

European Commission – DG Reform

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THE ADMINISTRATIVE CAPACITY INDEX:

A METHOD TO MEASURE THE QUALITY OF PUBLIC ADMINISTRATIONS IN THE EU MEMBER STATES.

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▪ ADMINISTRATIVE CAPACITY: WHY IT IS SO IMPORTANT

In 2018, the European Commission, in its Report titled “*Measuring Public Administration*”, stated:

“Good governance and the quality of public administrations are recognizably in the interest of the EU citizens and Member States, to achieve maximum value from finite public funds and create a public-private interface that raises employment and growth. Worldwide, the evidence is irrefutable: high productivity, high income per head economies have the most effective and efficient public institutions”.

In other terms, there can be economic and social development only with an effective public governance.

That’s why **administrative capacity** it is **crucial**,

Even the **Next Generation EU funds risk to be wasted** without a good administrative capacity.

I mean that **money is not enough** to **guarantee** good public governance:

Money can result as an injection of petrol in a car with a broken engine:

useless, because first we must repair the engine, that is the administrative machinery.

- **HOW TO ACHIEVE GOOD ADMINISTRATIVE CAPACITY?**

Rules and controls are insufficient:

Assessment of PAs is essential too.

Simply because that *we can't improve something that we don't know exactly.*

So, we need an assessment **not aimed at grading** or ranking Administrations.

but to:

1. **Map** (get a radiography) **public governance** at national and local level,
2. Develop a **targeted improvement plan**.

Without that map (radiography), any reform may result ineffective.

But to map, we need data.

- **WHICH KIND OF DATA IS NECESSARY FOR AN OVERALL ASSESSMENT**

Economic and financial data *are not sufficient*.

Qualitative data are equally essential. For instance:

- the quality of public services delivery
- the achievement of annual goals,
- attention to social accountability or civic engagement, and so on.

The question is **HOW TO OBTAIN THOSE DATA?**

So far, there 3 main methods to get data:

1. In the first one, **information refers to policies and/or public services** (environment, education, transports, health, etc.),
not to the administrative "machine" (financial capacity, human resources, public procurement, etc.).
2. In the second one, information is **based on interviews**,
which means **on perceptions**, instead of objective data.

3. In the third one, information is based **on questionnaires** that PAs fill out, which means that data are **provided by the same subjects** that have to be evaluated.

We are **not claiming** that those assessment methods **are invalid**, but they cannot remain the only ones.

So, there are 2 aspects to be faced:

- 1) Finding a **new way to get data**, based *neither on interviews, nor questionnaires*, but on **data already published** by PAs.
- 2) Data need to be **translated into a synthetic index** in order to be effectively accessible and usable.

We worked on both aspects at *Fondazione Etica*, an independent and no-profit research center focused on PA:

the result of **our work over ten years** is the development of the
Administrative Capacity Index.

▪ WHAT IS IT?

- It is a **quantitative and qualitative index**, based **on objective data**, already published by PAs.
- Its **purpose** is to *allow a central or regional Government, as well the European Commission*, to **measure** administrative capacity at the national, regional and local level.
- Its method is based on the **ESG sustainability indexes** used in financial markets.

WHAT'S NEW?

Our Index elaborates data that are:

- *Qualitative, and not only quantitative*

Indeed, It analyses **6 macro-areas**:

- Budget,
- Governance,

- Human Resources Management,
 - Public service delivery and relationship with citizens,
 - Public Procurements and relationship with suppliers,
 - Environmental impact.
- *Objective, and not based on perception*
 - *Independent,*
 - *Comparable.*

Moreover, it **provides alerts on default and corruption risks.**

Also, it monitors the **chronological trend.**

▪ HOW AND WHERE TO USE IT

Italy approved an **excellent law** on transparency in 2013, similarly to *Spain*.

The result is that today **transparency is not a problem** in Italy.

It is not what perception-based indexes suggest;

nonetheless, **the facts say** that Italian PAs publish large amounts of data.

For over a decade we have been regularly assessing the administrative capacity of Regions and Municipalities in Italy.

We detect their strengths and weaknesses,

We share good practices,

We **support an improvement process.**

And today we work with some *Italian Ministries, Regions, Municipalities, the Anticorruption National Authority.*

Also we have been working with *Institutional Investment Funds (it asked us to compare),*

And we are **World Bank partner** for the Social Accountability Program.

And in EU?

We have been **entrusted by the European Commission – DG Regio**

with a **pilot project** to test our Index in a *sample* of EU Member States:

Spain, Ireland, Finland, Czech Republic, Romania and Italy.

What did we find out?

Public Administration systems differ largely one State from another, of course, but they all have the same function: to serve the community and the general interest.

That's why *we found out something unexpected:*

all Member States have adopted a law on transparency: the FOIA, or something similar.

We must be aware that FOIA **consists of two pillars** (not just one):

1. **the right of citizens to access** to public information;
2. **the duty of Administrations to publish** that information directly on their websites.

Sometimes, the second pillar is just a **generic obligation** to publish.

Nonetheless, we verified something very positive:

in **most EU countries** there are Public Administrations - mainly at local level - **that publish more data and information than they are required** by law.

WHY?

Mainly because **it's convenient.**

It allows to:

1. **Respond to EU recommendations,**
2. **Regain citizens' trust,**
3. **Better allocate public money** at the regional and local level.

Financial transfers from central Governments can be used to incentivize regional and local Governments to improve administrative capacity.

4. **Attract private investors.**

Private equity funds prefer to invest their money in States that are not only transparent, but also efficient and well administered.

So, in that pilot project we **could test our Index,**
and verify **that it is applicable to and useful** in different EU Member States

to evaluate their public governance at different Government levels,
to share good practices,
to develop targeted support.

We built up **an evaluation grid**, *as a possible draft, common to the Countries analysed*.
There are **more than 50 indicators**:

1. Some are **very basic**,
in order to not be too severe towards those countries which lack accountability,
2. Some indicators are **more ambitious**,
in order to recognize the effort of more advanced countries, such as Spain.

Finally, **our contribution** to the EU Member States' Group of Experts on Public Administration and Governance is to share methodology, data and results of our Administrative Capacity Index:

- to provide a **scientific and practical evaluation tool** for all EU Member States,
- to **measure and compare public governance** of their Ministries, Regions and Municipalities,
- to target an enhancement plan,
- to **involve stakeholders**, and in particular citizens.