



Country Report Portugal

Assessing the Administrative Capacity Needed by the Candidate Countries to Effectively Manage the Structural Funds

Final Report

P.O. Box 4175
3006 AD Rotterdam
The Netherlands
K.P. van der Mandelelaan 11
3062 MB Rotterdam

Telephone: +31-10 453 88 00
Telefax: +31-10-453 07 68
E-mail: market@neinl
Internet: www.neinl

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2. FACTS ON PORTUGAL

Some notes on the 2000-2006 programme period

The Community Framework Support (CSF) to Portuguese programming period of 2000-2006 has defined three priorities of intervention:

- The up-grading of human potential of the Portuguese society;
- The support to the modernization and innovation of the productive base of the Portuguese economy;
- The organization of the Portuguese territory in order to develop all the opportunities available within different spatial development models.

These priorities of intervention for Structural Funds (SF's) are organized within a framework of strategic objectives, through which Portugal:

- Is seen geo-strategically as the Atlantic hedge of Europe;
- Should develop more dynamic and knowledge-based factors of competitiveness;
- Should adopt a national strategy targeted at protecting nature and biodiversity;
- Assume solidarity and cohesion as strong social development values.

These national strategic objectives have as corresponding objectives of the 2000-2006 CSF the following ones:

- To up-grade the level of qualification of Portuguese population, to promote favorable conditions to employment and social cohesion;
- To reorient the productive profile towards knowledge-based activities;
- To promote Portuguese territory and its geo-economic situation as strategic values;
- To achieve the sustainable development of regions and national cohesion.

The priorities of the CSF 2000-2006 are materialized in a comprehensive set of sectoral and regional Operational Interventions, involving a total budget of 42 199 703 thousands of Euros, complemented by 3299436 thousands of Euros for Cohesion Fund, 17717 thousands

of Euros concerning other financial instruments of the European Economic Space and 1427559 thousands of Euros concerning the intervention of the European Investment Bank:

Table 2.1 Total Budget 2000-2006 (current prices)

Operational Interventions	National public and private costs	EU funding	Total Cost	%of EU funding
Education	497911	1167417	1665328	70,1
Employment, Training and social development	1215688	1606174	2821862	56,9
Science, Technology and innovation	492591	464144	956735	48,5
Information Society	308796	316239	625035	50,6
Health	222744	475574	698318	68,1
Culture	90189	237278	327467	72,5
Agriculture and Rural Develop.	2145047	1221505	3366552	36,3
Fishing	187075	177922	364997	48,7
Economy	6645857	2732154	9378011	29,1
Accessibilities and transports	1980092	1388385	3368477	41,2
Environment	123361	332656	456017	72,9
Regional OP North	1924961	2717599	4640560	58,6
Regional OP Centre	1149298	1710524	2859822	59,8
Regional OP Lisbon	1283986	1448508	2732494	53,0
Regional OP Alentejo	779444	1088659	1868103	58,3
Regional OP Algarve	275138	453340	728478	62,2
Regional OP Açores	404318	854441	1258759	67,9
Regional OP Madeira	482049	704711	1186760	59,4
Technical Assistance	27076	81310	108386	75,0
Efficiency Reserve	866166	821000	1687166	48,7
Programming Reserve	564916	535460	1100376	48,7
Total	21664703	20535000	42199703	48,7

Major changes compared to the 1994-1999 period

When compared with the 2nd Framework Support, the programming period of 2000-2006 has introduced some major changes, that can be summarized in the following way:

- The contribution of EU funding has diminished from 55% of the total budget to 48.7%, as we see from the previous table;
- The average rate of public expenditure co-financed by Structural Funds stabilized around 61%;

- The participation of private investment in the total budget of the 3rd CSF has also stabilized around 22%;
- The number of sectoral Operational Interventions has diminished to 11 OI's, while the number of regional OI's has been maintained in seven; however, the participation of regional interventions in the total budget of the 3rd CSF has been significantly increased, with two main innovations in the structure of regional programmes – a group of territorial based integrated interventions has been added to the programmes and several sectors have for the first time participated in the total budget of regional programmes through the involvement of deconcentrated services in the planning regions;
- The rules of using ESF have been modified and, following a preliminary tentative made within the 1st CSF, the Regional Operational Interventions are also co-financed by ESF in some particular projects;
- Concerning the programming principles initially established in the 3rd CSF, there was an orientation towards the simplification of organization models adopted for management, monitoring, control and evaluation of the CSF, aiming at separating the roles of institutions intervening in the different phases of the project cycle and up-grading the potential role of social partners;
- Each sectoral Operational Intervention is led by a manager nominated by the corresponding Minister politically charged of it, supported by a management unity whose composition is established by the Minister; the Regional Operational Interventions present the particularity of being managed by someone nominated by the Council of Ministers and not by a single Minister;
- According the initial formulation of the 3rd CSF, the managers of the Regional Operational Interventions (in practical terms the Presidents of the Regional Planning Departments or Regional Coordinating Commissions) had reinforced concertation powers in order to improve the strategic coordination at regional level, principally the coherence between local projects led by the municipalities and the projects submitted and led by regional deconcentrated services.

The total amount of EU co-finance generated by the 2nd CSF and approved by the Commission in February 1994 has been of approximately 27005557 thousands of Euros, complemented by 4100747 thousands of Euros concerning the Cohesion Fund.

Table 2.2.Total Budget 1994-1999 (1000 Euros)

Structural Funds	National Public costs	National Private Costs	National Pub+Priv Costs	EU funding	Total Cost	%of EU funding
ERDF	4658338	4528062	9186401	9428308	18614709	51
ESF	1052843	84516	1137359	3201021	4338380	74
FEOGA-0	668823	1008135	1676959	2003457	3680415	54
IFOP	77294	70730	148023	224045	372068	60
TOTAL 2nd CSF	6457298	5691444	12148742	14856835	27005577	55
COHESION FUND	1301089	0	1301089	2799658	4100747	68

According the last information available about the macroeconomic impact of the 2nd CSF in Portugal, the relevant data on disbursement are the following ones, reported to the period 1994-1998:

Table 2.3. Disbursement/Expenditures in the period 1994-1999 (1000 Euros)

EU disbursement	National disbursement	Total amount of expenditures
15522590,56 (including Cohesion Fund)	7023074,39	22545664,95
13043565 (excluding Cohesion Fund)		

Comparing the disbursement of EU co-finance through Structural Funds (excluding Cohesion Fund) with the amount of EU funding programmed we have a ratio of 87.8%, which is not a true percentage of disbursement considering that the total amount of expenditure is not the definitive number and considering as well that small differences in price system have not been totally amended between the programming figures and those of expenditures.

The institutional set-up for 2000-2006 in general (see chart 1 in annex as a complement of the analysis)

The 3rd CSF (2000-2006) is led by a Management Unity, integrating the different institutions responsible for the management of each Structural Fund and of the Cohesion Fund, chaired by the Regional Development General Director, also responsible for the management of the ERDF. This board has a parity decision-making process in order to allow for a balanced participation of all the Structural Funds intervening in the process. The technical assistance to this Unity is made by a technical team working under the supervision of the Regional Development General Director, organized as an Observatory

for the follow-up of the CSF in technical terms. The normal and regular functioning of the CSF Management Unity involves eventual meetings with the managers of each Operational Intervention, although establishing the need of regular meetings with the managers of the Regional Operational Interventions, which is a key indicator of how relevant these interventions are concerning the coherence of the 3rd CSF itself.

Concerning the payment system there are no new orientations compared with the 2nd CSF. Special accounts are created in the Treasury for each payment authority that has the responsibility of transferring by anticipation or disbursement to the Manager of each OI the amounts requested by the final beneficiaries that receive them from the OI.

Concerning the follow-up of the 3rd CSF, a big and complex collective Unity has been created, led by the President of the General Management Unity and integrating a very diverse set of institutions (managers of the Sectorial OI's, managers of the Regional OI's, that is to say the Presidents of CCR's, political representatives of municipalities at regional and national level, members representing the social partners indicated by the Social and Economic Council and the Commission and the EIB and other members representing several fields of the Public Administration. The Unity charged of following the CSF may create under its supervision technical groups for transversal matters crossing the generality of the programmes such as for example environment or gender approach.

Assuming the role of the Management Unity indicated by the EU regulations, a Manager leads each OI (sectoral or regional). The initial formulation of the 3rd CSF had not a specific model for technical assistance unities created in each OI under the supervision of the Manager. However, in the Resolution of the Council of Ministers that had nominated the Managers of each OI, there are indications about the different models used in order to implement technical unities.

This is a key point in the institutional set-up of the 3rd CSF. The Resolution of the Council of Ministers dated of 16th May 2000 is a relevant element of the decision-making process through which there has been :

- The nomination of the managers of the Sectoral OI's;
- The nomination of the coordinators of the de-concentrated sectoral interventions integrated in the Regional OI's;
- The nomination of the managers of the Regional OI's;
- The nomination of the managers of the Structural Interventions under the initiative of the Commission;

- The nomination of the national coordinator of the Intervention for Sports integrated in the OI Education;
- The creation of the technical structures supporting each OI, the Managing Unity and the Observatory of the 3rd CSF.

As we have already mentioned, the main change observed in the institutional set-up concerns the structure of the Regional OI's (see complementary chart in annex).

The Management Unity of each Regional OI is a complex one, featuring the following relevant elements:

- The Management Unity is led by the President of each CCR (five regional planning departments corresponding to the five NUT's II), that it is an effective manager; in fact, the President of the CCR doesn't play in full time the responsibility of managing the Regional OI, sharing on the contrary his time available with the complex and difficult role of making work together and in a co-operative way the public institutions established in the region;
- Local projects submitted and implemented by municipalities are led by a Management Unity exclusively targeted at managing this kind of projects and by a manager responsible for this Unity;
- Local projects at sub-regional level (integrated interventions territorially based) are led by another Management Unity chaired by a manager, usually a Vice-President of the CCR's, regulating the work of the several local coordinators (one for each integrated intervention);
- The projects led by the de-concentrated public services in the region are managed by a Management Unity chaired not by a manager as well as the other two but by the President of the CCR;
- Each Management Unity in the Regional OI's are assisted by a technical staff coordinated by a Project Leader, whose intervention is particularly relevant in the case of the de-concentrated projects, since that Unity is led by the President of the CCR and not by a manager in full time.

From our point of view and considering the need of extracting some interesting lessons for the candidate countries, the Regional OI's will be a key factor in finding solid experiences to be developed in the near future.

As far as the levels of monitoring, evaluation, information system and financial control are concerned the institutional set-up is build under a very centralized way. There has been a significant preoccupation in building a coherent system useful for each OP in order that each one could find complementary systems. However, the contacts made allow us to conclude that there some delays in establishing the whole structure that it is going to be operational in the very near future. Some observers mention that the models designed to be operative were very ambitious in terms of the complexity of the information systems and that the transition since the implementation of the 2nd CSF should be less radical in order to allow for more fast results. The example of building sound and solid impact indicators is, according some observers, a good example of ambitious expectations in the beginning not solved in pragmatic ways in order to get results useful for monitoring and interim evaluation exercises.

Main characteristics of the non-Structural Funds Administrative system in Portugal

A high level of centralization and the prevalence of top-down planning activities characterize the non-Structural Funds Administrative system in Portugal.

According to the last figures published by the World Bank concerning governance issues (World Development Report, 1999), Portugal presents one of the lowest ratio of public expenditures made by sub-national levels of governance, around 11%, contrasting with the average figures in the EU. In other words, because there are no regional authorities in Portugal and due to the high level of centralisation, around of 89% of public expenditure is managed by central authorities.

In the same orientation, data published by the Council of Europe (Strassbourg) indicate that Portugal has the lowest ratio of local expenditures relatively to the GDP. The ratio was in 1997 of 4,6%, even lower than those of Ireland and Spain (both 4,9%) and contrasting significantly with for example the ratios in Netherlands and Sweden (13,3 and 27,5%, respectively).

The very low relative importance of local expenditures in the GDP is a true indicator of centralization in Portugal, considering that the territorial dimension of municipalities in Portugal is very high. In fact, the average area of municipalities is 301 Km², only lower than to those of Sweden, United Kingdom and Finland (1437, 504 and 669 Km², respectively).

The very high level of centralization has produced a very heavy culture of top-down planning. Sectors are the most representative agents in programming activities, with a low

sense of coordination among the several services led by each Ministry. There are frequent cases of vertical orientations within the framework of each Ministry, which is a relevant factor for understanding the very centralized way of programming the CSF's in Portugal and the heavy structure created for monitoring the CSF. Territory and territorial differences are hardly seen as vectors of intervention by central public administration. The culture of understanding territories and the development mosaic is often concentrated in some people working in the public de-concentrated services, but they have no power or autonomy in order to reorient strategies or priorities.

Regional governments are still absent in Portuguese governance organics. In the NUT's II regions, that should be considered as "planning regions", horizontally defined and integrating littoral (more developed) and inner areas (depressed and underdeveloped), de-concentrated services are established and the Regional Planning Departments (Comissões de Coordenação Regionais – CCR's) have in principle the role of coordinating the intervention of each Ministry in each planning region. However, the effective coordination is very low. The de-concentrated services present a very low level of autonomy in the decision-making process and the role of coordination accorded to the CCR's is still lacking a legislative clarification and political will in order to be effective. It is important to stress that legislative innovations are under way. The Presidents of CCR's will be considered as Secretaries of State, under the supervision of the Prime Minister, and coordinating powers will be reinforced. The issue is relevant for our study in order to understand the management of Regional Operational Programmes led precisely by the Presidents of CCR's.

For now, we have mainly in the planning regions a situation in which coordination efforts are addressed to inter-municipal relationships. The coordination of sectoral interventions within each planning region is still low, progressing in cases of good informal relationships between the staff of the CCR's and the de-concentrated services established in the region.

The coordination efforts of municipal interventions is an important issue considering the increasing relevance of local activities, although they still persist being mainly targeted on infrastructures endowment. Municipalities begin to develop other priorities, concerning economic development, education or health, but the level of transferring competences from the Central State is still low. So, the political action developed by local authorities is still measured by the level of investment in infrastructures and less by regulating activities or promoting immaterial activities.

However, the tax base of local authorities is very weak, particularly when it is compared with other countries in the EU. The following table presents in comparative terms the relative importance of local fiscal receipts to the total receipts of the Central State and to the GDP:

Table 3. The tax base of local governments in Portugal in comparative terms

Country	Local fiscal receipts/Central fiscal receipts*100	Local Fiscal Receipts/GDP*100
Portugal	7,3	1,8
Germany	12,6	3
Austria	16,5	4,6
Belgium	7,8	2,4
Denmark	32	16
Spain	20,8	4,6
Finland	32,8	11,6
France	18,2	4,5
Greece	2,1	0,6
Netherlands	4,4	1,2
Ireland	2,8	0,9
Italy	7,1	2
Luxemburg	8	2,6
United Kingdom	5	1,4
Sweden	46,4	17,3

Source : Council of Europe, 1998

One final note characterizing the tax base of the elected local governments in Portugal concerns the structure of the financial resources. According to the last comparative figures published by the Council of Europe (1997), local governments in Portugal finance their activities mainly through transfers from the Central State (38%) and exclusive local taxes (29%, mainly taxing real estate acquisitions). Receipts from the supply of services or local debt are minor resources in financing local governments.

3. MANAGEMENT

Preliminary notes

The first note concerns the methodology proposed determining the collection of data and information isolating the different phases of the cycle project – management, programming, implementation, monitoring and evaluation and financial management and control. The progress of work concerning the Portuguese situation revealed a big concentration of efforts in management activities. The great majority of the staff associated to the 3rd CSF is involved in management activities, broadly defined, or at least it is sometimes difficult to isolate in the normal activities of the staff a very precise specialization. When the role is assumed by an external organization, as it is the case of the evaluation activities (normally done by external institutions or organizations) or of the external financial control, it will be very difficult to allocate particular members of the staff to programming or monitoring, for example.

The second note concerns the important issue of establishing a solid difference between Sectoral and Regional OI's. In our perspective, in order to elaborate analysis on the lessons or good/bad practices from Portuguese experience the comparison between sectoral and regional approaches will be a key issue. The typology of problems and the solutions found in order to tackle these problems is not the same in the two cases. So, our method of work will stress this difference.

The third note concerns the way the Portuguese government organized itself in order to manage the 3rd CSF. We may say that the 2nd CSF has introduced a main orientation of creating autonomous management unities for each OI, in the sense that the responsibility of managing the OI's is not addressed to existing services or institutions. The model that has been created is not exactly a dual system, because there are links between the staff of the non Structural Funds Administrative system and of the Structural Funds Organizations. However, there are two parallel structures, one for 'everyday' policy making and one for Structural Funds.

However, there was an orientation (reinforced by the 3rd CSF) of trying to establish new patterns of management and administrative capacity, taking advantage from the opportunity and from the challenge of the Structural Funds. The main idea has been of renovating the existing administrative capacity from outside, offering to some people in Public Administration (central and de-concentrated) the opportunity of making a more promising career managing Structural Funds. This is an important issue for our study. The choice made by Portuguese authorities has been of creating extensions to the Public Administration authorities and give to those extensions the responsibilities associated to the different project cycle phases instead of internalising within the pre-existing institutions the administrative capacity required for managing the Structural Funds. So, it is this model that should be evaluated as a possible good or bad practice for candidate countries. What will be the added value of creating these extensions? What will be the recipient of accumulating knowledge in managing, programming, implementing, monitoring, evaluating or controlling the Structural Funds approach? Will it be possible to recover that knowledge in order to making progresses in the existing Public Administration system? What will the Public Administration system learn from the three CSF's?

It is true that the creation of management authorities outside the existing Public Administration system has been a true opportunity of introducing more flexibility in a very rigid model of administration, particularly in terms of recruitment and of management of professional careers and wage incentives. Management unities used, for example, different remuneration criteria compared with those followed in Public Administration and recruitment is often done under the modality of independent work or temporary labour contracts.

The model of extending the public administration system towards new management unities requires some adaptations of the methodology proposed by the NEI approach, as we will try to demonstrate in the following pages.

3.1. Design

3.1.1. Structures

Table 3.1. Organisational units, dedicated as Management Authority

Organisation	Unit	Function
Management Unit of the 3 rd CSF	Unit led by the national representative of ERDF (Regional Development General Director) and integrating the representatives of each Structural Fund	Management Authority of the 3 rd CSF
Management Unit of the Operational Intervention Education	A general manager supported by a Management Unit A manager for the intervention Learning Society A national coordinator for the intervention Sports	Management Authority of the OI Education
Management Unit of the Operational Intervention Employment, Training and Social Development	A general manager, working with the Ministry of Labour and Solidarity supported by a Management Unit Managers for the interventions “Qualifying and Modernising Public Administration” and “Promotion of Social Development)	Management Authority of the OI Employment, Training and Social Development
Management Unit of the Operational Intervention Science, Technology and Innovation	A general manager (President of National Foundation for Science and Technology), working with the Ministry of Science and Technology, supported by a Management Unit and helped by a manager responsible for the top priority interventions of the OI	Management Authority of the OI Science, Technology and Innovation
Management Unit of the	A general manager (President	Management Authority of the

Operational Intervention Information Society	of the Foundation of National Scientific Computing) working with the Ministry of Science and Technology, supported by a Management Unit Managers (3) for the interventions “Developing Competences”, “Digital Portugal” and “Modernising Public Administration”	Operational Intervention Information Society
Management Unit of the Operational Intervention Health	A general manager working with the Ministry of Health supported by a management unit Coordinators (3) for the interventions “Improving the access to health services”, “Promoting health” and “Reinforcing Partnerships”	Management Authority of the Operational Intervention Health
Management Unit of the Operational Intervention Culture	A general manager working with the Ministry of Culture supported by a management unit	Management Authority of the Operational Intervention Culture
Management Unit of the Operational Intervention Agriculture and Rural Development	A general manager working with the Ministry of Agriculture, Rural Development and Fishing supported by a management unit	Management Authority of the Operational Intervention Agriculture and Rural Development
Management Unit of the Operational Intervention Fishing Activities	A general manager working with the Ministry of Agriculture, Rural Development and Fishing supported by a management unit	Management Authority of the Operational Intervention Fishing
Management Unit of the Operational Intervention Economy	A general manager working with the Ministry of Economy supported by a management unit Coordinators (3) for “Industry, energy, construction and transports”, “Commerce and services” and “tourism”	Management Authority of the Operational Intervention Economy

Management Unit of the Operational Intervention Accessibilities and Transports	A general manager working with the Ministry of Social Equipment, supported by a management unit	Management Authority of the Operational Intervention Economy
Management Unit of the Operational Intervention Environment	A general manager working with the Ministry of Environment and Spatial Planning supported by a Management Unit Coordination for the “Integrated actions for qualifying cities and revitalising metropolitan areas” and “Integrated Actions targeted at improving quality of life and competitiveness of cities” shared by the regional and de-concentrated services of the Ministry of Environment and Spatial Planning	Management Authority of the Operational Intervention Environment
Management Unit of the Operational Intervention Technical Assistance to the 3 rd CSF	Managed by the President of the Management Unit of the 3 rd CSF (the Regional Development General Director) A manager for the ESF technical assistance (President of the Management Institute of the ESF)	Management Authority of the Operational Intervention Technical Assistance to the 3 rd CSF
Management Unit of the Regional Operational Intervention North	The President of the CCR North is the general manager Managers (2) for the interventions “Supporting municipal and supra-municipal investment” and “Territorially-based integrated actions” Coordinators (4) for Douro, Minho-Lima, Entre Douro e Vouga e Vale do Sousa territorially based integrated actions	Management Authority of the Regional Operational Intervention North

	<p>Coordinators (10) for regional de-concentrated interventions on education, health, agriculture and rural development, fishing, economy, sports, culture, accessibilities and transports science and technology and information society</p>	
<p>Management Unit of the Regional Operational Intervention Centre</p>	<p>The President of the CCR Centre is the general manager</p> <p>Managers (2) for the interventions “Supporting municipal and supra-municipal investment” and “Territorially-based integrated actions”</p> <p>Coordinators (4) for Vale do Côa, Serra da Estrela, Pinhal Interior an Aldeias territorially based integrated actions</p> <p>Coordinators (10) for regional de-concentrated interventions on education, health, agriculture and rural development, fishing, economy, sports, culture, accessibilities and transports science and technology and information society</p>	<p>Management Authority of the Regional Operational Intervention Centre</p>
<p>Management Unit of the Regional Operational Intervention Lisbon and Tejo Valley</p>	<p>The President of the CCR Lisbon is the general manager</p> <p>Managers (2) for the interventions “Supporting municipal and supra-municipal investment” and “Territorially-based integrated actions”</p> <p>Coordinators (10) for regional de-concentrated interventions on education, health, agriculture and rural</p>	<p>Management Authority of the Regional Operational Intervention Lisbon and Tejo Valley</p>

	development, fishing, economy, sports, culture, accessibilities and transports science and technology and information society	
Management Unit of the Regional Operational Intervention Alentejo	<p>The President of the CCR Alentejo is the general manager</p> <p>Managers (2) for the interventions “Supporting municipal and supra-municipal investment” and “Territorially-based integrated actions”</p> <p>Coordinators (2) for Norte Alentejo and Mármores territorially based integrated actions</p> <p>Coordinators (10) for regional de-concentrated interventions on education, health, agriculture and rural development, fishing, economy, sports, culture, accessibilities and transports science and technology and information society</p>	Management Authority of the Regional Operational Intervention Alentejo
Management Unit of the Regional Operational Intervention Algarve	<p>The President of the CCR Algarve is the general manager</p> <p>Managers (2) for the interventions “Supporting municipal and supra-municipal investment” and “Territorially-based integrated actions”</p> <p>Coordinators (1) for Low density areas territorially based integrated actions</p> <p>Coordinators (10) for regional de-concentrated interventions on education, health, agriculture and rural development, fishing,</p>	Management Authority of the Regional Operational Intervention Algarve

	economy, sports, culture, accessibilities and transports science and technology and information society	
Management Unit of the Structural Intervention under the Community Initiative Equal	A general manager working with the INOFOR (National Institute on Training Innovation) supported by a management unit	Management Authority of the Community Initiative Equal

3.1.2. Human resources

The following table indicates the magnitude of the staff dedicated to the Management Units of the several Operational Interventions (sectoral and regional) and the staff dedicated to de-concentrated interventions of the sectors in the regions. The latter can be seen as staff dedicated to regional programmes, but our information source has been the Ministries associated to these de-concentrated interventions. So, we allocate them to the de-concentrated interventions of central Administration. In fact, they work under the supervision of the Ministries and not of the general managers of the Regional Operational Interventions.

Our source of information are the decisions produced by the Council of Ministers nominating not also the general managers of each Operational Intervention but also determining the composition of technical assistance units dedicated to those OI's. So, it is possible that the effective magnitude of the staff dedicated to these management units could vary from the central source used in order to have a comparative measure. The interviews that will be made after 5th November will allow having a confirmation of these figures that are now presented in the draft version of our report.

The staff mentioned in the following table concerns people charged of management functions, technical assistance and administrative activities. In the majority of the cases it is possible to indicate the number of project leaders dedicated as technical staff to the management unit.

Table 3.2. Organisation units and human resources dedicated as Management Unit

Management Units	Staff	Educational Background
Management Unit of the Operational Intervention Education	97 involving 1 project leader	Mainly graduates and with the particularity of secondary school teachers integrating the teams charged of analysing candidatures within the Education Regional Directions under the status of people nominated for these functions for short periods (one year or one year and a half)
Management Unit of the Operational Intervention Employment, Training and Social Development	57 involving 5 project leaders	idem
Management Unit of the Operational Intervention Science, Technology and Innovation	15 including a project leader	Mainly graduated
Management Unit of the Operational Intervention Information Society	34 involving 2 project leaders	idem
Management Unit of the Operational Intervention Health	15 including 2 project leaders	idem
Management Unit of the Operational Intervention Culture	17 including 2 project leaders	11 graduated
Management Unit of the Operational Intervention Agriculture and Rural Development	25 including 1 project leader	Idem
Management Unit of the Operational Intervention Fishing Activities	13 including 1 project leader	Idem
Management Unit of the Operational Intervention Economy	44 (a)	Idem

Management Unit of the Operational Intervention Accessibilities and Transports	13 including 2 project leaders	Idem
Management Unit of the Operational Intervention Environment	36 including 2 project leaders	13 graduates
Management Unit of the Operational Intervention Technical Assistance to the 3 rd CSF	31 including 2 project leaders one for ERDF and another one for ESF	Mainly graduates
General Management Authority of the 3 rd CSF and Steering Committee	19 working within the General Direction of Regional Development	Mainly graduates
Observatory of the 3 rd CSF	7	Mainly graduates
Management Unit of the Regional Operational Intervention North	47	Idem
Management Unit of the Regional Operational Intervention Centre	33	Idem
Management Unit of the Regional Operational Intervention Lisbon and Tejo Valley	14	Idem
Management Unit of the Regional Operational Intervention Alentejo	40	Idem
Management Unit of the Regional Operational Intervention Algarve	22	Idem
Management Unit of the Structural Intervention under the Community Initiative Equal	31	idem
Management Unit of the Structural Intervention under the Community Initiative Interreg	14	idem

De-concentrated interventions of the central administration in the five planning regions of North, Centre, Lisbon and Tejo Valley, Alentejo and Algarve (total) (b)	86	?
Education	5	?
Employment, Training and Social Development	20	?
Science, Technology, Innovation	1	?
Information Society	1	?
Health	5	?
Culture	4	?
Agriculture and rural development	5	?
Fishing	12	?
Economy	24	?
Accessibility and transports	4	?
Environment	5	?

- (a) The number doesn't include people recruited exclusively for receiving and analysing projects presented to the Programme.
- (b) As far as the de-concentrated interventions of the Central Administration associated to the global budget of the Regional Operational Interventions are concerned, it was not possible to assess whether or not that staff is exclusively dedicated to the management of these interventions; they are generally associated to the Ministries that are de-concentrating investment within the planning regions and we don't know yet if they assume the role of managing the total amount of investment dedicated to regions in full time or at partial time combining it with their work in the institutions. In our opinion, they should not be added to the global number of people associated to the management of the CSF, because they continue to belong to the administrative staff of the Ministries engaged in this kind of deconcentrated interventional operations. This is also the position of the Ministry of Planning charged of the global management of the 3rd CSF. They don't consider these staff members as belonging to the global structure of the CSF.

According to the information published by the Ministry of Planning, within the global staff indicated in the previous table, there are 134 top-level managers, which is an indicator of a good dissemination of management capacity.

It is not possible to have a global and quantified perspective on the number of staff elements that have been dedicated to the 2nd CSF. The numbers advanced by the Government are around 600 people associated to the management of the previous CSF that is being closed and the Government sustains that the global number of staff elements involved in the 3rd CSF is less than 600 hundred people.

Anyway, there is a striking difference between the two CSF's. In the 3rd CSF the level of remunerations of top-level managers of the OI's and sub-programmes is clearly higher compared with the 2nd CSF. The reason is that top-level managers of Structural Funds are defined in equivalent terms to those of managers of public firms (state enterprises) and the similar functions in managing state enterprises have been also augmented in amounts and levels. This is a very relevant issue for assessing the Portuguese experience. As we have already mentioned, the Portuguese government adopted the alternative of creating specialised structures for managing Structural Funds outside the public administration, although maintaining some links with the pre-existing structures. In this context, the differences for similar functions between the traditional public administration and the Structural Funds administrative system has increased from the 2nd CSF to the 3rd CSF. This could be a problem in order to allow that some top-level managers of the CSF could return or being integrated in public administration structures. It is a relevant issue in order to accumulate knowledge and experience of managing Structural Funds and internalising the learning by managing experience in the traditional public administration. We should not ignore that the objective of Structural Funds consists also in modernising and increasing the managing capacity of civil servants and public services.

It is a fact that some top-level managers of Structural Funds are recruited within the public administration itself. But if this modality is a chance of giving material incentives to better professional careers and trajectories, it is also true that the duration of the implementation period of the CSF may create habits of higher remunerations for similar functions and create natural obstacles to the return of top-level managers to previous functions assumed in the context of traditional public administration. This fact will reduce significantly the effects of accumulating knowledge and experience in the modernisation and in the upgrading of managing capacities of public administration.

3.1.3. Systems and tools

The results of the contacts made until this report is being written are not very conclusive about the diffusion of management systems and tools.

The management structures, besides the top-level of general managers leading the Managing Units, is very dependent on the structure of the priority actions and of measures of each Operational Intervention. It seems that the particularities of the management system are a result of how three issues are solved:

- The articulation between the top-level managers and the technical assistance staff;
- The way the decisions are technically prepared for the decision-making process of the management units in plenary meetings;
- The effective management of differences concerning the ERDF and the ESF regulations.

The articulation between the top-level of the management structure is significantly helped by the intervention of project leaders. At least in the Regional Operational Interventions contacted the role of project leaders is a key factor in order to maintain a permanent stability and incentives to ensure active participation of all members of the technical staff in the management process. In the sectoral Operational Interventions, project leaders are also key elements in covering the broad technical spectrum of measures and priority actions and liberating top-level managers from spending time in technical questions about projects.

The way the work of the technical staff is positively integrated in solving management problems is also a key point in some Operational Interventions in which is strictly necessary to ensure a permanent equilibrium between the intensity of candidatures to the programme (the demand) and the amount of financial commitments established in programming activities. The question is particularly pertinent in the early phases of the programme implementation in which there are often significant delays due to the complex preparation of regulations for accessing the programme. The need to recuperate the time lost in order to achieve the programmed levels of implementation generates normally a very difficult period of concentration of work and the participation of the technical staff is indispensable in order to allow for an increasing rhythm of homologation of projects.

The second topic concerns the relationships between the general Manager of the Operational Interventions and the management units playing a role in the decision-making process. We know that, from the 2nd CSF, the professional role of the managers of programmes and sub-programmes has been significantly upgraded, leading to higher

competences and responsibilities and weakening the role of the collective management units that persist anyway under the leadership of the manager. The tasks of the Managers of the Operational Interventions in the 3rd CSF are very broad, which is a true indicator that the orientation of the 2nd CSF has been maintained and inclusively reinforced. The tasks include the adoption of the Programme Complements, the financial management of the programme, the elaboration of regulations and the organisation of the process for the presentation of candidatures, to ensure the compatibility of the projects with EU policies, to analyse the validity of payments, to elaborate annual and final reports, to organise the interim evaluation exercises, to promote an internal control system and to organise the information system on realisation data.

According to the formulation of the tasks of the manager of the Operational Intervention the role of the Management Unit led by the manager consists in giving advise on the projects that should be approved or proposed for homologation by the general manager.

Generally, the Management Units are integrated by the directors of all the main departments of each Ministry associated to the Sectoral Interventions and by representatives of the municipalities and of the de-concentrated public services at regional level in the case of the Regional Operational Interventions. The generality of the managers interviewed agree that the Management Units are spaces for diffusing knowledge about the implementation of the programme within the Ministries and the municipalities in general. The transparency of management functions is increased because all the relevant departments of each Ministry have information about the projects that are approved for ministerial homologation and they may give opinion about the quality of the project. The managers think that this is true even in the case of some Operational Interventions in which the departments represented are beneficiaries of the programme. Management Units play then a role of avoiding misconceptions about the implementation strategy of the Operational Intervention, principally when the Departments are represented by the higher level staff members (Directors).

The third topic concerns the degree of preparation in working with the differences between ERDF and ESF regulations and procedures.

This is a particularly relevant topic for Operational Interventions involving the two funds at the same time, which is the case for the already known example of the Operational Intervention of Education (ERDF for equipments and ESF for training activities) in the 2nd CSF and the new case of the Regional Operational Interventions that, after a bad experience in the 1st CSF of including ESF activities, have again the ESF in their structure of funds.

3.2. Functioning

Table 3.3. Tasks of management authorities

Tasks	Management Authority of CSF	Management Authorities of Sectoral Operational Interventions	Management Authorities of the Regional Operational Programmes
Setting up a system to gather reliable information.	It is charged of building a coherent system of gathering physical, financial and statistical data concerning realisation figures in order to support monitoring indicators and impact indicators for intermediate and ex-post evaluation exercises	They have the task of contributing at the gathering of the pertinent information in order to set up indicators concerning physical and financial realisation The set up of a system for impact indicators is centralised	The situation is similar to that of sectoral operational interventions
Adjustment and implementation of programme complement	It is charged of collecting and coordinate all the work of each Operational Intervention Management Unit	They are charged of adopting, elaborating and transmitting the Programme Complements	The same of the previous column
Draw up and submit annual implementation report	It is charged of elaborating the annual implementation report of the whole CSF and presenting it to the Follow-up UNit	Each general manager of each Operational Intervention it is charged of elaborating the annual and final implementation report of the Operational Intervention led by him and presenting it for appreciation of the Follow-up unit	The same orientation
Organise the mid-term evaluation	It is charged of preparing all the process (administrative	Each Manager is charged of launching the public tender for	The same orientation

	and preparation of tenders to external authorities and firms and collect coherent results of the whole process	mid-evaluation and of participating in the process helping the teams selected to elaborate the evaluation exercise	
Ensure maintenance of separate accounting system or adequate accounting code	?	?	They usually force the beneficiaries to have a separate accounting system and preparing them for control missions
Ensuring the correctness of operations financed under the assistance	It establishes general principles and orientations for forcing the Managers of the Operational Interventions to fix rules in that sense	Each Manager is charged of establishing solid practices of analysis of eligibility of candidatures and of payments The technical assistance staff plays this role of analysing documents	The same orientation
Ensuring Compliance with Community Policies	It is a major task of the Management Authority of the CSF	There are sometimes problems for assuming that task at the level of the Operational Interventions, due to the lack of enough technical expertise for assuming that role	The same problems although with less regularity than in the Sectoral programmes
Ensuring Compliance with the obligations concerning information and publicity	It is charged of the global presentation and diffusion of the CSF	They are charged of diffusing information about the OI and sometimes about realisations	The same orientation In the 2 nd CSF they had the good practice of publishing a regular brochure about decisions made by the Management Units, about interpretation of regulations and doubts about them and about the degree of implementation Good publications about the projects

			financed have been published also contributing significantly to a more effective diffusion of results of the programmes
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As we can see from the previous table, there is in principle a clear differentiation between the tasks of the MA of the 3rd CSF and the MA's of the Operational Interventions, either sectoral or regional. The MA of the 3rd CSF is charged practically of the same tasks although they are defined at global level. The MA of the 3rd CSF is then charged of coordinating and give coherence to the efforts made by the MA's of the OI's. The task of the MA of the CSF, however, doesn't consist only in coordinating and getting synthesis of the work made by the managers of the OI's, but also in orienting, regulating and monitoring their work, in order that all the tasks established could be accomplished in the way determined by regulations.

The situation observed in the early period of implementation of the 3rd CSF is more complex than differentiation principles supposed to be. In fact, there are some tasks that the managers of the OI's are waiting for the initiative of the 3rd CSF MA at central level, hoping to benefit from the concentration of resources in elaborating a global methodology that could be adapted to each OI. This is the case of the information system for monitoring purposes and of the diffusion and publicity activities. In the 3rd CSF the orientation was to try to obtain some scale economies in producing global information systems and diffusion models accessible to each OI in order that they may elaborate their own systems. The complexity of the global systems required by a so diversified CSF is a high-consuming resources structure and some delays or technical problems will probably emerge generating a difficult situation for the managers of the OI's. In fact, the ambition of setting up global systems may determine that, for example, monitoring activities at the level of each OI could be delayed or at least accomplished in sub-optimal conditions.

The issue of setting up a coherent set of impact indicators is another relevant issue for discussion. Practically all the managers of the OI's agree that this a task that could be advantageously accomplished at central level in strict articulation with the evaluation exercises. The work required for the setting up of a system of impact indicators is time expensive and needs technical and theoretical capacity that are not available in principle in the technical assistance units of each OI. It is then a matter for the technical assistance unit helping the MA of the CSF and probably requiring external technical assistance.

Within the context of the mid-evaluation of the 2nd CSF (the final evaluation is still missing) the great majority of teams charged of the evaluation exercise made some proposals for each OI evaluated. It is not clear now how this work is being used in the preparation of the impact indicators system for the 3rd CSF. In principle, the data base used by the Regional Development General Direction (DGDR) during the 2nd CSF, the SIDREG, is not active now, which is an indicator that the MA of the 3rd CSF opted for gathering another information system. The managers contacted agree that the lack of an operative system available from the beginning of the implementation is an additional difficulty that could be avoided. This is a relevant issue considering that the mid-evaluation exercise will begin in 2002 and there are risks of lack of official indicators.

The mid-term evaluation is prepared at the central level (the MA of the CSF) and the MA's of the OI's enter in the process in the final phase of the exercise launching the tenders. In principle, the evaluation will be made by external evaluation teams selected from the official tenders.

Concerning the maintenance of separate accounting systems and the correctness of operations financed under assistance the task is predominantly developed at the level of each OI, following the principle that the task will be accomplished better more closely to the direct beneficiaries. Some OI's, for example at regional level, are visiting beneficiaries regularly in order to prepare them for controlling activities, inducing new organisation practices and the use of control techniques led by the technical staff working with the Manager.

Ensuring compliance with Community policies is not a very easy task to accomplish at the level of each OI. The technical complexity of this kind of questions often exceeds the technical capacity available in the technical assistance staff of each OI. So, when problems or doubts arise, this is a task that it accomplished at the level of the MA of the CSF and its technical assistance staff.

Regarding the functioning of management authorities of the Operational Interventions, the main conclusion is that the effectiveness of management procedures are strongly dependent on the personal characteristics of each Manager. Those who had already a good knowledge of the mechanics of Structural Funds tend to adapt faster and more effectively to the implications of EU regulations. However, besides the diffusion of EU regulations, sometimes under the model of *Vade Mecum*, there is no tradition of elaborating manuals supporting the action of the managers leading the MA's. When an Operational Intervention has a management authority sharing at local level some roles, such as for example, the reception of projects in the case of the Operational Intervention of Education or of the Operational Intervention of Economy, we have found the practice of elaborating compilations of rules for accession to the programmes by the MA itself.

In the Spatial Operational Interventions interviewed, the case of North and Centre regions, we also observed a regular practice of learning-by-doing practices in emerging fields within each OI. That is the case of projects co-funded by the ESF at regional level, involving training for the staff of local authorities. There was no experience at regional level of managing ESF procedures. However, a taskforce, involving financial institutions, has been implemented with positive results in order to define managing orientations for this kind of projects.

In sum, there are some margins for progress regarding the formalisation of management procedures at least differentiating between sectoral and regional programmes.

4. PROGRAMMING

4.1. Some qualitative notes on design (structures, human resources and systems and tools) and functioning

Observing the composition and organisation of the Management Units of the OI's of the CSF, we may conclude that it is not possible to identify structures or human resources dedicated exclusively to programming activities.

The CSF's are normally in Portugal a top-down exercise, beginning with the heavy and tough work of preparing a Regional Development Programme, which is in Portugal a true National Development Plan. Under the supervision and coordination of the Ministry of Planning (the Department of Planning and Prospective) all the technical staffs of the Ministries and of the CCR's are involved in preparing the reference document. Concerning the 3rd CSF, the reference document has been the National Plan of Social and Economic Development (PNDES), that after has been transformed in the Regional Planning Programme that is the base of the drafting of the CSF.

The participation of the implementing bodies in drafting the CSF and the several OP's is very weak, confirming the tradition of top-down planning in Portugal normally reinforced by the short time of preparation and drafting. The limited inputs obtained from implementing bodies come principally from the experience of preparing the Regional OI's. The CCR's in order to prepare the Regional OI's made consultations at local level and at supra-local level (associations of municipalities) about the diversity and magnitude of projects of infrastructures that municipalities intended to present to the line 1 of the Regional OI's. Preliminary contacts has been as well made with Entrepreneurial Associations concerning the de-concentrated interventions of the Ministry of Economy in the planning regions as well as immaterial projects presented to the line 1 of the Regional OI's. In the planning regions (such as North and Centre) in which the number of territorially-based integrated actions was significant, the drafting of the Regional OI's has

been preceded by significant amount of work dedicated to stabilise a programme of action and a strategy for each territorially-based integrated action.

As far as the sectoral OI's are concerned, the inputs of implementing bodies to the drafting of each OI is also limited. The participation of some sectoral associations deserves to be mentioned, principally because organising diffusion meetings with firms or other institutions represented by these associations it has been possible to collect reliable information about expectations and investment needs possible covered by the OI.

The Ministry of Planning, particularly the Regional Development General Direction, had a strong co-ordinating role. This Ministry is one of the few Ministries that have not public investment co-financed by the CSF, with the exception of technical assistance unit supporting the management of the CSF. So, the co-ordinating role played by the Ministry of Planning is the only alternative available to consolidate its role as hosting and leading the Management Authority of the CSF. Drafting the OI's and of the whole CSF has been a task done mainly by top-level staff, with a strong participation of the Director of the Observatory of the CSF.

As it has been reported for the Irish case, the preparation of the Programme Complements has been as well time and resources consuming. On the contrary, the degree of participation of implementing bodies is still weak. Negotiations with the Commission involved principally top-level managers of the OI's and political representatives of each Ministry associated to each OI, always with the strong involvement of the Ministry of Planning staff.

The issue of developing reliable indicators for programming, notwithstanding the experience of managing two CSF's, remains a problem for management authorities. There is no clear articulation between the evaluation exercises in the past and the setting-up of reliable indicators for targeting the OI's in quantitative terms. The targets are significantly formulated in qualitative terms, although associated to some quantitative goals. However, the realism of these goals deserves some discussion. Managers talk of the perverse effect of establishing a performance bonus scheme for the period 2004-2006 and of the tendency of setting moderate targets. In OI's that are strongly dependent on the national budget for ensuring the national co-finance of EU funding (for example, accessibilities and transports), the setting up of realistic targets was also troubled by budgetary interrogations.

The Ministry of Planning has doubts about the correctness of the decision made by the Commission of imposing a constant or a decreasing rhythm of programming, considering that the early periods of implementation are always difficult in achieving a stable rhythm of implementation. According to these views, it would be more favourable an increasing rhythm of programming, in order to adapt management units to a stable level of implementation.

The degree of involvement of social partners in programming is still lacking a solid methodology and effectiveness. The structure that is normally used in order to involve social partners is the Economic and Social Committee (CES) that it is a structure normally participating and elaborating commentaries on economic planning documents, such as the Planning Options. However, it is not difficult to observe some dysfunctions between the practice of the CES and other platforms of negotiation between social partners, principally the Social Agreement between labour, entrepreneur representatives and the Government. This is a relevant issue for OI's involving employment, training and social policies that are discussed in the context of the Social Agreement (as for example the Employment European Strategy) and they must be integrated in the CSF in a coherent way with the deliberations of the social negotiation procedures between the social partners.

Regarding the ex-ante evaluation practices, there was a positive evolution generated by the preparation of the 3rd CSF. In fact, the early Portuguese experience of preparing the 1st and the 2nd CSF's neglected the role of ex-ante evaluation in improving the structure and contents of the Operational Interventions. A global ex-ante evaluation has been promoted targeted principally in estimating the impacts on some macroeconomic variables such as employment, GDP and investment. The impact of the early experiences of ex-ante evaluation in (re)designing the OI's was very limited, due mainly to the short time dedicated to ex-ante evaluation procedures. In practical terms, it was effectively impossible to revert the results of ex-ante evaluation and making them useful contributions to the design of the programmes.

The change introduced by the preparation of the 3rd CSF was positive. The majority of the OI's benefited from the contributions of ex-ante evaluation exercises in the period of preparation, sometimes involving evaluation teams that have assisted the interim evaluation process of the 2nd CSF. It was the first time that programming could benefit from specific contributions of ex-ante evaluation not only in order to answer the Commission recommendations, but also in order to improve the rationale and design of programmes. The Operational Intervention "Employment, Training and Social Development" was one of the most representative examples of the contributions made by ex-ante evaluation.

4.2. Functioning (synthesis)

Tasks	Sectoral OI's	Programme Complements	Regional OI's	Programme Complements
Part of programming was contracted out to external	No	No	No	No

bodies				
Editing Team was in place within the MA	Yes	Yes	Yes	Yes
Implementing agencies were involved in drafting	No	No	There are some examples of involvement of associations of municipalities and of entrepreneurial associations in preparatory works for drafting	No
Implementing agencies commented on draft versions	General meetings have been organised in order to collect opinions and commentaries on the main priorities	No	General meetings have been organised in order to collect opinions and commentaries on the main priorities	No
Social partners were involved in drafting OI's	Very weak participation Exceptions should be noted concerning OI's on Employment, Training and Social Development, in which social agreement procedures between unions and entrepreneur representatives have normally an experience of participation	No	The culture and the experience of social partners in participating in Regional OI's is very weak There are no official forum to integrate these participations	No
Social partners commented on	Intervention of the Economic and		Indirect intervention in	

draft versions	Social Committee in the process	The same	the general meetings organised with the regional civil society as participants with other institutions	The same
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5. IMPLEMENTATION

5.1. General notes on implementation

The experience of other countries in creating implementing departments, bodies or agencies is not very diffused within the Portuguese CSF implementing structure. Principally the tough work of elaborating and appraising selection criteria, of ensuring compliance with eligibility rules and of making adjustments to the programme complement orientations remains a task of the OI's Management Units, involving a significant amount of technical staff in these operations. In other cases, the Management Unit works in close co-operation with services of the Ministry charged of hosting the OI. In these cases, regional or central services of the Ministries involved are the first recipient of candidatures and the first level at which compliance with eligibility rules is analysed and improved.

Implementing bodies are in action principally in OI's in which the majority of projects presented are public investments (road or train infrastructures, for example), but in this case the implementing body is the administrative structure of the Ministry involved. Other example concerns projects involving help to small-scale farmers, belonging in this case to the regional administrative structure of the Ministry of Agriculture the responsibility of being the first level of contact with the final beneficiaries of the Structural Funds.

In OI's involving employment, training and social development issues, we should mention the experience of creating between the MA of the OI and the final beneficiaries of the programmes non-public intermediate implementing agencies, such as for example a Confederation of Farmers, an Union or an Entrepreneurial Association. In this case, the implementing body presents to the MA a plan of action and it is charged of implementing this plan according to the rules established by the OI and by the Structural Funds involved in the operation. In all these cases, the MA of the OI is still present ensuring financial control, compliance with eligibility rules and general information about the programme.

The experience of the Regional OI's in implementation deserve careful attention and analysis. With the exception of the de-concentrated interventions in which public investments are the predominant interventions, the Regional OI's have as implementing bodies the municipalities, the associations of municipalities and civil society organisations

such as development agencies, development associations and other non-profit organisations. Some associations of municipalities play the role of intermediate implementing bodies being charged of implementing a global amount of EU funding through contract programmes celebrated with the MA.

Here, an important topic for generating best practices and lessons concerning the accumulation of experience relating to the capacity of preparing and implementing is the experience of municipalities and associations of municipalities in accessing and presenting projects to Structural Funds co-finance. The progressive upgrading of technical staff of the municipalities and of the associations of municipalities in working with EU funding is a significant result of the successive CSF's in Portugal and deserves to be indicated of a good work made by the CCR's as the main MA's of Regional OI's in the past.

It is important to stress, at least as far the Regional OI's of North and Centre are concerned, that the way the MA's are organised for assisting the implementation of projects by the municipalities and the associations of municipalities is particularly interesting. One of the main features of the de-concentrated services in the regions initially integrated in the Ministry of Planning and now integrated in the Ministry of Environment and Spatial Planning is the existence of Technical Assistance Bodies (GAT's-Gabinetes de Apoio Técnico) established on a basis of groups of municipalities. The GAT's began to be important in supplying technical expertise to Municipalities in elaborating, monitoring and controlling projects of infrastructures and being a substitute for the weak technical staff of municipalities in Portugal in the first period of democracy in Portugal. Besides acting as supra-municipal agents and promoters at technical level, the GAT's rapidly evolved for playing a significant role in supplying expertise related to the capacity to prepare and implement Structural Funds projects.

Nowadays, the GAT's don't elaborate any more projects, because the technical staff of municipalities has increased significantly. Their role is in any case very relevant in helping municipalities and the MA of the regional OI's in implementation issues of Structural Funds. In Lisbon and Tejo Valley, Alentejo and Algarve regions the experience of the GAT's is not so developed as it is in North and Centre regions. In these regions, the action developed by this technical assistance bodies is recognized as an important factor of efficiency in implementing the regional OI's concentrating in themselves practically all the vast work of monitoring technically the projects of infrastructures and also intervening in issues of ensuring compliance with eligibility rules, rhythm of the implementation according to programming orientations and often helping municipalities and associations of municipalities in generating new projects and contributing at drafting the regional OI's as far the local and supra-municipal investments are concerned.

In the 3rd CSF, the role of the GAT's is extended in supplying technical assistance to the coordinators of the territorially-based integrated actions (priority of intervention number two of the Regional OI's. For candidate countries interested in involving some local authorities in implementing Structural Funds the experience of GAT's in Portugal could be presented as an experience able to generate good practices to be transferred to those countries.

Chart 2 presents the peculiar project application flow of Regional Operational Interventions. This example is relevant in order to follow some issues underlined in the text:

- The way municipalities and associations of municipalities present their applications in order to implement co-funded projects;
- The characteristics of decision-making process between the Management Authorities and the Management Units of the Regional Operational Interventions;
- The difference between the decision of accepting the projects made by the Management Unit under the proposition of the Management Authority and the final homologation of the project made at Ministerial level;
- The key relevance of the homologation made by the Ministry of Planning and Regional Development in order to allow for the beginning of the payment process.

Chart 3 shows the project application flow regarding projects involving firms or individual entrepreneurs within the framework of the Operational Intervention Economy, particularly regarding the projects targeted at improving the competitiveness of firms. This is one of the most complex programmes involving the ERDF, because it is organised under a model of as lot of measures. The main features of the flow are:

- The analysis of eligibility conditions is not made by the same staff that is responsible for appraising the consistency and the technical validity of the project according the rules established by the corresponding measure conducing to a place in the ranking;
- The Promotors can present the application either to the regional delegations working with the Management Authority or to Central Technical Staff of the OI using an electronic application by INTERNET which is a very favourable way of increasing the speed of the flow;

- The projects enter the pipeline for obtaining a financial commitment from the MA only if they succeed in obtaining a favourable ranking, that is to say if they reach a threshold of points.

The experience shows that the critical point is the analysis of conditions of accessibility to the programme. The main bottlenecks are located in the phase of reception of applications.

5.2. Data on implementation structures, human resources dedicated to implementation activities and functioning

Within the 3rd CSF organisation, the experience of creating implementing Intermediary Bodies (IBs) for each Operational Intervention is not very diffused in Portugal. The general model is almost a dual one: management units of each Operational Intervention versus beneficiaries of funds having presented projects considered acceptable and following the rules established in the regulations of the Intervention.

So, in general, the responsibilities of analysing projects and candidatures belong to the technical staff of each Operational Intervention, which is a major task high time and resources consuming.

There are some exceptions.

One is the case of the Operational Intervention Economy, in the case of projects that are candidates for investment grants. In this case, there is a preliminary analysis made by the regional and de-concentrated services of the Ministry of Economy, in particular the Institute for Small and Medium Enterprises (IAPMEI). In other cases, such as the Operational Intervention of Culture, the regional services of the Ministry are requested to select very small projects considered worthwhile to be funded concerning the equipment for some cultural organisations. The Management Unit approve a whole set of projects under the favourable decision of the Regional Delegation of the Ministry of Culture.

An opposite example is the case of the Operational Intervention Education, the bigger one with almost 100 people working under the supervision of the Manager. This Intervention has regional teams working within the regional services of the Ministry of Education, integrated by teachers of the secondary schools, officially requested by short periods, that are charged of analysing the projects presented by schools and responsible for the contacts with the beneficiaries, in this case the schools themselves.

6. MONITORING AND EVALUATION

6.1. General notes on monitoring and evaluation

Monitoring and evaluation are approached in a significantly different manner within the organisational structure of the Structural Funds in Portugal. We may say that evaluation structures are less developed than monitoring activities either at the global level of the CSF or at in terms of the Operational Interventions.

The CSF regulations in Portugal establish three kinds of Monitoring Committees:

- One for the CSF itself;
- One for each sectoral Operational Intervention;
- One for each regional Operational Intervention.

The composition of these Committees is not significantly different from each other. One common characteristic is the presence in all the Committees of representatives of the social partners, of the Commission and of the EIB. There are heavy structures, with a high number of elements and requiring for being operational and efficient a lot of technical work in order to prepare the two annual meetings and subsequent reports.

Brief, the Portuguese CSF III organised monitoring at four levels:

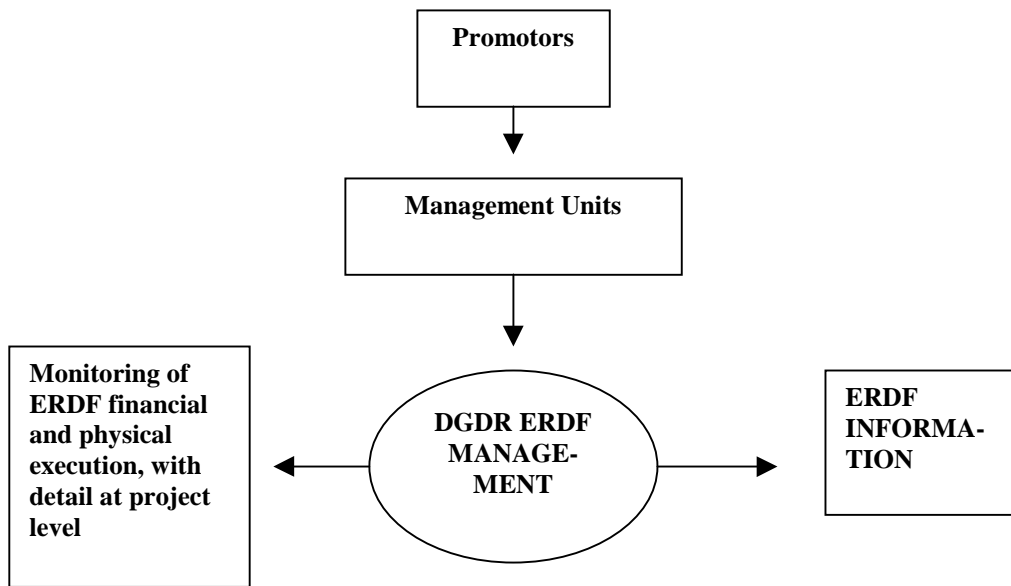
- The CSF global monitoring;
- The Funds monitoring;
- The Operational Interventions monitoring;
- The monitoring of transversal areas: Environment, Education, Training and Employment, Local Development, Equality of Opportunities; Small and Medium Firms, Competitiveness and Innovation, Information Society and Health.

The monitoring process works subordinated to efforts concerning the quantification of objectives and the definition of indicators at the following levels:

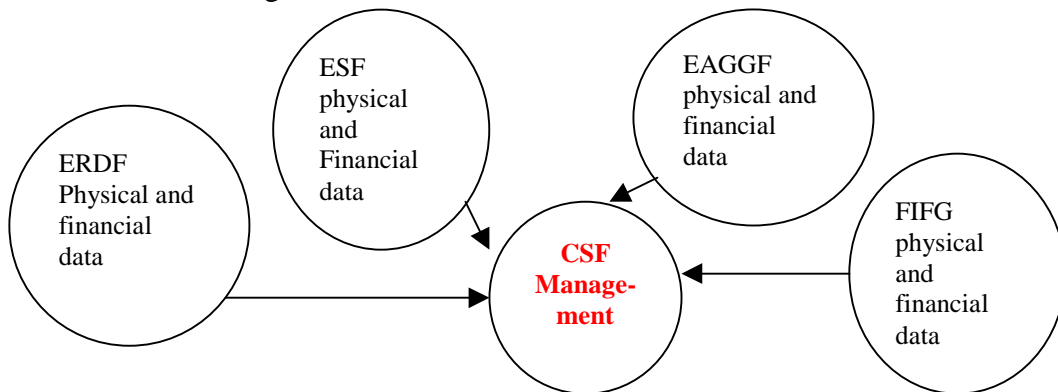
- Quantified objectives and specific impact indicators for CSF and priority axes;
- Quantified objectives and result indicators for the Operational Programmes and Priority axes;

- Physical indicators for projects.

The role of monitoring of financial and physical execution belongs to the Direction-General of Regional Development, as the entity responsible for the ERDF national management and as the entity of support to the CSF Management Commission, under the following scheme:



The scheme is enlarged with the contribution of all funds:



This model allows for the monitoring of the CSF financial and physical execution, with detail at measure level of each Operational Intervention.

At this moment, it is not yet clear how the efforts of building a central monitoring system are combined and coherent with the efforts of each IO, sectoral or regional, in building monitoring systems in order to support their own Committees. Some managers are sceptical about the results of a so centralised system of monitoring and technical expertise in the field of information systems is not abundant in the country.

The Management Authority of the CSF opted for a centralised information system, supported by a ORACLE data base.

The information system works as one single application installation and as one single database, allowing for immediate update and immediate availability.

It is organised additionally with two extra modules, one for decision support system and another one for a GIS (Geographic Information System).

In principle, the global access to the system, according to customer profiles, only demands one microcomputer, one Internet connection and one browser. Notwithstanding the principles retained, the experience of implementing the system is requiring a broad communications band in order to allow for the quantity of information that is going to be transmitted by each technical structure of each Operational Intervention. So, the advantages of implementing an on line information system are counterbalanced by the difficulties of the telecommunications infrastructure, requiring broad communication bands in order to achieve a high level of transfer of data.

The regular needs of monitoring information experimented by the management of the OI's were normally answered in the previous CSF's by light monitoring systems containing mainly financial data about the level of implementation measured by disbursements. More advanced versions combine financial data with data on physical progress of the projects, although this combination is easier in infrastructure projects that have regularly associated to them a system of indicators build precisely in order to follow up the degree of execution of projects.

In some cases, the previous information systems cannot be imported to the new information system previously described. In these cases, managers are working with the two systems, one for their own purposes, other for helping to build the global information system. In other cases, problems with the computing structure explain why technical staffs of some Operational Interventions are carrying out information and processing it within the computing system of the Direction General of Regional Development where it is located the database server in order to have information available for monitoring purposes.

The delays in achieving all the regulations necessary in order to begin the implementation process of the 3rd CSF will also delay the impacts of the automatic de-commitment rule in intensifying the monitoring needs. It is expectable that during the year of 2002 the monitoring system will be under a great pressure for furnishing reliable data on the progress of each measure. People interviewed expects that central monitoring system will be in conditions to give reliable elements to the generality of the monitoring committee meetings in which the impacts of the automatic de-commitment rule will be assessed.

From our point of view, the impact of this new rule determined by the article 31 of the Council Regulation 1260/99 will be very strong in the mid-evaluation procedures that are going to be launched in the year of 2002. There is a risk that evaluation process, involving all the OI's of the CSF, will be developed in a period in which all the management authorities are under implementation pressures and consequently not interested in discussing the general orientation of the OI's concerning other criteria than the degree of physical implementation of the projects and of demand of disbursements.

Within public administration services associated to the implementation of the OI's there is no practically tradition and culture of evaluation. The experience of evaluating ex-post the 1st CSF and the mid-evaluation exercise of the 2nd CSF have been made by external units in a modality of outsourcing to the private sector. It is not clear in what degree these exercises contributed at internalising attitudes favourable to evaluation. So, in this context, the evaluation procedures will be a temporary market for private sector evaluation teams that will be as well under pressure and consequently in a context not very favourable to innovation in methodology evaluations and serious contributions to the definition of new impact indicators.

The Department of Prospective and Planning of the Ministry of Planning has some experience in evaluating the macroeconomic impacts of the CSF's, producing results that are generally used by the external evaluation teams that are charged of ex-ante, mid or ex-post evaluations of the CSF's and of each OI. It is an exception within the public administrative structure of the Ministries engaged in the CSF implementation. This explains why evaluation is clearly less developed in terms of structures, human resources and systems and tools than monitoring that is more time and human resources consuming. This also explains the difficulty of establishing coherent links between the evaluation exercises outsourced to private external teams and the programming work of the new CSF's made at internal level.

The Direction General of Regional Development is now beginning to prepare the mid term evaluation that will allow to allocate the performance reserve and the programming reserve. The work began with a small staff of 6 elements that will be reinforced with other staff that it is still working in the closing activities of the 2nd CSF.

The process will be carried out by independent evaluators under the responsibility of the management authorities and it will be targeted on the analysis of the expected results of the Operational Interventions, taking into account the ex-ante evaluation that has been made for negotiating the 3rd CSF. The mid evaluation work will involve:

- At the level of the CSF – the Management Commission of the CSF, the Observatory, the Prospective and Planning Department and the European Commission;
- At the level of the Operational Interventions – the Management Units and the European Commission.

Finally, almost all the managers that have been contacted think that only one meeting of the Monitoring Committee by year would be necessary. Almost all the central Departments that integrate the Management Units of the Operational Interventions are also represented in the Monitoring Committees, duplicating the efforts. Besides the extra-work required by two meetings by year, some managers don't agree with the status of observer that the European Commission has in the Monitoring Committees. It would be very important that the representatives of the European Commission could commit themselves to an official position in order to increase the operational impact of the decisions taken by the Monitoring Committee and determining faster changes in programming.

7. FINANCIAL MANAGEMENT AND CONTROL

As we have already mentioned, coordination and control are separated functions within the scheme of the present CSF.

Coordination efforts are coordinated in the CSF III Coordination Governmental Commission that is responsible for the high-level coordination of the global execution as well as of the high level negotiations and composed by:

- The Planning Minister as the Chairperson;
- Each Minister responsible at national level for each Structural Fund – European Regional Development Fund, European Social Fund, European Agricultural Guidance and Guarantee Fund-Guidance, Financial Instrument for Fisheries Guidance Department and Cohesion Fund.

At any time and according to the circumstances, other Ministers, such as for example Environment, Finance or Foreign Affairs, may integrate this Governmental Commission charged of coordination efforts.

Control efforts are modelled in other way.

At first level, all managers are responsible for creating a first level control, associated to the Management Units of each Operational Intervention and acting independently from the Manager himself. The experience suggest that managers have in general 1 or 2 staff elements charged of control activities, sometimes complemented by external audits recruited outside within the most representative firms in audit work.

The second level control is made by a general inspection whose responsibility belongs to the following entities:

- European Regional Development Fund – Directorate General of the Regional Development and Inspectorate General;
- European Social Fund – European Social Fund Management Institute and Inspectorate General;
- European Agricultural Fund – European Agricultural Guidance and Guarantee Fund Guidance and Inspectorate General;
- Financial Instrumental for Fisheries Guidance and Inspectorate General;

Finally, the high level control is under the responsibility of the Inspectorate General of Finance – Ministry of Finance.

The Ministry of Planning is charged by the Governmental Commission coordinating the CSF III of implementing a tender for selecting and certifying private firms to make regular audits to Operational Interventions. This model is a good solution in order to reduce the magnitude of the staff that each Manager of each Operational Intervention should allocate to control activities and generate more flexibility in implementing control at first level. The practice of external control outsourced partially to the private audit firms stimulate the management units and the managers in order to be more cautious with eligibility procedures and analysis of candidatures, internalising the practice of rigour and diffusing it within beneficiaries and implementing bodies.

The information obtained from the interviews with the managers doesn't offer solid data about systems and tools used in a regularly basis in order to ease control activities.

Financial management is not a very generalized practice within the managers of each OI. We have not identified relevant and specialised staff concerning financial management. At national level, that is to say at the level of the Secretary of State, however, the question is seen as a major preoccupation in order to ensure a good level of implementation of the programmes, principally considering the delays in payments from the EU. We have noticed an informal practice of agreements between the Treasury that is charged of receiving the EU transfers of Structural Funds and transferring them to each Operational Intervention Unit after the ministerial homologation of projects and the Secretary of State of Planning in case of delays of payments from the EU. There are informal agreements that allow some anticipation procedures used in the case of delays that may provoke significant problems in implementation. That is to say that the Secretary of State of Planning plays a role of financial manager of the whole CSF introducing some flexibility in payments system in case of delays of transfers from the EU.

Regarding the payment authorities structure, the decision of the Portuguese government was to create within the national Treasury accounts for each Structural Fund, considering principally the particularities of the new ESF regulations. The homologation of projects by the Ministries responsible for each OI leads to a communication to the National Treasury and consequently to a credit on the account of the corresponding OI. Money is then transferred to the bank in which the MA of the OI has its own account. The MA's play then also the role of payment authorities, because they finally make payments to the beneficiaries having been selected. The very good level of banking information and communication technologies allowed for significant progresses within the 3rd CSF regarding the timing of payments.

8. CONCLUSIONS

In the following paragraphs, we present some conclusions elaborated from the point of view of possible best practices or key issues generated by the Portuguese experience of managing Structural Funds, considering the need of assessing what should be the administrative capacity of candidate countries necessary to begin their own experience.

Theme 1

The Portuguese experience of not internalising the management of Structural Funds in the pre-existing administrative structures needs to be assessed not only in terms of the efficiency and effectiveness of managing the Structural Funds (that seems to be a good experience with positive practical results) but also in terms of the way the knowledge and the experience accumulated with the several CSF's are internalised in regular and current administrative capacity. One of the key conclusions of the Portuguese review on the structure managing the Structural Funds is that it has been possible to avoid the creation of a dual system, composed by the Structural Funds administrative system and the public administration as a whole and with no links between the two sides.

Management units are closely associated to the administrative structure of the different Ministries although working in separate terms. Besides this fact, it is true that some Ministries are involved as implementing bodies, determining the need to internalise and upgrade the administrative capacity of managing and preparing projects.

However, the solution has risks. The major risk is to introduce a dual system of remunerations among top-level managers and those principals that have similar functions in the pre-existing public structure. The risks of no returning to the previous services and institutions are very high. It is true that, even in this last case, the knowledge (learning by-managing) accumulated by the Structural Funds experience will be diffused within the society and generating externalities to other sectors. Notwithstanding this possibility, we know that Portuguese public administrative is lacking renovation and modernisation. So, it would be useful that at least some of the knowledge accumulated by learning by managing the Structural Funds could revert for public administration.

So, in sum, the modality of creating a specialized organisational structure for managing Structural Funds should be complemented with knowledge diffusion links between the new units and the pre-existing ones.

There are some relevant experiences of harmonising the existence of specialised management structures with the functioning of the no Structural Funds administrative system. The best example is the Operational Intervention of Education, that has a very

complex and time consuming administrative structure of almost 100 people. The Operational Intervention has de-concentrated services at regional level, working very closely with the regional de-concentrated services of the Ministry of Education, charged of receiving candidatures from the primary and the secondary schools. The rotation of the staff is a normal practice, allowing for the diffusion of experience and knowledge of managing projects co-financed by EU funds (ERDF and ESF). This is in our view a very powerful model of avoiding the risks of having a dual system of administration.

Theme 2

The general architecture of the 3rd CSF in Portugal establishes for each Operational Intervention two roles concerning the managing function: the roles of the Manager and of the Managing Unit. However, it is the Manager itself that concentrates the tasks and the powers established for Management Authorities by the Structural Funds regulations. In practical terms, the Manager should anyway share the decision-making process with the Management Unit.

This model generates negative and positive effects. The negative aspect is the extra-work that it is needed in order to prepare the meetings of the management unit for achieving decision-making results, incrementing the magnitude of the technical staff. The positive aspect is the participation in the decision-making process of the central departments belonging to the Ministry involved in the Operational Intervention. Their participation represents an opportunity of ensuring transparency and equity in decisions of approving some projects and not others. Additionally, the functioning of the management units increase the level of diffusion of information about the programme within each Ministry, which is a very relevant factor in order to diffuse administrative capacity within staff structures not represented in management operations of the Structural Funds.

As far as the best practices are concerned, it is important to ensure the compatibility between the efforts of increasing the transparency of the decision-making process and of increasing the diffusion of management methods and rules within each OI. The former is a matter of justification of the actual composition of the Management Units and the latter asks for reinforcing the role of managers. In any case, transparency can be obtained by other modalities than reinforcing the role of the Management Units.

Theme 3

The five Regional Operational Interventions are a relevant source of themes for discussing modalities of managing Structural Funds involving regional and local authorities. This characteristic is important in order to achieve better results concerning the diffusion of information about projects co-financed by the Structural Funds, since local authorities are

more close to the population than the central public services implementing projects also co-financed by the Structural Funds.

One theme for discussion is the choice made of indicating the Presidents of the CCR's as general managers of the Regional OI's. This means that, in opposite terms to the sectoral OI's, the regional OI's are not led by a manager in full time, because the President is sharing the management of the OI with its work of leading the Regional Planning Department.

One reason for this complex situation is the need of integrating in the Regional OI the de-concentrated interventions led by different Ministries in each planning region. One manager not integrated in the political administrative structure would face difficulties in ensuring a normal and fluent coordination effort with those services.

One consequence of this decision is the complexity of the management structure of the Regional OI's. The Presidents of the CCR's work with two managers in full-time (one for the local and supra- municipal investments and another for the territorially-based integrated actions) and follow the de-concentrated interventions in the regions with the help of a project leader. Besides, all the three intervention levels have management units to which project decisions should be presented.

The Regional OI's introduce then in the management structure of the CSF a mixed situation. There are management units not internalised in the regular structure of the CCR's but they are led by the Presidents of the CCR's, creating some ambiguity in the design of the structure and reinforcing the role of the two managers working with the Presidents.

Considering that the CCR's have in Portugal weak coordination powers of the several Ministries in the regions, it may be said that the level 3 of the Regional OI's (the de-concentrated interventions) is normally a problem for the Managers of the Regional OI's in succeeding to achieve good implementation results of the programme and coherency between the three levels of intervention. In fact, the Presidents of the CCR's had not any influence on drafting these interventions and establishing their rhythms of programming.

Theme 4

The Portuguese experience of managing the Structural Funds is not very rich in suggesting orientations for creating intermediate implementing bodies.

There are public authorities involved in implementation as final beneficiaries of the funds (such as for example the Institute of Employment and Professional Training – IEFPP) or involved in receiving and promoting candidatures (for example the regional services of the Ministry of Agriculture working at this level with farmers). However, the examples of

intermediate implementing bodies decentralising the work of the Management Units of the OI's and establishing direct links with beneficiaries and project developers are not the rule. The state of art of development agencies in Portugal is still very incipient. Some Entrepreneurial Associations began to play a proactive role as implementing bodies (OI Economy and OI Employment, Training and Social Development, for example) but they are also developing projects co-financed by the Structural Funds, being sometimes difficult to separate their roles as implementing bodies of the programmes.

It should be also mentioned that some associations of municipalities could play a role in implementation through the modality of Contract Programmes co-financed by the ERDF.

Theme 5

The experience of the GAT's (Technical Assistance Units) working with groups of municipalities (generally corresponding to NUT's III regions or sub-NUT's III regions) deserves attention as a good practice of diffusing administrative capacity at local level for preparing, managing and monitoring projects principally of physical infrastructures.

The action developed by the GAT's (particularly in the regions North and Centre) is also important in helping the management units of the Regional OI's to follow-up regularly the great diversity and amount of projects implemented at local level.

Theme 6

The great amount of work generated by the normal and regular functioning of all the monitoring committees created within the organisational structure of the CSF begins to be a relevant challenge to the consistency and efficiency of the technical staff operating in each OI Management Unit.

The automatic de-commitment rule introduced by the new regulations will be an incremental effort in time and resources consuming of monitoring activities. The technical developments that are under way at central level on a basis of setting up a central monitoring system cannot yet be assessed because it is phase of implementation.

An important issue for transferring experiences is to assess what is the quality of national and international expertise available in order to conceive and implement central monitoring systems. Another issue is the choice of setting up a top-down model to be imposed to each OI or to try to build a monitoring system on a basis of a bottom-up model beginning with the efforts already done at the level of each OI.

Portuguese experience suggests that the participation of the EU representatives in the Monitoring Committees should be not as simple observers but as full members, presenting

the official views of the Commission about the decisions under appraisal in the Monitoring Committee. Participants in the Committees are waiting for the commitment of the Commission and not for simple opinions, which very often will be not similar to the official position. The efficiency of the Monitoring Committees will be increased with a more proactive participation of the Commission.

The great number of Monitoring Committees is increased by the presence of thematic and transversal Monitoring Committees. The experience suggests that one meeting by year will be enough in order to ensure the efficiency and the effectiveness of monitoring under the present model. Another possibility is to reformulate the model, creating some Monitoring Committees dedicated to specific themes, not always based on regular reports but also by thematic evaluation studies.

Theme 7

Evaluation procedures are clearly weakened when they are compared with monitoring activities. Portuguese experience is not at all a good practice for transferring experiences, methodologies and organisational structures concerning evaluation.

Evaluation procedures and drafting the CSF have very weak links and with practically no influence in programming.

The mid-evaluation results of the 2nd CSF had a very weak diffusion and publicity and the ex-post evaluation of the 2nd CSF is still missing.

The mid-evaluation exercises programmed for the year of 2002 will be strongly affected by the impact of the de-commitment rule. There is a risk of being developed in a period of political tension generated by the N+2 rule, which is not the ideal situation to diffuse a culture of evaluation within public administration.

Theme 8 (Financial management and control)

The only innovation that deserves some attention is the decision of recruiting a set of auditing firms previously certified and selected in order to make control audits at the level of each Operational Intervention, which is a very good solution in order to minimise the staff needs in each Operational Intervention.

Besides this fact, the three level control model seems appropriate to tackle the control requisites. The second level of control by Structural Fund (four control units) is decisive in order to have scale gains in controlling homogenous families of projects. This is particularly important concerning ESF projects, whose financial prerequisites are more complex deserving more attention principally after the last revision of ESF rules.

Theme 9

The Portuguese experience of managing Structural Funds under the model of CSF approach seems to be a source of good lessons for candidate countries interested in according a role to municipalities in implementing projects at local and supra-local level. Additionally, it seems to be also a good benchmarking approach for candidate countries not having regional authorities directly elected by the population. Portuguese experience shows that it is possible to begin with a centralised way of managing Structural Funds and progressively evolve towards more decentralised modalities of implementation and diffusing managing capacities at regional and local level. The experience shows also that is crucial to reinforce the technical capacity of local authorities in order to limit applications to projects of acceptable quality and coherence and consequently reduce the time that management devotes to bad projects not able to receive EU funding.

Interviews

Secretary of State of Planning

General Director of Regional Development

Sub-General Director of Regional Development

Head of Unit charged of Evaluation procedures within the General Direction of Regional Development

Manager of Operational Intervention Education

Manager of Operational Intervention Culture

Manager of Operational Intervention Employment, Training and Social Development

Member of high-level staff of Agriculture and Rural Development

Regional Operational Intervention North

Regional Operational Intervention Centre

Chart 1

Coordination, Management and Follow-up of the 3rd CSF in Portugal

