experts.

A third activity consisted in a parallel set of meetings held with the directors of the three main national agencies: INTI, INTA, and COFECYT. These work meetings had the objective to inform them of the content and activities of the training and of the project agenda involving the Provinces. The nature of these meetings was different from the previous set of meetings since these institutions (which operate with local offices) were asked to technically support the provinces in their activities of planning by putting their know-how at the disposal of the provinces, through their regional offices which are in close contact with the firms and the other stakeholders in the Provinces.

Task 2 ended with an activity aiming to involve the national political institutions in a meeting with a representative of the Senate who was the President of the Regional Economies committee, who fully supported the initiative.

The meeting was centred on the presentation of a Multi-Level Governance model adapted to Argentina, followed by a road map proposal to proceed progressively in its implementation. The road map was proposed by the head of the "Dirección Nacional de Políticas Regionales" and it was decided to present a sketch of the envisaged model and the road map to a larger political and technical audience in Buenos Aires on the premises of the "Banco de la Nación".

The "HACIA UNA POLÍTICA FEDERAL DE DESARROLLO" the seminar was held in the auditorium of the Bank of the Nation Argentina on the 5 of December.

- Assisted between 100/120 people
- Participated between 8/10 provinces (current ministers, former ministers, deputies, senators and other officials of the Provincial Production areas), World Bank, ECLAC<sup>6</sup>, European Union, Plan Belgrano, Patagonia Project, Ministry of Production, INTI and INTA

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<sup>6</sup> Economic Commission for Latin America and the Caribbean, <https://www.cepal.org/en>

- The image of the Ministry of Interior as a driver of a federal development policy and public investment planning was strengthened
- There was exhaustive a presentation of the European model of regional development and its possibilities of adaptation to the Argentine context
- There was an agreement between the exhibitors and the public on the essential points of the European model: cohesion fund, participatory and multilevel governance, etc.
- There was a positive impact on the people of the European Union, the World Bank and ECLAC. The three organizations we are working with.
- A good image of national inter-ministerial coordination was developed, due to the presence of Belgrano, Patagonia, Ministry of Production, INTI and INTA
- The speech by Javier Gonzalez Fraga addressed the issue of including "Federal Development Pact", the issue of banking services in the project: how the savings of each province can impact consumption and investments of that province in this regard: local banks (cooperatives, provincial banks, function of the National Bank)

The speakers were:

- Enrico Wolleb, European expert consultant to the Commission and the European Parliament on Europe's regional development policy
- Juan Llach, director of the Center for Government, Business and Society and Economy Studies of the IAE Business School
- Marcos Cohen Arazi, of the Mediterranean Foundation
- Luis Rappoport, National Director of Regional Policies of the Ministry of Interior
- Fernando Álvarez de Celis, Secretary of Territorial Planning and Public Works Coordination
- Senator Cristina Fiore Viñuales, President of the Committee on Regional Economies of the Senate
- Javier Gonzalez Fraga, President of the National Bank.

### **2.3. TASK 3 – TRAINING AND CAPACITY BUILDING PROGRAMME**

The objective of Task 3 was to carry out a training program in the provinces based on 5 modules with the following contents:

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

During the month of November and December the activities of TASK 3 were mainly executed in the Provinces and in Buenos Aires.

Platform management was one of the main activities which required permanent technical assistance to the users.

A help desk service was put at the disposal of the participants for the duration of the project. Modules 2 and 3 were the core of the project and followed a training on the job method aimed at giving the trainees practice in the use of the training content and achieve a set of results.

Training on modules 2 and 3 in the 5 provinces started the last week of February and required the following activities:

- a. Preparation and adaptation of the training materials on the subjects to be covered in modules 2-3.
- b. Drawing up guidelines and creating the template for the pilot operational plans needed by each province.
- c. Research and adaptation of EU relevant documents that could provide useful examples to be followed by the Provinces
- d. Assist the "Dirección Nacional de Políticas Regionales" in the definition of the national objectives and the allocation of a regional fund to the Provinces for a four-year period
- e. Training on some EU policy priorities and practices

**a) Preparation and adaption of the training material**

- 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. Module 2 focused on how the responsible administration drafts the operational plan from the viewpoint of its content and in association with other public institutions and social and economic actors. Module 2 also covered the financial information for each priority axis, using similar financial tables showing the allocation of the funds during the 4 years of its implementation. Module 3 was focused on the implementation of the plan and in particular on the steps to follow and the techniques utilized in launching, implementing and managing the actions and the accurate description of some relevant and frequent policy action implemented in EU regions.
- The content of the training material and the training methods adopted by Ismeri provide operational and yet immediately useful knowledge of the planning methods by applying them, with the support of experts, to the main provincial priority policy areas. The output and the result of the process can, therefore, be utilized by the trainees in their current working activity. The operational plan of each Province was required to follow the EU OP's planning steps and respect the main requirements of EU multilevel planning methods.

**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.

- In addition, a template was prepared to show the required length of each chapter and paragraph, the precise format to present tables and text.

**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. In addition to the official EU regulations the focus was on the main purpose and content of the partnership agreement.
- In the case of Argentina, the partnership agreement focused on coordination between the Provinces and the central government. The function of the partnership agreement adapted to the Argentinian institutional setting was elaborated by Ismeri experts and the "Dirección Nacional de Políticas Regionales". This model of cooperation/coordination of the planning process specific to Argentina as a fundamental step of the multilevel governance model was discussed with each of the Provinces.

**d) Assisting the "Dirección para las políticas regionales" with the definition of priorities and coordination practices to make this coordination systematic and similar to the EU structural funds system, and with the support of Ismeri the "Dirección Nacional de Políticas Regionales" carried out a simulation exercise and set up a provincial structural fund in which the central government allocated financial resources for a 4-year Provincial development fund which had to be complemented by provincial co-financing at different rates. The provincial co-financing rate was correlated inversely to the level of income per capita of the provinces in order to allow for territorial redistribution.**

- All these practices typical of EU planning are new to the Argentinian institutions and, if implemented, would represent a significant improvement in the present system of expenditure for development adopted by the national and provincial authorities.
- The result of this activity of support was an official document: "Hacia una política federal de desarrollo" which was presented by the "Dirección Nacional de Políticas Regionales" in the initial phase of training in each province. This presentation made a discussion among the main political authorities of each province possible and contributed to the diffusion of the main political goals of the EU structural policy concerning territorial institutional coordination and territorial redistribution between the more and the less developed Provinces.
- The objective of coordinating the national and the provincial development strategies and the concept of a 4-year plan were both new to the Argentinian experience and practices.
- This part of the project, which was not originally planned, was proposed by Ismeri with the aim to reinforce and make the operational planning more realistic.

**e) Identification of EU development policies relevant to Argentina**

- Module 3 focused in particular on a selective list of EU policy practices which, on the basis of the provincial context analysis and priorities, were considered particularly relevant to detailed analyses.
- Some policies based on the EU experience were particularly relevant to the development of the provinces and were presented to the trainees.
- The policies were analysed and described in terms of objectives, activities and result in order to clarify their potential relevance in the provincial context. These policies focused on the implementation from the administrative viewpoint to help the officials to put them into practice; in other words, how such a policy was actually implemented, the context of the tender, the subjects targeted, the criteria of eligibility, the methods to select and monitor, etc.
- In brief we focused on the administrative aspect which determine the implementation procedure and, therefore, are the result of the analysed policy.
- From the context analysis which emerged during the work we selected a list of successful EU projects in these policy areas, and presented them during the training or put them onto the training platform in module 3.

### **2.3.1. Module 4 - Monitoring and evaluation**

The objective of the module was to utilize appropriate evaluation techniques applied to a provincial policy or to individual intervention. The object of the evaluation exercise was discussed with the Provinces.

The trainees were enabled to define an evaluation plan for the Provincial development activities and to choose appropriate methods and identify the appropriate information basis to evaluate individual development projects of the Province.

The following methods were used to achieve the above objectives:

- Provision of scientific and official documents, examples of evaluation plans and of evaluation projects relevant to the Provincial priorities.
- Frontal training supported by videos and interactive objects.
- Discussion of EU materials, official practices, evaluation plans, and examples.
- Workshops on selected evaluation types and methods and their application to Provincial projects.
- Discussion of documents produced by the trainees.
- Circulation and discussion of the outputs among trainees of different Provinces (at distance).

This specific module was dealing with theories and methodologies for evaluation and their relation to the evaluation questions and other relevant features of what had to be evaluated.

During training the role of evaluation in the context of planning and management of development programs, transparency, and efficiency was also discussed. The module highlighted how to spell out the theory of change underlying the program of activities and the causal links.

The trainees had the opportunity to understand how to identify the evaluation questions and their role in the choice of evaluation techniques.

The module also focused on the feedbacks from evaluation to program and project management in ex ante, ongoing and ex post evaluations, as well as in process, results and impact evaluations.

Data, indicators and other monitoring information, main statistical and econometric methods embodied into the evaluation strategy decision was explored.

The concept and utilization of independent evaluation and of self-evaluation was clarified.

Practical exercises allowed the trainees to practice the contents of the module.

## **2.4. TASK 4 – FINAL WORKSHOP**

The event 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 COFEPLAN and COFECYT, together with the commitment shared and sustained interest in creating a federal development policy. This event and the content of the exhibited projects were made possible by the institutional network that was set up and should continue to be developed thanks to this training.

The event was organized to facilitate diffusion of the project results and policy recommendations, including the activities identified by each Province for follow up and a road map for the implementation mechanisms. The Ministry of interior chaired the workshop. The EU Delegation and the EU coordinator introduced the project results and then left the floor to the political representative of the central and provincial governments. Subsequently, a representative of the officials that had been trained reported the experience of their Province and described the main outputs of their work and finally their future activities to implement the reforms discussed. The conclusions of the Ministry of the interior brought the workshop to a close.

This task was carried out under the supervision and with the organizational support of the "Dirección Nacional de Políticas Regionales" and the EU delegation. The first step was to identify the main contents and the results expected from the final workshop as well as the logistics and other critical aspects of the workshop (e.g. who to invite from the Provinces, program of the workshop, degree of involvement of the Ministry of Interior and of other Ministries, institutional role and level of the participants). The purpose was to establish and consolidate a group of officials with common views and motivations to develop their activities using multi-level governance methods.

The following steps synthesised all the intermediate and final outputs and the conclusions and recommendations that emerged in the wrap up final seminar of the training in each Province and with the Central Government officials. The preparation of a synthesis with conclusions and recommendations required a previous discussion with the "Dirección Nacional de Políticas Regionales" Ministry of Interior, Housing and Public Works and with Parliamentary representatives and the Provinces political authorities which followed the project.

According to the previous preparation activities, the workshop involved the institutional actors involved in the project with the aim to present and discuss the activities carried out during the different tasks and in particular the exercises and simulations to establish a simplified institutional multi-level governance setting to carry out their development policies. The purpose of this discussion involving administrators, political decision makers and a Parliamentary representative, was to exchanging the reciprocal experience of the project activities, identifying room for manoeuvre for reforms and for collaboration among them. This discussion has led to policy recommendations and to a roadmap to progress in the desired direction including a program to diffuse the knowledge produced by the project to other institutional actors, both Provincial and Urban.

The workshop was held in Buenos Aires 10 months after the launch of the project and was chaired by the Ministry of Interior and moderated by the Project coordinator. The EU delegation introduced the EU policy and future relevant programs. The coordinator introduced the objectives of the event and presented the main findings.

The floor was given to the political representatives of the National government and of the Provinces to express themselves on the reform process as well as on the actual and potential impact of the project on their institution. Subsequently, four officials (one for each Province) were given a presentation on examples of training and capacity building outcomes and on lessons learned. After the presentations, the moderator proposed some key questions on policy recommendations and follow up initiatives to be discussed and left to the floor to discuss. The discussion ended with a wrap up session to draw conclusions and possible follow up actions in each Province. During the afternoon session the other IUC-LAC Project was presented by the participating provincial authorities; the objective and content of these projects resulted well connected and synergic, showing a coherent cooperation policy overall logic



## **2.5. THE TRAINING PLATFORM**

The 4 modules necessary for classroom and distance training were developed on the Moodle platform. 50 PDF documents totalling 1286 pages were loaded, of which 451 pages belong to 27 documents drawn up by the Ismeri Europa team, 469 pages correspond to 8 original documents (European Commission, Forms, etc), 355 belong to 15 documents adapted by the Ismeri Europe team to the Argentine reality. In addition, the Argentine Government contributed 11 pages in 3 documents to help develop the Provincial Operational Programs.

In turn, 2 hours of video were loaded onto the platform, distributed in 5 interviews conducted, filmed, edited and translated by the Ismeri Europa team, some of them with the technical support of the European Commission. The following were interviewed:

- Andrea Cozzolino, member of the European Parliament since 2009. He was elected deputy for the first time in 2009 and then confirmed again in 2014 and 2019. In Parliament, A. Cozzolino has been member of the Regional Development Commission since 2014. His interview marks the importance of development policies and benefits for citizens. The perspective of the European Parliament.
- Jordi Torreadella, Vice General Director for G2 level implementation of DG Regio for Portugal and Spain. The interview describes the Coordination of development policies and results. The perspective of the European Commission.
- Immaculate Valencia, Delegate of the Government of Cantabria in Brussels. The interview focuses on the advantages of decentralization and results of the regional development fund. The case of the Valencian Community.
- Patrizio Bianchi, Minister of the Emilia Romagna region with delegations to coordinate European policies for development, school, vocational training, university, research and work. His interview describes the fundamental aspects for the coordination and management of funds for regional development. The example of the Emilia-Romagna region.
- Silvano Bertini, Head of the Emilia Romagna Region in research, innovation, energy and sustainable economy services. His interview describes the intervention models for innovation and research applied to companies.

### **3. 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 economic crises, to a large extent due to uncoordinated, inefficient and ineffective public expenditure of the national and provincial governments, the need for enhancing competitive sectors and in addition, the foreseeable impact of the EU-Mercosur agreement, put this reform at the top of the list of national economic reforms.

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".

During project execution it became clear that the economic policy stance in Argentina needed to change significantly if the country wanted to compete on a global market and overcome the present difficulties. The implementing team supported the Ministry of interior in its endeavour to spread the main principles of an institutional reform to impose coherence and coordination and a focus on development among federal spending authorities.

However, a law to establish a cohesion fund in 2021 could not be presented during the present legislative period, due to the impending Presidential elections in October. The work carried out within the present project with the support of the Union has paved the way for its presentation to the Assembly during the next legislative period, thus providing enough time 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.

A first step towards a cohesion fund was taken by the Parliament with the presentation of a law to establish a Provincial Cohesion observatory with the task to fuel scientific and political debate on Multi-Level Governance methods applied to public expenditure for development.

Following a positive outcome of the present first phase, the Argentinean government intends to go on and carry out a second phase in order not to lose momentum and to consolidate the wide acceptance of a cohesion intervention following the Multi-Level Governance principles, taking stock of the experiences, successes and errors of almost 50 years of EU cohesion policy implementation.

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 second phase should provide Provincial and national institutions with knowledge, competences and practical experience on administrative and cohesion policy objectives and methods to speed up an internal process of adaptation. The training of officials of the Provinces should be extended to a group of officials of the central government to support changes within the national 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.

This group (15 - 20 people) should first be trained on the Multi-Level Governance modules already at disposal, to support the Provincial planning level (coordinating and formalizing the contribution of the local task forces) and the national government functions of general coordination and technical assistance. The training content coincides with the 1st phase of 5 teaching modules, integrated to cover training on the tasks of assisting the central government to coordinate, and control the process and define the rules and guidelines of implementation, in coherence with the model proposed by the Ministry of the interior, "Dirección Nacional de Políticas Regionales". The work of the second phase should support the refining and detailing the model in many directions such as the economic, financial, legal and governance and should develop dialogue and cooperation between the federal and the Provincial levels.

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.

Institutional communication on the activities carried out involving the Assemblies of the EU Parliament and of Argentina should continue, while on the technical side and for some specific subjects, cooperation with EU regional institution could be a value added.

Once the base of empowered officials and institutions has increased significantly as a result of a second phase, a political agreement at a federal level on a future cohesion fund supported by a law designing the main objectives and rules of the game, will be more easily reached, though it may take some time.

The endeavour of establishing a cohesion development fund to induce production-oriented support to businesses needs more than a legal and administrative framework since it has to count on a renewed administrative and political culture made necessary by the opening of the economy to the global market. There is the risk that these "cultural" changes occur at a slower pace than the impact of the external competition and of the internal and external budgetary imbalances, as the present currency crisis and galloping inflation are already showing; to speed up the process, while institution and capacity building have enlarged their scope and reach, tight conditions to make sure of the commitment of the beneficiary institutions should be imposed.

In fact, the EU Multi-Level Governance applied ERDF implementation rules and practices to development for cohesion. This was put at the centre of the activities and received a wide consensus; however, we are still far from a prompt utilization in their routine activities.

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 and furthermore to adopt programs defined by their officials during the training and support activities. 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.

We can now briefly summarize the guiding principles and management practices, selected from the EU Multi-Level Governance management for their relevance to Argentina, which have been applied during the training, analysed and practiced during the technical support of the Provincial operational plans and which should constitute the bulk of the training of the second phase:

- 1) Cohesion objectives with different co-financing levels between less and more developed Provinces backed by objective criteria and parameters based on common statistical data.
- 2) Formal coordination between federal and provincial strategies of development of the OPs to avoid overlapping and conflicts and to create synergies among public investments. Federal competence on providing overall research and development strategies, trunical infrastructure plan, energy and environmental policy objectives. Provinces contribute to the overall national objectives of social and economic development on the base of their potential.
- 3) Establish institutional procedures to assure formal participation of the Provinces to the definition of the national strategy and to identify how provincial strategies of the Operational plan contribute to it.
- 4) Horizontal and vertical subsidiarity. A systematic and formalized participation of the municipalities in the development process should be assured. Special attention should be given to Provinces with large metropolitan areas (like Buenos Aires) and the relation with the surrounding cities.
- 5) Partnership with social and economic actors to assure their involvement in defining and implementing plurennial operational programs (at least 4 years) detached from the election cycle to provide the private sector with a clear perspective of the future priorities for investment.
- 6) Adopt the same scheme and procedures for planning and expenditure of the fund and assure compulsory monitoring and evaluation practices of public investment.
- 7) Concentrate resources on public investments directly finalized to the development of the private sector.
- 8) Define quantitative targets and performance indicators for investments to allow for verification of results.
- 9) Ensure transparency of the public decision-making process and communication of the planning and spending activities.

This result and the hitherto unprecedented involvement of such a large number of officials, ministers and of the national assembly, was by no means to be taken for granted when the project started. Consequently, the EU commitment to support the Argentinean Provinces and national government has been fruitful and deserves to be continued once the EU governance model of regional development and cohesion had selected as the most suitable and efficient

with respect to other national models implemented in the American continent (the USA, Brazil and Canada).

Supporting a second phase (intermediate) to widen and consolidate the present results and set up the necessary technical support for the implementing phase seems a coherent and logical cooperation policy objective. This phase should have realistic and operational objectives and tangible results in terms of institution and capacity building and leave to the national debate and negotiation the task to find the technical and financial agreements necessary to clarify allocation mechanisms and fund implementation. While the method can be transferred to other contexts, the degree of territorial cohesion and of financial transfers and the time span to reach a faster and more balanced development need to be object of national debate. The Multi-Level Governance and the EU cohesion criteria and parameters are not the result of an objective quantitative exercise but of an ongoing political negotiation connected to many other development features of the national and local economies and institutions that cannot apply to other economic and political contexts.

The second phase of the cooperation should therefore adopt a long-term vision for a reform process that will take a few years and focus on enhancing knowledge and competences within the administration to achieve positive and recognized results necessary to build a wide societal consensus.

The transfer of procedures and practices need to remain anchored to the principles inspiring them and not delve too deeply into detailed rules since their incorporation in the Argentinean administrative context should be the result of an adaptation and a trial and error process which will take some time.

In fact, the EU regional cohesion governance is the result of this process that went on in different institutional and legal contexts, each one needed to find its own balance and solutions which differ from each other.

The training content of the provinces and of the group of support to the central government should add a module focusing on best practices implemented by EU regions on SMEs support policies (In particular policies to innovate process and products, upgrade quality standards, providing information of external markets, rules of security and safety often preventing access to non-compliers, access and use of ICT, energy saving etc.). The EU regional best practice, taking stock of the present experience should be identified and selected and adapted to the provincial context and needs, the SMEs support module should include all the implementation documents including monitoring and evaluation if available which support the provincial functionaries in their adaptation. Interviews of the regional functionaries' responsible of the implementation in Europe should be provided. In addition, some form of contacts and networking between the Argentinean SMEs of the priority provincial sectors and the correspondent EU leading SMEs should be provided to enhance networking and support the implementation of the EU-MERCOSUR agreements.

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 Ministries and deepen the management side with monitoring and control activities. Deepen 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-firms contacts and cooperation

Special attention should be devoted to the Province of Buenos Aires from where most transfers to weak provinces would generate but which would also benefit mostly from the additional demand from investments and increased production levels.

This effort would imply an activity of institution and capacity building lasting one year on the condition that the Provinces co-finance the effort and that the national government put officials of different Ministries, de INTI, INTA and COFECYT (20 overall) at the disposal for 7 working days per month committing themselves to streamline and incorporate the procedures that have been practiced and to approve the planning results of the operational phase, independently of the availability of a specific cohesion fund. If possible, after the training a period of internship of the trainees in Europe would be suitable when there is a clear perspective that these methods of implementation and management are going to be adopted by the Argentinean institutions. This effort would however put them in a favourable position to receive funds when a financial experiment of the policy takes place. In exchange, beneficiary Provinces should commit themselves to using the trainees as trainers, and giving a formal acknowledgement to the planning exercises and applying within their operation some of the principles of Multi-Level Governance.

### **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 Ministries and their 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.

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 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.

The objective of the training, the level and background of the trainees has to be carefully checked, the practical work, should be designed to create trainers and set up expertise in EU Multi-Level Governance principles and operations in fields related to the federal responsibility of coordination and management of the process. This task force should subsequently be able to support the national and provincial government in the process of adaptation and of implementation of the system (15 to 20 officials) for the administrative cycle, from planning to implementation and management of the actions.

The training and practical work includes the 5 modules of the present work, integrated to respond to the needs expressed by the national government for its coordination and control tasks and for supporting the conception and drafting of the implementation regulation, as well as to provide a long-term strategic framework of reference for the Provincial plans in major transport infrastructure, research and development, energy and environment.

The above activities should pave the way to the reform and provide the necessary conditions in terms of knowledge and skills inside the institutions for a formal implementation of the system to be carried out in a third phase or for a pilot experiment in some Provinces should the World Bank decide to finance it in the near future.