



OBSERVATÓRIO  
DO QREN

# How can monitoring systems improve sub-national public investment strategies?

OECD Workshop: *Effective public investment at sub-national level in times of fiscal constraints meeting the co-ordination and capacity challenges*

*Session 4: Investing together: rewarding results and learning*

Paris, 21.June. 2012



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Duarte Rodrigues – Deputy Coordinator

1. **Strategic monitoring: Why and How?**
2. The role of monitoring for adjustments in global grants with municipal associations



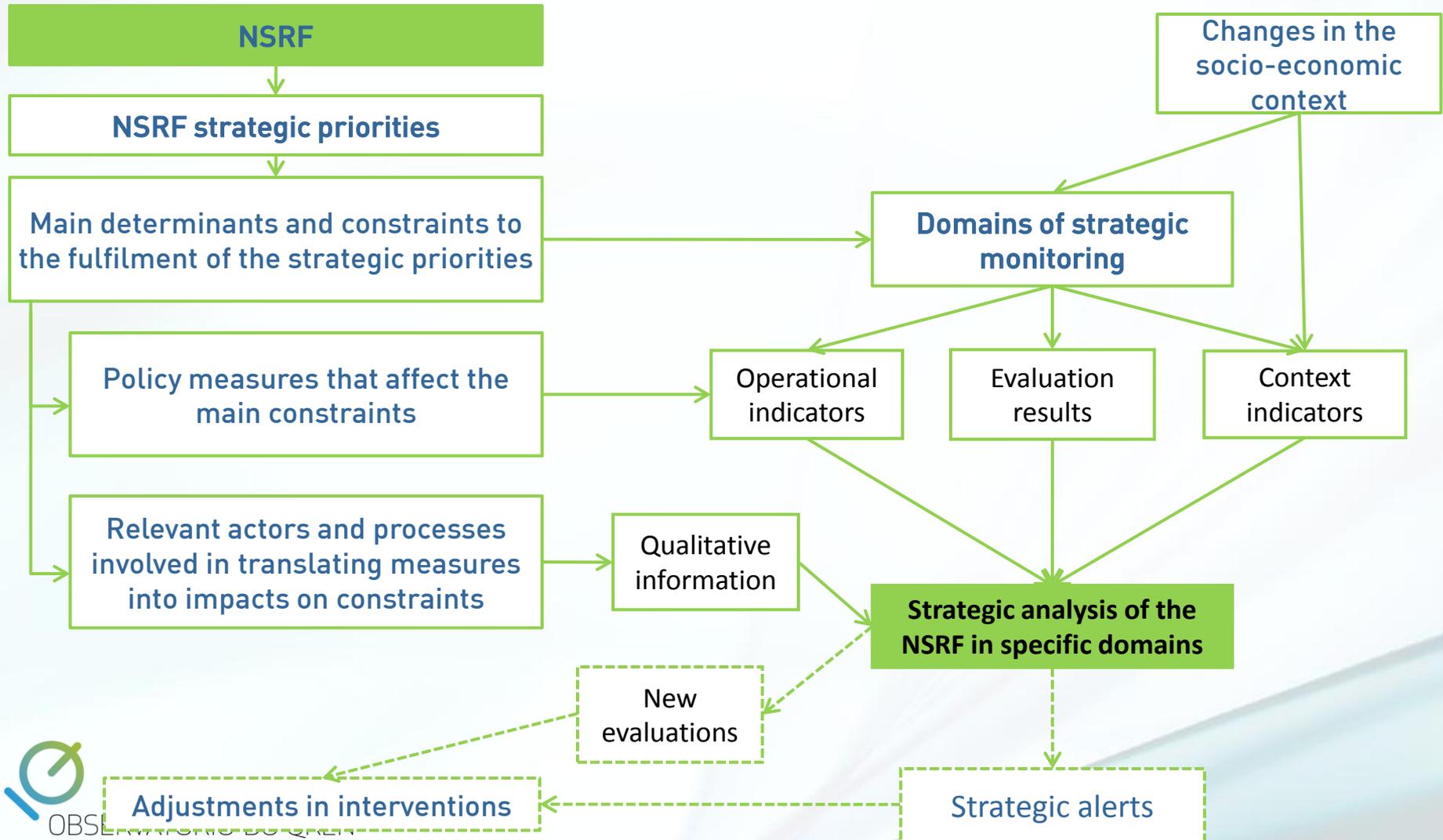
# Strategic monitoring

## Aims

- **Timely** analysis of the contribution of the policy measures supported by the NSRF to fulfil the strategic goals agreed for 2007-2013.
- **Targets:**
  - Political and management authorities of the NSRF (envisaging possible adjustments)
  - European Commission (strategic dialog)
  - Other NSRF-related agents and the public (general information and scrutiny)



# Strategic monitoring Process



# Strategic monitoring Process

- Examples of strategic monitoring domains:
  - Initial education and training
  - Education and training of the adult population
  - Economic specialisation
  - Capabilities and innovation in firms
  - Interactions within the production and innovation systems
  - Labour market
  - Social inclusion
  - Gender equality
  - Energy
  - Environment
  - Urban policy and territorial development
  - Territorial governance and institutional cooperation
  - ...



# Strategic monitoring Outputs

- **Final outputs**

- Strategic alerts (e.g. “The NSRF and the crisis”, “The NSRF and the fostering of institutional cooperation”);
- Strategic reports (NSRF Annual Report, Strategic Reports 2009 and 2012);
- Monthly NSRF Bulletin;
- Contribution for the Portuguese position on the future of EU Cohesion Policy.

- **Intermediate outputs**

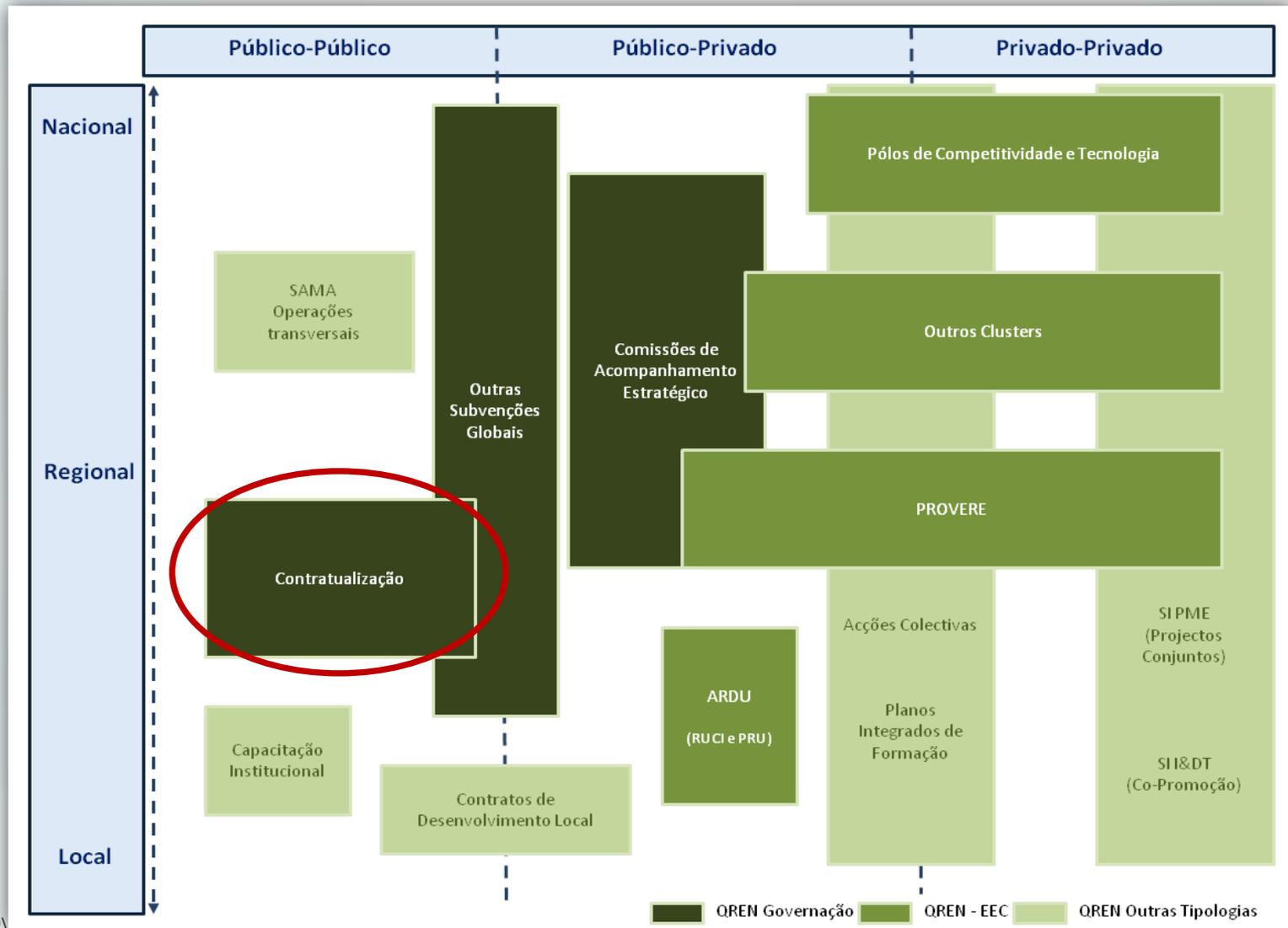
- Contribution to the design of the NSRF evaluation plan;
- Contribution to the design of the NSRF communication plan;
- Working paper series at the Observatório ([www.observatorio.pt](http://www.observatorio.pt)).



1. Strategic monitoring: Why and How?
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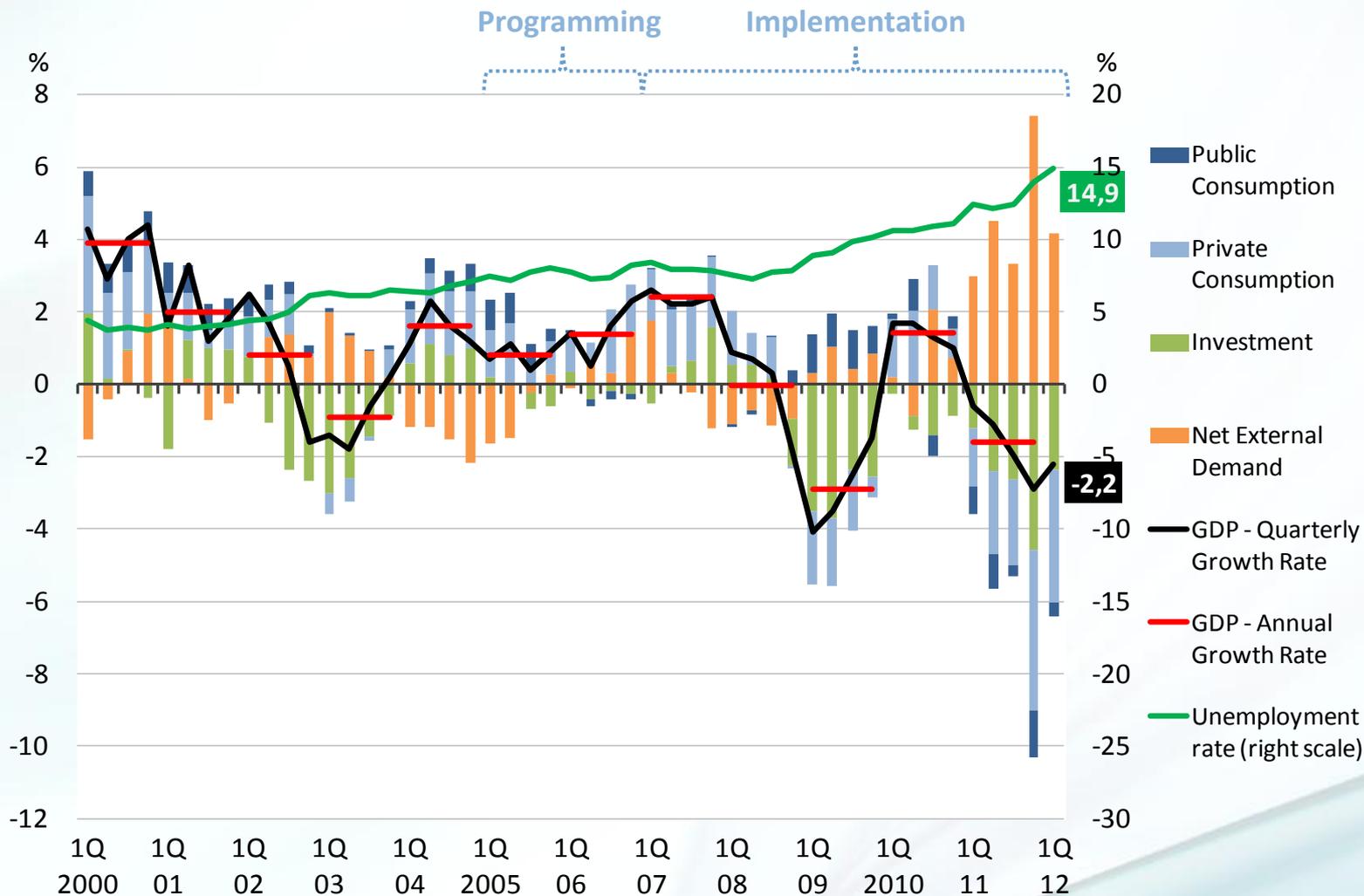


# NSRF – policy tools for the promotion of institutional cooperation



# An economic context very different of that expected during the programming phase

A picture of the crisis impacts in the Portuguese macroeconomic evolution



# NSRF grants with municipal associations timeline

2007-2008	Territorial Development Plans by Municipal Associations	
2008	Global Grants with Municipal associations	<ul style="list-style-type: none"> <li>• 1.4 Bi € of ERDF (more than ¼ of Regional OP);</li> <li>• As an incentive to create Municipal associations at TL3 level</li> </ul>
2010	1 <sup>st</sup> Memorandum (Memo) between Central Government and Municipal Associations	<ul style="list-style-type: none"> <li>• Problems on administrative capacity to manage EU funds</li> <li>• Focus on education investments;</li> <li>• More flexibility for reorientation of investments;</li> <li>• Higher cofinancing rates</li> <li>• Simplification of management procedures</li> <li>• Improving dialogue and strengthen monitoring system</li> </ul>
2011	2 <sup>nd</sup> Memo between Central Government and Municipal Associations	<ul style="list-style-type: none"> <li>• Higher cofinancing rates and Public credit line (with EIB) for funding national part</li> <li>• Reducing commitments related with operations with execution problems</li> <li>• Implementing and award system for Municipal associations with best performance in grants execution</li> </ul>

# The role of monitoring system

- Regular analysis of global grants since the beginning (e.g. in NSRF annual reports);
- February 2010 – strategic alert to political coordination concerning some bottlenecks of the system;

## 1<sup>st</sup> Memo – March 2010

- April 2010 – regular meetings between central government and municipal associations for discussing the situation based on data from monitoring system
- May 2010 – zoom in for municipal intervention within regular monitoring system

## 2<sup>nd</sup> Memo – February 2011

- April 2011 - Specific system for monitoring the operations with execution problems and new output for monitoring the targets on financial indicators established in the 2<sup>nd</sup> Memo



# (Possible) lessons to be learnt ...

- Not possible to guarantee success in advance...
  - The ex ante conditionalities can cover only the necessary conditions...not the sufficient conditions
  - The evolution in macroeconomic context is unpredictable
- ... what makes the monitoring systems very useful;
- The monitoring systems are even more relevant for relational (incomplete) contracts and repeated cooperation games ...which is the typical case for contracts between central and sub-national governments;
- The important role of a wider communication for the results of cooperation between levels of government.





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