Evaluating delivery of Cohesion Policy: Proposal for an analytical framework

Karol Olejniczak, Centre for European Regional and Local Studies (EUROREG), University of Warsaw; k.olejniczak@uw.edu.pl

John Bachtler, European Policies Research Centre (EPRC), University of Strathclyde; john.bachtler@strath.ac.uk

Alba Smeriglio, European Policies Research Centre (EPRC), University of Strathclyde; alba.smeriglio@strath.ac.uk

Paweł Śliwowski, Centre for European Regional and Local Studies (EUROREG), University of Warsaw; p.sliwowski@uw.edu.pl

Paper for International Conference on Public Policy

Panel T08P13 - What's new in policy evaluation? Exploring theoretical and methodological approaches to assess complex programs

Milan, July 2015
TABLE OF CONTENTS

ABSTRACT AND KEY WORDS ........................................................................................................... 3
INTRODUCTION ................................................................................................................................. 4
  IMPORTANCE OF ADMINISTRATIVE CAPACITY ........................................................................... 4
  CURRENT KNOWLEDGE GAP ....................................................................................................... 4
  ARTICLE CONTRIBUTION TO THEORY AND PRACTICE ............................................................... 5
  SCOPE AND METHOD .................................................................................................................... 6
  STRUCTURE OF THIS ARTICLE ........................................................................................................ 6
1  CURRENT STATE OF LITERATURE ON ADMINISTRATIVE CAPACITY ................................. 7
  1.1 ADMINISTRATIVE CAPACITY – A HEURISTIC APPROACH ..................................................... 8
  1.2 ADMINISTRATIVE CAPACITY - A SECOND GENERATION OF STUDIES ................................. 10
  1.3 “GOOD GOVERNANCE” OR “QUALITY OF GOVERNMENT” .................................................. 13
  1.4 CURRENT KNOWLEDGE GAP .................................................................................................. 16
2  A FRAMEWORK FOR DELIVERY OF COHESION POLICY. FOCUSING ON DELIVERY SYSTEM .... 18
  2.1 OVERVIEW OF THE FRAMEWORK ......................................................................................... 19
  2.2 SYSTEM’S PURPOSE AND ITS CONTEXT ................................................................................ 21
  2.3 PARTICIPANTS AND RULES OF THE GAME ............................................................................ 23
  2.4 ACTION ARENAS AND ITS DYNAMICS .................................................................................... 24
  2.5 OUTCOMES OF THE GAME AND FEEDBACK .......................................................................... 25
  2.6 ADMINISTRATIVE CAPACITY AND ITS BUILDING ACTIVITIES .............................................. 26
3  CONCLUSIONS ............................................................................................................................ 28
  3.1 ADVANTAGES OF THE CURRENT FRAMEWORK ..................................................................... 28
  3.2 CURRENT LIMITATIONS AND FUTURE RESEARCH ............................................................... 29
REFERENCES .................................................................................................................................. 32
Abstract and key words

The capacity of governments in delivering public interventions is one of the key concerns of modern public management literature, regional development studies and practice of public policies. Over 300 programmes implemented across regions of the European Union, in a unified framework of Cohesion Policy create a unique opportunity for comparative study. This natural experiment would allow us studying in depth administrative capacities for delivery of policy and understand their mechanisms. However so far there is no concise framework available.

This article addresses this knowledge gap by presenting an analytical framework for studying and evaluating the performance of administrative system for delivery of Cohesion Policy. The framework integrates the work of Elinor Ostrom on institutional diversity, core literature on system thinking, strategic, operational management and organizational learning with applied-research on Cohesion Policy delivery systems. The theoretical discussion is illustrated by empirical findings from case studies of programmes from regions of Poland and Italy.

Key words: administrative capacity, Cohesion Policy, comparative public policy management, policy delivery
Introduction

Importance of administrative capacity

The capacity of governments in delivering public interventions is one of the key concerns of modern public management literature, regional development studies and practice of public policies (e.g. Barca, 2009; Bachtler & Gorzelak, 2007; Bachtler, Mendez and Orăze, 2013; Cappellen et al., 2003; Ederveen et al., 2006; Hammerschmid et al., 2014; Horvat 2005; Lodge and Wegrich, 2012; Milio, 2007). Administrative capacity is a complex construct that can encompass number of elements from administrative culture, through institutional settings and regulations to managerial level of resources and processes. As a result it is often treated as a black box and reduced to measures of funds absorption and procedural legality of spending. There is a clear need to understand administrative capacity of policy delivery by unpacking that black box.

Cohesion Policy of the European Union creates a unique opportunity for comparative study of administrative capacity. A substantial amount of EU resources (around 351,8 billions for 2014-2020) is devoted to same goal - bridging the socio-economic disparities across EU regions. Policy is implemented by national and regional administrations in a form of over 300 Operational Programmes. The time frame, institutional, regulatory and procedural framework are the same for all of those programmes. Yet, the results vary substantially across regions - both in terms of absorption rate (NEI, 2002; Papadopolous, 2003, Horvat, 2005; Milio, 2007; Verheijen, 2007; Bachtler, Ferry, 2013) and in terms of observed effects - socio-economic change (Cappellen et al., 2003; Ederveen, de Groot and Nahuis, 2006; Becker et al., 2011; Filippetti, Reggi, 2012; Rodriguez-Pose, Garcilazo, 2013). This situation creates natural experiment that would allow us studying in depth administrative capacities for delivery of policy and understands the mechanisms hidden in black box of administrative capacity.

Current knowledge gap

However so far there is no concise framework available for such a comparative, exploratory studies of policy delivery. Following four shortcomings can be identified in current literature. First, the levels of public policy and managerial implementation are often disconnected. On the one hand, researchers discuss administrative capacity in
broad terms, referring to the overall quality of institutions in place or to specific governance aspects (e.g. level of corruption); thereby disregarding the complexity of everyday implementation practice. On the other hand, analysts focus on the micro level (e.g. Hovat, 2005; Milio, 2007; Verheijen, 2007), devoting attention to operational and procedural aspects and largely ignoring key aspects such as coordination between agencies, interdependencies between strategic and operational activities, and system evolution over time (Smeriglio et al., 2015).

Second, typical approaches to policy delivery analysis are static. They focus on resources, procedures, overall characteristic of the institutions and their national contexts but tend to ignore dynamic interactions, feedback and changes over time.

Third, despite numerous initiatives aimed at capacity building, there has been no concise, integrated definition of administrative capacity. Different authors and agencies focus on different aspects of administrative performance (Ecorys, 2011; Tödtling–Schönhofner et. al, 2014, World Bank, 2014).

This in turn leads to the last issue. Complexity and variety of organizational solutions across national and sectoral contexts, combined with lack of definitions and conceptual frameworks, undermine the possibility of conducting comparative studies and evaluations. Eventually, for practical purposes, comparisons are often reduced to two simplistic indicators - funds absorption and level of detected irregularities.

**Article contribution to theory and practice**

The article addresses this knowledge gap by presenting an analytical framework that enables the comparative, evolutionary analysis and assessment of administrative systems delivering public policies. Application of the proposed framework would allow us to gain better understanding of the underlying policy delivery mechanism over time, in terms of both procedural smoothness and strategic effects. By addressing current literature gap article contributes to the emerging literature that tries to integrate public policy and management (Sandfort, Moulton, 2015). It also connects topic of policy delivery with system thinking, organizational learning (Argyris, Schon, 1995; Preskill, Torres, 1999; Sessa, London, 2006) and streams of literature on strategic and operational management.

Article also provides a practical contribution. It offers a robust but flexible framework for comparison and evaluation of performance between programs and regional and
national systems. By shedding light onto the functioning of the system and taking stock of the complexities inherent in the implementation process, the proposed framework is better placed to offer practitioners valuable recommendations on capacity-building activities to improve the delivery of public programmes.

**Scope and method**

Article focuses on the European Union Cohesion Policy (CP) as an example of complex policy delivery system. It taps onto comparative potential of Cohesion Policy and uses it as a testing ground for the development of the conceptual framework. Surprisingly, the comparative potential of the EU regional policy, has not been really exploited in existing studies. In fact, the literature is largely dominated by practical expertise or consultancy work with often little or no reference to wider academic research or theoretical grounding (Smeriglio et al., 2015).

The proposed framework is based on systematic literature review on administrative capacity combined with literature on system thinking. The conceptual foundations of the framework are grounded in the work of Elinor Ostrom on institutional diversity (2005) and system thinking. The theoretical concepts have been enriched with empirical data coming from three sources: longitudinal studies of Cohesion Policy systems from 1980ties till present, ex post evaluations of CP delivery systems in Poland for two programming periods (EGO, 2010; Ledzion & Olejniczak, 2013) and exploration of two extreme cases Sicily (Italy) and Pomorskie (Poland). These two cases have been selected on the basis of their different OP performance in the 2007-2013 programming period. One region has been selected on the basis of its relatively poor track record (Sicily), while the other following its relatively positive performance (Pomorskie).

**Structure of this article**

In the next section the current state of the art on administrative capacity is outlined. In particular, the main gaps and shortcoming of the existing literature are highlighted and discussed.

Section two is the core of the article. It provides an overview of the proposed analytical framework followed by its detailed description and illustrations coming from empirical research of Cohesion Policy delivery.
In the final section we will review the research contributions of the proposed framework, highlighting both advantages and current limitations, as well as discuss possible directions for future research.

1 Current state of literature on administrative capacity

Over the past decade, practitioners and academics have devoted an increasing amount of attention to the topic of administrative capacity in the Cohesion policy domain (e.g. Hughes et al, 2004; Demmke et al, 2006; Bachtler and McMaster, 2008; Bachtler, et al, 2013; Smeriglio et al., 2015). In particular, scholarly and policy work has aimed at assessing the underlying causes of administrative performance variation, both across and within countries. Research and policy evaluation has concluded that AC at the national and regional level is a key factor in explaining the variable performance of this policy in Europe.

However, there are definitional and methodological challenges that need to be addressed; notably in conceptualizing and measuring AC, explaining its influence on administrative performance and understanding how administrative capacity can be developed.

Earlier studies conducted in the wake of Central and Eastern European Countries (CEES) accession to the EU, have defined AC rather narrowly and have focused predominantly on the functioning of the administrative system, following a heuristic approach to policy implementation (e.g. NEI 2002; Milio 2007; Consejero and Noferini, 2010). More recent studies have been more successful in providing a broader definition of capacity as well as a more refined set of policy-relevant indicators (e.g. Verheijen, 2007; Bachtler et al, 2009; Hammerschmid et al, 2014). However, both waves of research on administrative capacity are rather descriptive in nature, while propositions are not informed by sound theoretical approaches. The absence of a specific theoretical framework has meant that previous work in this field has not always been helpful in bridging the gaps between how the policy operates in practice at the micro level and how this, in turn, interacts with the domestic institutional environment in which policies are implemented.
The debate on AC is part of a wider discussion on the importance of good governance and the overall quality of institutions for a range of socio-economic outcomes. Over the past decade an increasing number of indicator studies have emerged, with a view to measure, rank and compare the quality of government across countries. In the context of CP, the relationship between the quality of formal and informal institutions and the effectiveness of EU expenditure has been increasingly explored. However, although these studies provide empirical evidence to show that institutions matter for economic performance and the returns of investments across the EU, they leave several questions unanswered. Overall, they do not reveal much about potential bottlenecks in the implementation phase of the policy cycle nor whether specific determinants of the quality of government are more relevant than others for the successful management and implementation of public policies. This section starts with a review of the existing literature on AC in the Cohesion policy domain. While reviewing the existing body of research, it details how these concepts have been defined and measured over time. It then moves on to introduce the body of research on good governance, offering an overview of the relevant definitions and measures developed. Investigations exploring the relationship between quality of government and CP are then outlined.

1.1 Administrative capacity – a heuristic approach

The issue of administrative capacity has gained increased prominence as a result of the EU enlargement and concern about implementation performance of CP in the EU 12 (Hughes et al, 2004; Demmke et al, 2006; Bachtler and McMaster, 2008; Bachtler et al, 2013). In this context, an expanding body of research examined the level of AC required of Candidate States in preparing for EU accession (NEI, 2002; Horvat, 2005). In these studies, AC was commonly discussed as being synonymous with absorption capacity, divided into three elements: macroeconomic absorption capacity, administrative absorption capacity and financial absorption capacity. These sets of capacities encompassed factors ranging from the ability of a national economy to absorb financial transfers to the skills and capacity of domestic institutions and actors to carry out operational activities for SF management, in line with existing EU guidelines and rules. However, an excessive focus on spending,
measured in terms of SF expenditure rate, has led to a conceptual overlap between absorption and administrative capacity (Smeriglio et al., 2015).

Other studies have mainly focused on the implementation of the policy, devoting particular attention to the operation of the administrative system in each stage of the policy cycle (e.g. Šumpíková, Pavel and Klazar, 2004; Milio, 2006; Consejero and Noferini, 2010). For example, Milio defined administrative capacity in terms of “the ability of institutions to manage Structural Funds policy according to their own rules and procedures” (Milio, 2007:56). Four key components of AC were identified, namely: (i) management; (ii) programming; (iii) monitoring; and (iv) evaluation. For each component, the study developed a set of indicators derived from EU guidelines and regulations. These, in turn, were measured on an ordinal scale from ‘absent’ to ‘consolidated’. Each indicator was first rated on a scale from zero to three, subsequently averaged to provide an overall summary score for the administrative process. The indicators were used to assess the degree of AC in two Italian Objective 1 regions, namely Sicily and Basilicata. Other studies (e.g. Šumpíková, Pavel and Klazar, 2004; Consejero and Noferini, 2010) have tested this methodology in different EU countries and regions.

Studies for the European Commission by the Netherlands Economic Institute (NEI) have developed a more defined set of benchmarks and baseline indicators to measure AC, as well as a set of intervening variables to explain what can foster or prevent the effective and efficient management of the Funds. In particular, in a 2002 report, NEI proposed a methodology for evaluating “the capacity of the candidate countries to effectively manage the Structural Funds” (NEI, 2002, p.1). The innovative aspect of this study consisted in the fact that relevant indicators (management, programming, implementation, evaluation and monitoring, financial management and control) were calculated for three main components or “design variables”, considered fundamental in creating the conditions for the effective and efficient management of the SF. These included three aspects, namely structure (clear assignment of responsibilities and tasks to institutions), human resources (the ability to detail tasks and responsibilities at the level of job description) and systems and tools (the availability of instruments that can enhance the effectiveness of the functioning of the system). The Report combined these variables with the five different stages of the policy life cycle and key components of AC, resulting in the
Structural Funds Management Grid, which offered an overall framework and checklist of topics that play a role in implementing sound management of the European Funds throughout the policy cycle (NEI, 2002). The objective of the Management Grid was to identify key indicators of measuring absorption capacity in Candidate Countries, with a view to assessing possible needs and shortcomings in their preparation for Cohesion policy. Following this exercise, experts and researchers adopted the same methodology for their own studies and evaluations (e.g. Papadopoulos, 2003; Horvat; 2005; Oprescu et al, 2005, Vant, 2012; Lorvi, 2013).

While the research outlined above has provided relevant insights into the functioning of systems, we argue that there are two major shortcomings within this body of literature. First, investigations are largely descriptive: researchers have tended to gain insights from secondary sources and interviews, without using an explicit theoretical framework. Second, the analysis of the policy cycle follows a sequential model, where policy is identified as a linear sequence of intended actions. According to this approach, the ideal outcome from the perspective of policy framers is effective implementation, something that has led researchers to focus predominantly on bottlenecks to be found in policy execution by the bureaucratic agencies. This approach neglects the fact that lower levels of government, agencies, bureaucrats and interest groups have a role in deciding policy and that the relationship between politics and policy is an ongoing interplay, which is, in turn, shaped and constrained by the institutional setting in which actors operate.

1.2 Administrative capacity - a second generation of studies

After the 2004 accession wave, further new studies were carried out. In most of these investigations, the aim was to identify the main challenges faced by new Member States in implementing their share of Structural and Cohesion Funds resources for the 2004-06 period. A study undertaken by McMaster and Bachtler (2005) provided a comparative analysis of how the new Member States (NMS) had accomplished three key functions: programming; institutional development; and the implementation of the Funds.

Other studies have addressed the topic of the NMS’ choice between the national and regional dimensions of development, namely between mostly sectoral interventions
at the national level and those addressing the potential of regional and local development. Baleanu (2007) showed that almost all countries joining the EU in 2004 opted for centralized management systems.

A different lens has been employed by research focusing on the operation of administrations (e.g. Verheijen, 2007; Bachtler et al, 2009). For example, in a 2007 study on AC in Central and Eastern Europe, Verheijen examined aspects of administrative performance in three areas related to policy, people, and systems. In the field of policy, the study addressed issues of performance management, strategic planning and policy co-ordination and formulation. As regards people, human resource management practices (e.g. recruitment and career management, incentive systems, politico-administrative relations) were reviewed, with the objective of assessing the extent to which public administration in the NMS could attract and retain high-quality personnel in the context of rapidly changing labour markets. Finally, in relation to systems, the study looked at one specific aspect of public service delivery: the extent to which states had introduced e-Governance systems and used these effectively to enhance the business environment. For each of these aspects, a benchmarking exercise was conducted, with a view to identifying examples of good practice within the region which might be replicable in other EU8 countries. The comparative indicators used to measure performance management and strategic planning systems were based on the World Bank paper “Increasing Government Effectiveness” (2005). As far as policy co-ordination, both vertical and horizontal, is concerned, the author applied the Metcalfe Coordination Scale (Metcalfe, 1994), to arrive at a relative ranking of the case studies as well as to set a benchmark for adequate performance on this criterion. In terms of human resource management, Verheijen used the SIGMA approach for assessing HRM systems, adding some elements to assess incentive systems based on World Bank wage system reviews. Finally, for e-governance innovations, benchmarking was mainly conducted against phases of the development of e-governance systems.

Another valuable attempt to operationalize administrative capacity in a European comparative perspective was made by the researchers from the COCOPS project, financed under the EU 7th Framework Programme. Hammerschmid, Stimac and Wegrich (2014) emphasized that although there are many studies on public management performance or governance quality, most of them rely on external
experts assessments, excluding public managers’ perspective. To address these shortcomings, the COCOPS team conducted a survey with high-level public sector executives from 15 countries\(^1\). To construct an Administrative Management Capacity Index, researchers operationalised administrative capacity in six dimensions, namely:

- **Strategic capacity** – existence of formalised strategic planning practices, clarity of strategic objectives, communication of goals to staff;
- **Human Resources Management** – the level of HR management tools implementation, flexibility of employment in terms of individualisation and decentralisation of staff roles in organisation;
- **Organisational Culture** – quality of social capital within organisation and staff self-commitment to institution and its objectives;
- **Performance measurement** – use of quality-monitoring tools like customer surveys, benchmarking, Management by objectives (MBO);
- **Leadership** – the executives’ commitment to achieving results and their level of political independence;
- **Coordination** – quality of inter-organisational and multi-level collaboration and use of various arrangements to solve coordination problems.

Hammerschmid et al (2014) take the view that, although the index has some limitations, it is overall successful in addressing the shortcomings of previous studies, which excluded organisational level factors in determining administrative capacity.

Overall, these investigations have been more successful in addressing the shortcomings of previous research. In particular, the new wave of research on administrative capacity has been characterized by an increased attention to aspects such as human resource management and organizational factors and their importance for public administration performance. However, what these investigations share with their predecessors is the fact that they cannot explain what causes variation in the level of administrative capacity across Member States and regions and largely disregard the importance of contextual factors in accounting for existing asymmetries in public administration performance.

---

\(^1\) These countries are: Austria, Estonia, France, Germany, Hungary, Ireland, Italy, Lithuania, Netherlands, Norway, Portugal, Serbia, Spain, Sweden and the UK. A total of 29,536 survey invitations were sent out and 8,117 responses were obtained (27.5% response rate). For further information on the survey, please visit the COCOPS website: http://www.cocops.eu/work-packages/work-package-3
1.3 “Good Governance” or “Quality of Government”

Research addressing concepts such as *good governance* or *quality of government* has expanded significantly in recent years, with numerous cross-national studies assessing the role played by institutions in relation to economic and social development.

The intellectual background behind the rise of the good governance and QoG agenda is generally associated with the so-called “institutional turn” in the social sciences (Amin, 1999; Rothstein, 2008), which gained momentum in the mid-1990s after the publication of three major works by neo-institutionalist scholars which had a profound impact on the importance of institutions (North 1990; Ostrom, 2005; Ostrom, 2010). This marked the beginning of a new generation of research that challenged the then-dominant view in the social sciences, which saw societal variables as key in explaining political, social and economic outcomes. These scholars argued that different types of institutions not only create the rules of the game by which economic activities are governed, but also constrain or empower individuals, thereby making institutions essential determinants for social and economic outcomes in any given territory (Hodgson, 2009; Pose and Garcilazo, 2013; Rothstein, 2013). This argument received strong support across all areas of the social sciences. Geographers (e.g. Amin and Thrift: 1994; Amin:1999), political scientists (e.g. Putnam:1993; 2000) and economists (North:1990; Acemoglu et al:2001; Rodrik et al:2004), delved into how institutions shape and determine social and economic development, concluding that the extent of a society’s economic and social development is to a large extent determined by the character of a society’s political institutions.

Within this context, an expanding body of literature has addressed the issue of good governance and QoG in relation to growth and development. At first, these concepts have received most attention in policy circles dealing with developing and transition countries, seeking to assesses the effectiveness of development aid on growth (e.g. Knack and Keefer,1995; Mauro, 1995; Dollar, 2000; Ederveen, 2006). These studies have found that aid is at best conditionally effective: among relatively poor countries, only those that develop good institutions are positively affected by aid. Good governance has also been associated with a number of important non-economic phenomena. For example, scholars have empirically showed that the existence of
high levels of QoG, measured using different proxies (such as rule of law, government effectiveness, and control of corruption), tend to reduce income inequality and poverty (e.g. Gupta, Davoodi and Alonso-terme, 2002), foster a country’s aggregate level of education and health (Mauro, 1998; Gupta, Davoodi and Alonso-terme, 2002), happiness (Heliwell, 2003), citizens’ support for government (Anderson and Tverdora, 2003; Gilley, 2006; Levi and Sacks, 2009) and, in general, the consolidation of democratic institutions (Zakaria, 2003). In summary, there appears to be a widespread agreement, supported by empirical investigation, that institutions with higher levels of QoG have a strong positive impact on a large set of outcomes related to both economic growth and human wellbeing.

International organisations (IOs) and International Financial Institutions (IFIs) have played a leading role both in the use and in the supply of governance indicators. The most popular are perception-based composite indicators, which summarise a large amount of data and are available for a significant number of countries (Arendt and Oman, 2008).

For Europe, Charron et al (2012) have developed the European Quality of Government Index (EQI), based on survey data on corruption and governance at the regional level conducted in 2010, and then again in 2013. Charron et al (2010; 2013) were the first to map out regional QoG in the EU. Another important study is Bertelsmann Sustainable Governance Indicator (2014), focused on policy performance and executive capacity in the OECD. The study combines the measurement of certain outcome variables (e.g. relating to aspects such as social welfare) with a management index that aims to capture how well governments are prepared to address key issues of sustainable governance.

However studies mainly focused on the relationship between good governance and the returns of EU structural investments. For example, Ederveen et al (2006) have conducted a country-level analysis to determine whether the Funds are effective, and

---

2 This has been done first at the national level, with the development of a comprehensive review of the leading indicators for QoG, their methods of construction, as well as the strengths and weaknesses of contemporary data. After weighting the trade-offs in all approaches, evaluating the data based on its internal and external strength, these authors have concluded that the WGI is the most appropriate ones among all other variables.

3 However, as noted by Hammerschmid et al (2014) this index mainly assesses the existence of formal provisions. For example, in relation to ‘coordination capacity’, formal provisions regarding the central monitoring of departmental policy draft are used to assess the capacity to coordinate.
what are the conditions that might affect the latter aspect. This analysis shows that the Funds are, at best, conditionally effective: economies with good institutional quality benefit from the Funds, whereas those with poor institutions have lower growth performance.

In an analysis covering 158 EU regions in the 2000-2006 programme period, Filippetti and Reggi (2012), examined the extent to which regional governments contribute to making Cohesion policy more effective by looking at their quality and degree of political decentralisation. The study concludes that regional governments play a significant role in affecting the impact of Structural Funds’ expenditure on economic performance.

Similarly, Rodriguez-Pose and Garcilazo (2013) have combined data on the investment undertaken by the EU in regions targeted by the Funds, with data on QoG, to assess whether and to what extent the QoG in a given regions mediates the returns of European investments, and whether these effects change beyond a given threshold of Cohesion expenditure. They found that QoG makes a difference to regional economic growth; specifically, for regions receiving a considerable amount of funds and sharing a similar level of QoG, greater expenditure does not translate into greater economic growth unless the QoG of a given region is enhanced.

Analysing the variation in the level of ERDF absorption performance of 25 Member States at the end of the programming period in 2008, Tosun (2014) concluded that administrative capacity, measured through the World Governance Indicator, is the strongest explanatory variable.

The empirical evidence outlined above demonstrates that the quality of institutional structures is a vital factor for economic and social development. In particular, institutional quality seems to play a key role in determining the capacity to transform investment into economic activity and development; thus implying that, to some extent, the quality of government mediates returns on public policy (Smeriglio et al, 2015).

Nevertheless, some questions are left unanswered. Notably, the bulk of these studies have primarily focused on outcomes - measured in terms of economic growth or the level of absorption of structural fund - with the result that we do not know much about
if and/or to what extent the quality of government possessed at the national/regional level influences the administration of Cohesion policy.

Furthermore, existing indicator studies appear to be either too broad or too narrow, focusing on specific aspects of bureaucracy. While they allow for a global ranking of countries on some core dimensions of PA or governance, they do not offer any guidance with respect to which governance factors affect the administration of CP or whether some aspects are more relevant than others.

1.4 Current knowledge gap

Previous research on administrative capacity and administrative capacity-building has demonstrated empirically that poor levels of administrative capacity translate into the inability of countries and regions to benefit fully from Cohesion policy, with serious implications for the social and economic development of a given territory. However, an excessive focus on the absorption capacity of EU Funds, combined with the absence of a specific theoretical framework, has meant that existing literature has not been helpful in explaining how the policy operates in practice at a micro level and how this, in turn, interacts with the macro level (e.g. system-specific institutional constraints). There are still notable gaps in our understanding of how a given set of institutional arrangements and administrative practices translate into ‘good’ or ‘effective’ administrative capacity or the reverse. There is thus a pressing need to develop an appropriate theoretical language suitable for the analysis of the complex, multi-level system of Cohesion policy delivery.

The concern with administrative capacity in Cohesion policy is part of a wider debate on good governance. Over the past decade, an expanding body of research has devoted attention to the quality of institutions and their importance for a range of social and economic outcomes. In the context of Cohesion policy, the relationship between the quality of formal and informal institutions and the effectiveness of EU expenditure on Structural and Cohesion Funds has been increasingly explored. Although these studies provide empirical evidence to show that institutions play a key role in shaping economic performance and the returns of investments across the EU, they only tell us half the story. Specifically, these investigations offer limited insight into how administrative processes operate within the politico-administrative
relationship, and provide insufficient evidence on which particular aspects of QoG are relevant for Cohesion policy.
2 A framework for delivery of Cohesion Policy. Focusing on delivery system

The aim of public interventions (policies, programmes and projects) is to improve social betterment by triggering mechanisms of desired socio-economic change. Operational programmes follow the same logic. In the literature of evaluation this logic is often portrayed in the form of “theory of change” - a causal mechanism assumed by the stakeholders and designers of the particular public intervention (Astbury, Leeuw, 2010; Bickman, 1987; Chen, 2005) (Coryn et al., 2011; Donaldson, 2007; Knowlton, Phillips, 2008; Rogers, Funnell, 2011).

We can use that approach to articulate basic logic of Cohesion Policy programmes, without getting into their strategic orientations. The logic is following:

Context +

Monetary resources + Delivery System +

Attributes of beneficiaries

TRIGGERS

Change mechanism in beneficiaries of the funds

WHICH LEADS TO

Socio-economic development.

This logic chain assumes that European funds distributed by the system of OP delivery reach certain beneficiaries in a certain context and all together they trigger mechanism of socio-economic change. In other words, the measurable and observable long-term socio-economic change is a function of interactions between quality of delivery, characteristics of users and context in which it is happening.

This article focuses only on administrative capacity of delivery system. However, the above-presented framing has critical implications for further analysis. First, the ultimate utility of the intervention, including effectiveness of delivery system can be eventually assessed only through the prism of obtained socio-economic development. However that process is a long term and its observable effects are delayed in time. Since we cannot assess system utility with final outcomes, we have to use certain proxy - symptoms of successful use of funding.
Second, the delivery system is only an input that indirectly starts mechanism of social change. This means that there is an indirect relation but not a direct, linear causality between quality of delivery system, mechanism of change and final, long-term, socio-economic change. However there is a correlation - the better the quality of delivery systems the higher chances that this will combine with quality of users and favorable context and trigger positive change mechanisms. This research does not intend to measure and analyze the effects of EU funds. Rather, it focuses on how well an input (Operational Program) has been provided.

Third, the quality of beneficiaries is extremely important for the overall final success of CP implementation - socio-economic change. However, the latter aspect is a factor that is external to the delivery system. This means that system delivery can influence but it cannot fully control the users of the system. It also means that users are a separate system - they have their own purposes and logic, not always fully coherent with the goal of the OP delivery system.

Fourth, there is a context - a remote environment that influences delivery. This environment includes political factors, national administrative context, including other policies and the European Commission impact (including EU regulations). Again, the delivery system cannot control these factors but it can be affected by them.

2.1 Overview of the framework

The analytical framework is designed as a conceptual tool for studying, evaluating and comparing the performance of administrative systems for the delivery of Cohesion Policy over time, across operational programs within different EU member countries.

The definition of "analytical framework" follows Elinor Ostrom understanding of this concept, as a conceptual map that identifies key variables and relations (Ostrom, 2005, p.7-11). It is grounded in neo-institutionalism theory of social sciences. It is an intellectual canvas that allows integrating different theories with a purpose of explaining system relations. In practice it means that the analytical framework is used to describe the overall structure of Cohesion Policy delivery, while theories from management are used to analyze details of the elements within the system. The following streams of management literature have been explored: strategic,
operational management (Cohen, 1993; Aucoin, Bakvis, 2005; Talbot, 2010; and organizational learning (Argyris, Schon, 1995; Preskill, Torres, 1999; Sessa, London, 2006), applied-research on Cohesion Policy delivery systems (Bachtler et al., 2009; Mendez, Kah and Bachtler, 2010; EGO s.c., 2010; Olejniczak, 2013; Ledzion, Olejniczak, 2013, Gross, Polverari, 2014).

The modus operandi for the analytical framework is "system thinking theory". It allows analyzing dynamic relations between complex and multilayered entities in a holistic way (Anderson, Johnson, 1997; Sterman, 2000). Delivery of public policies, including Cohesion Policy, is an example of such an entity (Bardach, 2006). Taking this perspective, the delivery of Cohesion Policy is a system of public agencies and its departments that aims at delivering European Union funds to their users - beneficiaries. In order to perform well their task they collect information and knowledge from its environment. Exhibits 1 and 2 summarize a core idea of an application of system thinking to Cohesion Policy Operational Programs.

Exhibit 1. Analytical framework in a nutshell - a game for effective EU aid delivery

To describe the delivery of Cohesion Policy we use the METAPHOR OF A GAME. Metaphors are powerful way of thinking. As Morgan (2006, p.5) points out they "allow us to find fresh ways of seeing, understanding and shaping the situation that we want to organize and manage".

We portrait the system of Operational Program delivery in a form of a dynamic game called: "Delivering European Union aid". The PURPOSE is to deliver the operational programme to its final users - beneficiaries of the EU Cohesion Policy funds. The CONTEXT given for the game is the overall quality of governance in the region and potential of local beneficiaries of EU funds.

The PARTICIPANTS of the game are all organizations of public administration responsible for the delivery of the operational programme in a given region. Participants have certain attributes while the game itself has certain sets of RULES.

In a certain context, a configuration of participants comes to play according to a given set of rules. They play on ACTION ARENAS, performing strategic, operational and learning activities. They apply different tactics to reach best possible outcomes.

OUTCOMES of the game are measured in terms: (1) orientation of Programme's strategy,
Participants are held **ACCOUNTABLE** for outcomes of the game by stakeholders – the European Commission, national sponsors, experts and general public. Those judges often assign different weight between four outcomes' measures. Their feedback triggers learning and influences further rounds of the game.

**ADMINISTRATIVE CAPACITY** means the ability of a system to continue the game with high scores.

**ADMINISTRATIVE CAPACITY BUILDING** refers to activities that aim at improving the outcomes of the game during its course. Outcomes can include: (a) investments in participants' attributes, (b) changes in rules or (c) changes in the scoring system applied by stakeholders.

---

2.2 System’s purpose and its context

The purpose of the system of Operational Program delivery (OP delivery) it to deliver funds to their users. Therefore the final beneficiaries of the Cohesion Policy are clients of the delivery system.
The system of OP delivery encompasses organizations of public administration that have been identified as being responsible for the delivery of the operational program (in the next section we call them participants). Their scope of management marks system boundary. That means that users (beneficiaries) of structural funds are not part of the delivery system. Also European Commission is not part of OP delivery system. They are in the environment of the system. They influence and they can be influenced by the system, but not managed and fully controlled by it.

The administrative capacity of OP delivery system is embedded in a particular national context - its regulatory and management culture, often called "quality of government" (QoG). Studies have emphasized the importance of formal and informal institutions in shaping the economic performance of individual countries and regions, as well as the returns on European public investment across the EU (Smeriglio et al., 2015). Supported by increasing empirical evidence, a growing consensus has emerged among scholars, policymakers and practitioners that 'good governance' is a key factor for sustainable social and economic development (Kaufmann and Kraay, 2008; Rothstein, 2008; Dijkstra, 2013). QoG is usually disaggregated into the following dimensions of governance: (i) corruption; (ii) bureaucratic effectiveness; (iii) rule of law; (iv) government voice and accountability or strength of democratic and electoral institutions. However we do not know much about if and/or to what extent the quality of government possessed at the national/regional level influences the administration of Cohesion policy. Although it is evident that this might occur, through factors such as bureaucratic efficiency or low level of corruption, existing research does not offer systematic empirical evidence of this; nor is it clear whether specific aspects of QoG are more relevant than others for the successful management and implementation of this policy (Smeriglio et al., 2015).

Summing up the issue of boundaries – users, national and EU context are external to the OP delivery system. These factors can be taken into account but they cannot be controlled by the system. The quality of the system for delivery of CP depends on the extent to which the system is connected and understands both context and users.
2.3 Participants and rules of the game

The game has a number of players that we call participants. PARTICIPANTS are institutions responsible for delivery of Cohesion Policy. In CP terminology these are Managing Authorities and Intermediary Bodies. Institutions enter the game with certain attributes that are crucial for their performance during the game. Attributes can change - in terms of volume and quality - over the course of the game. The key attributes of the game’s participants have been derived from a systematic and comprehensive review of the existing academic and policy literature and from the on-field research. These are mostly (with an exception of the last two points) qualities of human resources:

1) Number of personnel and its turnover level;
2) Level of staff competence (knowledge, experience);
3) Level of staff morale (motivation, drivers);
4) Leaders quality (establishing goals, holding accountable, giving feedback);
5) Teams quality (trust level);
6) IT Tools
7) Financial resources available to the institution (including technical assistance).

The game has RULES. There are number of types of rules: who plays, how many players, how they communicate, what is that hierarchy of players, etc. In this multi-level governance system there are three different layers of rules.

The highest level is EC official framework rules.

The middle level is regional and national rules that organize the OP system - number of involved institutions, level of centralization or decentralization, rules of communications including openness of information flows (formal or informal networks).

The lowest level is rules in actions - the way higher-level rules have been translated into players’ activities. These include consistency and clarity of implementation rules, volume of rules, presence of standardized guides that is codification.
2.4 Action arenas and its dynamics

The participants come together and play on ACTION AREANS. These are places where actors meet, interpret rules and apply them in practice to interact with each other. Interactions on each arena aim at producing certain outputs that are connected with system outcomes. Each action arena can be broken down into more detailed activities - typical sequence of managerial actions. However all these detailed activities lead, and should contribute to the overall aim of the particular action arena.

For example: the Arena of Operational Activities brings together all agencies responsible for the every-day implementation of CP and the recipients of EU projects. Actors perform technical actions such as: information and promotion, application and selection procedures, and financial management of projects and programmes. All these actions aim at smooth spending.

In our framework we distinguish three arenas of interactions - strategic, operational and learning.

**STRATEGIC ACTION ARENA**: this brings together actors in order to produce strategic documents, objectives and targets for interventions. This action arena encompasses activities such as: (a) diagnosis and planning, (b) consultation and negotiations, (c) coordination.

**OPERATIONAL ACTION ARENA**: aims at spending and absorbing EU financial aid. Following a given set of rules, actors in this arena perform the following activities: (a) information and promotion, (b) application and selection, (c) financial management.

**LEARNING ACTION ARENA** aims at producing knowledge to improve the system's operations (single loop learning) and to gain better understanding of socio-economic phenomena that are addressed by Cohesion Policy (double loop learning). Actions on this arena encompass: (a) monitoring, (b) audit and controls, (c) evaluation and (d) regular reflection on results of those studies.
It has to be noted that action arenas are interconnected by a flow of information. This means that activities on strategic action arenas have an impact on operational activities while learning arena contribute to improvements of strategic and operational activities.

Guided rules and motivated by the rules and feedback proceeding from the external environment, participants apply different STRATEGIES and TACTICS. The number of tactics is almost infinite. However we could observe different types of tactics (e.g. confrontation, competition, cooperation etc.).

### 2.5 Outcomes of the game and feedback

As it was discussed in section 2.1 the ultimate quality of the strategy can be assessed only through the real effects of the OP. We cannot assess it now or in a near future. However at this stage some characteristic of the strategy can indicate possibility of future success or troubles.

For participants of the game there are three indicative measures of game OUTCOMES:

1. Having good strategy that direct money on regional development needs;
2. Spending money on time and as few mistakes as possible;

These three points together measure PERFORMANCE of DELIVERY SYSTEM. These outcomes can me be described in the more detailed way.

1. The Quality of strategy of Operational Program. That includes: concentration instead of fragmentation, coherence over implementation period, focus on the topics that mattered for the regions (utility assessed from EC perspective).

2. Timely and legal spending. That means ratio between the level of absorption of the EU funds and level of irregularities.

3. Knowledge gains. This can be measured by number of evaluation reports produced, declaration of OP key managers on their knowledge gains in terms of
understanding the effects of program (know what works), mechanisms that triggered the effects (know why things work) and processes (know how).

Players are held **ACCOUNTABLE** for the outcomes of their game. It has a form of the feedback coming from stakeholders external to system delivery. Critical assessment is done by: European Commission, other sponsors, general public (and media) and users (final beneficiaries) of EU aid. Based on that feedback player can change their strategies within the game.

### 2.6 Administrative capacity and its building activities

Administrative capacity means the ability of a given system to continuously/sustainably perform well its three processes in the context of changing environment and under different contextual constrains. In practice this means showing high scores of all four delivery system’s performance indicators.

The delivery of Cohesion Policy has been portrayed in terms of a dynamic game played by the relevant participants, namely the institutions responsible for smooth delivery of EU aid to its final users - final beneficiaries. In order to improve the game’s outcomes one can invest in three things:

1. Development in a variety of players attributes these range from leadership skills, team composition and quality, through physical infrastructure of the institutions to their networking abilities;
2. Modification of rules of the game - these cover changes in structures, regulations, codified rules and organizational routines;
3. Changes in scoring system that shape feedback - this means issues for which stakeholders – the European Commission, national sponsors and general public - hold players accountable.

Administrative Capacity-Building activities are co-financed by the European Union through Technical Assistance of Structural Funds or separate Good Governance priorities within the ESF. These usually target players’ attributes. However less often, they can also target modification of rules or changes in the scoring system.
The empirical evidence derived from the on-field research in Pomorskie and Sicily supports the conceptualization. In the case of Sicily, a variety of capacity-building activities have been carried out, predominantly targeting players’ attributes. Indeed, respondents have explained that TA resources have been invested over time, particularly with a view to improve aspects related to human resources quality (e.g. training sessions, exchange of best practices, etc.). However, what is has emerged is that although respondents have underlined the importance of capacity-building activities to improve professional capacities and skills, their effectiveness has been hampered by external factors. In particular, it has been pointed out that while changes and learning occurs thanks to ESF capacity-building efforts and other interventions, the sedimentation of capacity is jeopardized by aspects such as continuous staff turnover, which is the result of political interference in the administrative sphere. Furthermore, the majority of those interviewed have identified the existing “rules of the game” at the regional level as being in need of reform, specifically the complex regulatory-legislative system in place. However, while changes in this realm can occur, it is the national and regional level that need to intervene. In other words, EU capacity-building efforts seem to respond well in building capacities at the administrative level. However, their effectiveness (e.g. training administrative personnel) can always be reverse by political decisions (high staff turn-over). The latter aspect in particular has the potential of making capacity-building efforts if not entirely futile, at least highly reversible.
3 Conclusions

The article presented an analytical framework for the comparative analysis and evaluation of administrative systems for the delivery of CP policy. Cohesion Policy has been used as an example of a complex system with a view to illustrate how the proposed framework allows exploring mechanisms that determine policy delivery both in terms of procedural smoothness and strategic effects.

3.1 Advantages of the current framework

The application of system thinking to the analysis of Cohesion Policy is an innovative approach. Its potential can be summarized in five points. The first, advantage is related to an issue of BOUNDARY. A clear specification of what the boundary of the system is allows us to identify what elements are included in the system and what elements or processes are excluded from it (external environment). Using this conceptualization in a Cohesion Policy context has very practical implications. Public managers involved in CP can identify elements that they can control, influence and focus their activities on improving those elements. At the same time they will also be aware of factors that are beyond their control but that need to be taken into account. These include external factors such as the political context and the capacities of the users of Cohesion Policy.

The second advantage relates to clarity of system PURPOSE. Each system has a clear purpose that is measurable. In Cohesion Policy practice, this can help the administrative personnel involved in specific aspects of CP implementation gain a wider perspective of the different operations characterizing the delivery of EU regional policy. Further, this approach shows a clear direction, allows measurement of progress and links technical activities to the overarching goal, namely- delivering aid to the system’s final users (beneficiaries).

The third advantage is the way in which system thinking can handle COMPLEXITY. In the context of Cohesion Policy everyday practice, this means that this approach can provide a bigger picture of the extent to which key groups of processes and resources are important for the overall performance of the administration. At the same time it does not lose sight of aspects that are important for managerial practices. By scaling in and zooming in we can explore in detail different procedures and processes (e.g. different approaches to project selection, promotion, IT
management of indicators systems, etc.). System thinking is also helpful in illustrating interrelationships between different elements of Cohesion Policy delivery; notably non-linear relations that create vicious and virtuous feedback loops.

The fourth advantage of this approach is its **COMPARATIVE** dimension. Using the same concepts of system thinking (discussed in the next section) allows comparisons and benchmarking between operational programs within different countries and between different moments in time. Comparisons take into account contextual factors; we thus do not lose sight of important variations.

The final advantage is the **DEPTH of EXPLANATION**. System thinking helps tracing changes over time and across elements of the system. In a Cohesion Policy context, this means avoiding the limitations of previous studies, which have provided a static picture of current program contracting and spending level. Rather, our approach can help gain insights into programmes’ evolution over time, disturbances, break-through or incremental changes. Relating the latter aspect to changes in resources provides us with a much richer explanation and deeper levels of understanding (Sweeney, Meadows, 2010). We can see not only events that affect the OP delivery in a particular moment in time but also patterns of change and, ultimately, more universal structures and mechanisms that underpin those changes and that could be replicated across different programs.

### 3.2 Current limitations and future research

Presented framework although promising requires further development and calibration in the quantitative, comparative study across different Operational Programmes. Looking critically at the current state of art, we see four challenges.

First challenge is to turn constructs of our framework into measurable entities and test the framework in a quantitative research. The current approach is still descriptive in nature. We need to establish the causal (or at least correlational) links between the main elements of the outlined framework with quantitative research. That requires turning presented constructs into quantified, measurable indicators with clear sources of data. For the system of Cohesion Policy we have identified following possibilities for data:
1. Use of secondary QUAN data - statistics from European Commission monitoring data, national statistics, individual OP’s system monitoring data, etc.;

2. Use of primary QUAN data - results of the conducted own surveys with EC desk officers or managers of Operational Programmes, declarations and perceptions of system participants expressed in a quantifiable manner;

3. Use of existing QUAL data - desk officers documents, EC reports, earlier studies, press releases, they can be coded in a systematic manner and turned into quantitative variables;

4. Use of primary QUAL data coded in a systematic manner - results of interviews, consultations, discussions and deliberations conducted during the research project;

5. Use of rating scales, checklist done by expert panel;

6. Adaptation of ratings and rankings done by earlier research.

Ideally, each concept developed during the research should be measured by compilation of data sources. In other words, we should triangulate resources in other to obtain higher credibility. Furthermore, the construct validity of the definitions and developed measures should be tested in discussion with experts and pilot study.

Second challenge is posed by one of the elements of the current framework - rules. They need further conceptual work. This is a typology of rules coming from the literature on new institutionalism and games needs to be carefully adapted to the reality of public policy and multilevel governance of Cohesion Policy.

Third challenge is a proper reference point. Evaluation literature shows list of typical normative, reference points (Dror 1973):

(1) Historical comparison (between years, evolution);
(2) Intra-national comparison (for example between regions);
(3) International comparison;
(4) Standard values;
(5) Initial target;
(6) Target group or stakeholders expectations (what stakeholders wanted and what feel they really get);
(7) Professional standards;
(8) Minimum or optimum level.
For the current framework the most crucial is ability to see the evolution and dynamics of the system - that means comparisons in time and between Operational Programmes. Most of the processes on Action Arenas are sequential and cumulative (e.g. absorption level can only increase, although at different speed and rate for different OPs). Thus, there is a challenge of finding a right baseline.

Final challenge relates to combining quantitative and qualitative elements of the inquiry. Using structural equations (SEM) modeling we could explore relation between exogenous factors, participants’ attributes and rules on the one hand and outcomes of the game on the other. However the complexity of the processes on action arenas can be handled only in explorative, qualitative manner. Also exploration of feedback loops from stakeholders and their influence on the game’s dynamics cannot be translated into measurable indicators. Again, interviews and careful coding of qualitative sources would be a primal tool here. The challenge is twofold. First is to generalize observations from those studies. Second is to create a consistent, final narrative that would combine findings from quantitative and qualitative studies into a clear story.
References


NEI (2002). Key Indicators for Candidate Countries to Effectively Manage the Structural Funds. Final Report. NEI Regional and Urban Development, Rotterdam.


Šumpíková, M., Pavel, J. and Klazar, S. (2004) EU Funds: Absorption capacity and effectiveness of their use, with focus on regional level in the Czech Republic, Conference paper based on a research for the Grant Agency of the Czech Republic, project No. 402/03/1221.


