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# The Italian National Recovery and Resilience Plan and Administrative Capacity: A Real Game Changer?

Laura Polverari and Simona Piattoni

The National Recovery and Resilience Plan (NRRP), in close alignment with the 2021-2027 Cohesion policy framework and Council recommendations, represents an unprecedented opportunity to strengthen the capacity of the Italian public administration in a systematic fashion. However, are the measures foreseen adequate to deliver the anticipated objectives? Will the short timeframe of the plan be sufficient to attain a lasting strengthening of the Italian public administration? Will a synergy be created with the parallel investments realised under the EU's cohesion policy? In answering these questions, we highlight some shortcomings of the plan that might hamper the reforms. We conclude by wondering whether the strategy pursued by the NRRP marks a return to a New Public Management model that is now considered by many as obsolete.

*Keywords:* Administrative capacity; Capacity-building; Italian public administration; National Recovery and Resilience Plan (NRRP); Public sector reform.

## 1. Introduction

One of the recurrent themes in the debates about the performance of the Italian economy points to the inefficiency of Italy's public administration (Di Mascio and Natalini 2014, 2020; Polverari 2020), which is accused of stifling private investment and depressing Italy's growth potential. As a consequence, the Italian economy, which has been lagging behind the other European economies since the early 1990s, continues to grow less than those of its European partners, and fails to express its full productive potential (Piattoni and Notermans 2019; Notermans and Piattoni 2020). The reform of the Italian public administration has, therefore, acquired the status of «structural» reform – one of those reforms whose successful completion

is a pre-condition for all the other reflationary measures to succeed<sup>1</sup>.

Administrative capacity is an «essentially contested concept» (Gal-  
lie 1956; Natalini 2010). Even though it is intuitively simple to assume  
that «capacity» is present or absent in public administrations that  
carry out their tasks, respectively, swiftly and effectively, or belatedly  
and ineffectively, it is more difficult to pin down what it consists of  
with precision, how, precisely, it can be measured, and through which  
policy measures it can be improved (Polverari 2020; Polverari *et al.*  
2022). Any definition of «state», «institutional», or «administrative»  
capacity runs the risk of being tautological, and any measurement that  
of being circular, as scholars tend to deduce its existence and measure  
its intensity from the outcomes that it produces (Polverari *et al.* 2022;  
Polverari 2020; El-Taliawi and Van Der Wal 2019).

As the Italian government embarks on a massive programme of  
administrative reform and capacity-building through the resources of  
the National Recovery and Resilience Plan (NRRP), our aim is to ex-  
amine the content of the NRRP with regard to its declared aim of  
strengthening the capacity of the Italian public administration.

The exceptional resources mobilised by the NRRP are expected to  
double up on the efforts already made with cohesion policy resources  
by extending to the entire national system a reform of the Italian pub-  
lic administration that is capable of definitively boosting its capacity  
to support those decisive investment plans that are supposed to put  
the Italian economy back on a sustainable growth path. The challenge  
is significant. The limited time-frame of the Next Generation EU  
(NGEU) programme, within which the Recovery and Resilience Facil-  
ity (RRF) that mostly finances the Italian NRRP is inserted, lends it a  
«now or never» quality – a sort of last call for Italy’s public admin-  
istration and the entire economic system. Measures must be well-de-  
signed, focused and incisive. The limited time available to design and  
implement this reform should have helped concentrate the legislator’s  
attention on this task but, at the same time, may have risked further  
exposing the notorious sluggishness of the Italian legislative process.

Against this background, we address the following research ques-  
tions: Are the measures foreseen by the Italian NRRP adequate to de-  
liver the anticipated objectives? Will the short time-frame of the plan  
be sufficient to attain the long-term goal of a lasting strengthening of  
the capacity of the Italian public administration? Will a synergy be

<sup>1</sup> Other such reforms address problems in the outdated complexion of youth  
education, the too scant participation of women in the labour market, the all-too-  
slow and ineffective justice system, and a tax system that needs to be re-calibrated  
and re-balanced, all aspects that are also tackled by the Italian NRRP.

created with the parallel investments realised under the European Union (EU)'s cohesion policy (which – for Italy – continues to represent an important financial resource, including for administrative strengthening)?

The remainder of this article is organised as follows. Section 2, following this introduction, discusses the concepts of administrative strengthening and administrative capacity-building, highlighting its ambiguity and context-dependent nature. It also describes the research design and methods, clarifying the dependent and independent variables of our analysis. Section 3 describes the content of the NRRP regarding administrative reform and capacity-building, i.e., the measures foreseen and their rationale. Thereafter, Section 4 focuses on the plan's implementation strategy, with a particular focus on the way implementation, monitoring, and external coherence with EU cohesion policy have been articulated, discussing whether these may reveal the plan's inability to achieve its intended aims. Conclusions are presented in the last section, providing preliminary answers to the research questions outlined above.

## 2. Administrative Capacity and Capacity-Building: Definitions, Research Design, and Methods

### Administrative Capacity as a Contested Concept

As Natalini points out, «the word capacity, generically intended, reflects the availability of the abilities and knowledge [...], that allow individuals, organisations, or societies [...] to identify and solve collective problems (Christensen and Gazley 2008, 266)» (Natalini 2010, 25, *our translation from Italian*). When it comes to public policy, this concept has been defined in various ways, namely, as: state or government capacity (e.g., Dunlop *et al.* 2020; Lodge and Wegrich 2014); policy capacity (Brenton *et al.* 2022; Peters 2015; Wu *et al.* 2015); implementation capacity (Pressmann and Wildavsky 1984); and, administrative capacity. Administrative capacity is a relatively narrow concept that relates to the specific abilities, knowledge, and organisation of bureaucracies. However, it is not an easy concept to define, nor an unambiguous one. First, it has often been equated with competing notions, such as those just mentioned, or with wider concepts, like good governance or government quality (Charron *et al.* 2021), which include factors that are exogenous to the public administration *per se* (e.g., levels of perceived corruption, the accountability of decision-

makers, citizen trust in the public sector, etc.). Second, it is applicable to a wide range of administrative processes, territorial scales, and sectoral competencies, each presenting specific connotations and needs (e.g., Milio 2007; Terracciano and Graziano 2016). Third, it is context-dependent, being intrinsically linked to the dominant paradigm on the role of the state and the established administrative tradition of any given context (Dunlop *et al.* 2020, 373; Peters 2021; Christensen and Lægheid 2007).

Addison (2009) discusses at length the definition, diffusion, and genealogy of the concept of «administrative capacity»<sup>2</sup>. Among the most common definitions are «the ability of the permanent machinery of government to implement policies, deliver services and provide policy advice to decision-makers» (Polidano 2000, 805), and «the ability to respond effectively to change, make decisions efficiently, effectively, and responsively; and manage conflict» (Bowman and Kearney 1988, 346). The scholar concludes that «the function most frequently specified is the ability to implement policy» (Addison 2009, 10) and that, although surprisingly widespread, it can, at best, be treated as a «latent concept». «Some scholars treat capacity as a latent trait but abstain from explicitly defining it, focussing instead on elaborating the structural elements that are hypothesised to produce capacity» (*ibidem*). Various material and immaterial structural features are assumed to determine the presence or absence of administrative capacity: organisational structures, procedural routines, and the intellectual talent of the staff are mentioned by Skowronek (1982), as well as by the European Commission (cf., Dimitrova 2002). Others (e.g., Bowman and Kearney 1988) mention a plethora of institutional features that improve decision-making procedures, favour conflict management and improve responsiveness to change. In practice, «administrative capacity» remains a latent trait revealed either by its antecedent factors, or by its reflective manifestations (Addison 2009, 11-13).

Polverari *et al.* (2022; 2020) adopt the definition provided by NEI Regional and Urban Development (2002), which was developed for the examination of administrative capacity in the countries acceding to the EU at the time. According to this definition, which understandably stresses the multilevel character of cohesion policy implementation, «administrative capacity can be defined as the ability and skill of central and local authorities to prepare suitable plans, programmes and projects in due time, to decide on programmes and projects, to arrange the co-ordination among principal partners, to cope with the

<sup>2</sup> This concept is present in several distinct scholarly literatures from state-building to economic development to governance studies (Addison 2009).

administrative and reporting requirements, and to finance and supervise implementation properly, avoiding irregularities as far as possible» (p. 2).

Be that as it may, what is pursued by various EU-driven policy measures and, in particular, by the NGEU reforms are efforts to work on the potential causes («antecedents») of administrative capacity so as to be able to improve its effects («reflective manifestations»). The NRRP aims to build administrative capacity, that is, to «alter situations that have consolidated over time, defusing mechanisms that determine a level or a type of capacity which is no longer that which is considered the most needed or desired» (Natalini 2010, 14; *our translation from Italian*). In line with this tradition, we, too, will focus on those measures that aim to improve the capacity of the Italian public administration by investing in more effective decision-making procedures, better utilisation of resources, swifter commitment and spending of allocated resources, and higher and more diversified competences of the administrative staff.

While it is not our goal to analyse how the different levels of the Italian public administration – central, regional, and local – interact with one another to achieve the stated objectives, it is clear that an effective administrative reform will have to address inefficiencies and bottlenecks at each of these levels. It would, therefore, stand to reason to discuss whether, in identifying both the goals and the means of this important structural reform, the central government has consulted (or at least assessed the needs of) the lower administrative levels. Given that other authors have analysed this aspect (see below), we can acquire their insights and concentrate on other aspects of the reform.

### Research Design and Methods

While the proverbial devil is in the detail, which, in this case, will be the implementation phase of the reform (Moschella and Verzichelli 2021), we decided to focus on the content of the capacity-building measures, as outlined in the NRRP. Objectively, it is too soon for an assessment of the actual implementation of the reform. Our analysis will thus concentrate on the strategy, measures, and implementation foreseen by the NRRP: the assessment of the problems, the identification of the objectives, and the stipulation of the milestones and targets associated with the reform. Our dependent variable, as it were, is the goal of strengthening the administrative capacity of the Italian public sector; our independent variables are the measures foreseen by the

NRRP to achieve this goal. By contrast, we will not delve into the design process that has led to the formulation of the NRRP. For example, we will not discuss whether, and, if so, how sub-national administrative levels have been involved in the design of the reforms. Other studies have already shown that, in Italy, just like in other countries (Valenza *et al.* 2021), the involvement of sub-national authorities has been weak, and that the process has been highly centralised (Civitaresse Matteucci 2021; Profeti and Baldi 2021; Bolgherini and Lippi 2022). While this does not bode well for the overall success of the reform, we will concentrate on other potential weaknesses.

To answer the research questions cited above, we have adopted a double-pronged approach. First, we relied on extensive desk-research, including the (to date limited) existing literature and grey literature on the Italian NRRP, and the documental and legislative sources. Among these, there are the NRRP itself and the related operational arrangements, the assessment performed by the European Commission, the ensuing legislative decrees, the available monitoring and audit reports, and the audition with the Italian Parliament by the Minister for public administration. Second, we carried out interviews with a selected number of high-profile interviewees, namely, administrators who have been and/or are involved in the design, implementation, or assessment of the NRRP from both national and European institutions<sup>3</sup>. In this way, we triangulated our sources and cross-checked our findings. Despite our attempts, however, we were unable to interview members of the Italian Ministry for Public Administration, which would have given us precious insights into both the expected results and the measures devised to obtain them.

### 3. Administrative Reform and Administrative Capacity-Building According to the NRRP

Beyond the investments – articulated in six missions and 16 «components» – meant to support the re-vitalisation of the country's economy following the Covid-19 pandemic crisis, the Italian NRRP also aims to strengthen Italy's competitiveness by supporting a number of structural reforms. Among these, the reform of the Italian public administration has been long advocated by the yearly Country Specific Recommendations (CSRs), formulated under the European Semester process, as being particularly crucial (Governo italiano 2021; D'Alfonso

<sup>3</sup> All interviews were realised on Zoom, confidentiality and anonymity being assured in line with established research standards (Lancaster 2017).

2022). The importance of this and other structural reforms is such that the NRRP itself states that «the National Recovery and Resilience Plans are, first and foremost, reform plans» (Governo italiano 2021, 47; *our translation from Italian*; see, also, Guidi and Moschella 2021, 421). It has also been argued that «the Italian plan in reality should not be read as a plan of investments with some supporting reforms: [but] *de facto* the Italian plan is a plan of reforms with some supporting investments»<sup>4</sup>. This is because, while the investments are worth a staggering 191 billion euros for the period of the NRRP, «the impact of the reforms on the GDP is worth, all going well, between half and eighty base points of additional permanent growth each year», which, over the longer term, would be much more than the investments tabled by the plan itself<sup>5</sup>.

Taking stock of the weaknesses of the Italian public administration, the NRRP identifies four areas of particular concern. First, the protracted lack of turnover, which is deemed responsible for Italy's below-average number of public employees (13.4% against an OECD average of 17.7%). Second, a failed generational renewal, which is considered as a major cause for the mis-alignment between the competences currently available and those that are required by the new development model, based upon a digital, ecological, and inclusive growth paradigm. Third, the lack of training and upgrading of the skills of the staff already working in the Italian public administration, due to the constant shrinking of the budget devoted to this goal over the last few years. And, lastly, the excessive number and complexity of the norms and rules resulting from an ongoing stratification of legislation and the unresolved co-ordination between levels of government (which, in itself, however, is not a weakness of the Italian public administration).

This diagnosis is in line with the CSRs formulated by the European Commission, particularly those relating to the years 2019 and 2020 which the NRRP was explicitly intended to address<sup>6</sup>, but also those of previous years' CSRs (Di Mascio 2020), and with a number of previous assessments on administrative capacity gaps in the country (for a review, see Polverari 2020). As such, even though the NRRP itself has

<sup>4</sup> Cfr. Interview to Carlo Altomonte, Professor of European Economic Policy at the Bocconi University, member of the Task Force for the drafting of the Italian NRRP and consultant to the Minister for Public Administration, Renato Brunetta, in the podcast: <https://www.algebris.com/it/podcast-it/pnrr-italiano>, 4 October 2021 (*our translation from Italian*).

<sup>5</sup> *Ibidem*.

<sup>6</sup> Cfr. CSR 2019.3.2 and 2020.4.2 (see European Commission 2021, p. 51).



been defined mostly in a top-down manner (Civitarese Matteucci 2021; Profeti and Baldi 2021; Bolgherini and Lippi 2022)<sup>7</sup>, this structural reform builds on a long stream of analyses of the weaknesses of the Italian public administration and recommendations on how to address them. It can thus be considered as relevant, since it largely appears to match actual needs.

In line with these identified weaknesses, public administration strengthening in the NRRP is organised around four pillars, namely: access, good administration, competences/human capital and digitalisation or, to use the Italian wordings, *accesso*, *buona amministrazione*, *competenze/capitale umano*, and *digitalizzazione* («the ABCD of public administration», in the words of the Minister for the Public Administration, Governo italiano 2021: pp. 49-54; Ministro per la Pubblica Amministrazione 2022; website of the Ministry). In greater detail, *access* relates to the recruiting of new administrative staff, following faster and more efficient procedures, which are better targeted on the actual needs of public policy implementation and public service delivery, and to achieving a generational turnover. *Good administration* relates to the simplification and rationalisation of norms and procedures. *Competences/human capital* focuses primarily on the upgrading of the skills of public administration staff, to align competences with the new necessities of a modern public administration able to meet the new challenges, while *digitalisation* is intended as a horizontal measure to be applied to all administrative aspects, in line with the efforts already underway towards a digital public administration<sup>8</sup>.

In concrete terms, and leaving aside the simplification of norms and procedures intended to reduce excessive bureaucracy, which are not central to our analysis, the Italian NRRP foresees the following interventions for the strengthening of the Italian public administration (European Commission 2021, 48): (i) improvement of the selection and recruiting procedures of new staff, including the creation of a single recruiting platform ([inpa.gov.it](https://www.inpa.gov.it)) and a digital toolkit on staff skills and job descriptors; (ii) a re-design of public administration careers (horizontal and vertical mobility, upgrading of skills, re-skilling); (iii) training measures to enhance administrative capacity and link training programmes with individual and organisational performance; and, (iv) investment to digitalise the Italian public administration across all

<sup>7</sup> The territorial conferences have been involved in discussing and approving the document, of course, as required by the Italian multi-level constitutional setting. Nevertheless, the design of the plan was carried out primarily by the national government.

<sup>8</sup> See <https://www.agid.gov.it/it/agenzia/piano-triennale>.

levels. This includes: a national cloud-based infrastructure (and the related supporting measures to enhance the ability of all public administrations to migrate to this); measures to ensure the inter-operability of platforms; investment to enhance the provision of digital services to citizens by both national and local public administrations; protection against cyber-crime; the procurement of ICT services; and the creation of a «transformation office» for a digital public administration.

#### 4. Will the Plan Deliver? Implementation Strategy, Challenges, Trade-offs and Synergies

The success of this ambitious reform programme will rest not only on its effective implementation but also on its synergy with parallel capacity-building investments realised under other funding streams, first and foremost, the EU cohesion policy. Hence, we focus our analysis on the NRRP's implementation strategy, measures, and timing, and on the synergy with the European Structural and Investment (ESI) Funds, as it emerges from the combined reading of the NRRP and the Italian 2021-2027 Partnership Agreement.

##### Too many Milestones and too few Targets

The administrative capacity-building measures and reforms foreseen by the plan are qualitatively relevant. Their design, in fact, is consequential to a stream of previous analyses of gaps and needs, as already noted, and also rests on international good practices. It capitalises on a project realised in 2019 with support from the European Commission's then Structural Reform Support Service, which was undertaken with the involvement of the World Bank (Interview 1). Notwithstanding this, whether the plan will achieve its reform ambitions will rest on its effective implementation. To this end, in keeping with the performance-oriented logic of the NGEU and RRF, the plan outlines a detailed list of milestones and targets. The payment of the various financial instalments by the European Commission is tied to the achievement of the milestones and targets foreseen for each year: the Italian government was successful in securing the first interim payment, obtaining a positive assessment by the European Commission, at least in the first assessment to date (European Commission 2021); the second such assessment is underway as we write. Beyond the progression of

payments, the quality of the milestones and targets is also essential to the actual success of implementation. Here, in our view, lies a potential weakness to the plan. Progress towards administrative reform and capacity-building goals is measured through milestones that are procedural in nature (i.e., the approval of legislative acts, norms, and procedures), while the few targets relate to output indicators (e.g., the number of staff trained) rather than actual results (e.g., the skills acquired by trained staff and the improvement in performance consequent to the upgrading of skills)<sup>9</sup>. Will the procedural milestones deliver concrete results, then? As it stands, the plan does not include sufficient details or data to enable an evaluation of the success of the capacity-building initiatives planned in terms of the actual outcomes to be achieved.

This focus on the creation of a legislative framework, i.e., on milestones, has a sound logic, having more to do with the willingness not to tie payments to an implementation performance which would be beyond the control of the national government (Interview 4), not least given that many steps will be taken by sub-national authorities. However, this choice renders the plan elusive with regard to the actual results that might be obtained. In fact, while some of the measures are clearly specified in the plan itself, or in the legislation and implementation acts that have been or will be approved by the end of 2023<sup>10</sup> (e.g., the *inpa.gov.it* recruiting platform, the syllabus of public administration competences and skills, the reform of public sector employment, the strengthening of the National Administration School), others, particularly those related to the training and upgrading of skills of public administration staff, will be administered through tenders and linked to new Integrated Plans that each public administration with more than fifty employees is called to design, the so called PIAO (*Piano Integrato di Attività e Organizzazione*, Integrated Plan of Activity and Organisation). Their actual implementation will, therefore, depend on the effective engagement of different administrations.

<sup>9</sup> The objectives, implementation, and timetable of the reforms concerning the strands «access», «good administration», and «competences» are described in the section of the NRRP dedicated to the reform of the Italian public administration, while those related to the «digitalisation» of the public administration are specified in the detailed chrono-programme of the NRRP, as detailed in Annex I to the Operational arrangements between the European Commission and Italy on the Italian NRRP (Mission 1 – Component 1, M1C1). See Governo italiano 2021, and European Commission and Italy 2021.

<sup>10</sup> The most important so far are: Law Decree n. 80 of 9 June 2021, as converted by Law 113/2021, and Law Decree n. 36 of 30 April 2022.

### Excessive Vagueness

Introduced by article 6 of Law Decree n. 80 of 9 June 2021, containing «Urgent measures for the strengthening of the administrative capacity of the public administration and for the efficiency of the justice system functional to the implementation of the NRRP», the PIAOs are intended to link the supply of training to individual staff to the specific needs of the administration, and to tie the outcomes from the training provided to the career progression of the staff. These documents are supposed to be designed following clear guidelines by the Italian Department of Public Function (*Dipartimento della Funzione Pubblica*). However, their content, as outlined by Law Decree n. 80/2021, is extremely comprehensive, which makes the PIAOs very challenging to implement (see Table 1). In a country like Italy, with as many as 8,000 very diverse municipalities, it will remain to be seen whether all of those to whom the PIAO will apply will be ready to implement this approach, which implies a significant cultural shift, and the availability of managerial skills and human resources that might not always be present. The NRRP, EU cohesion policy and the domestic budget have foreseen a number of measures to strengthen the human resources available to local governments to facilitate the implementation of NRRP investments (Interview 6). Notwithstanding this, local governments will face the double challenge of implementing the NRRP and continuing with their ordinary business, while, at the same time, continuing to deal with the long-tail of years of austerity (see Di Mascio and Natalini 2014). The temporary staff injections funded by the NRRP will be able to compensate for the deficiencies resulting from the years of austerity only in part. Moreover, the availability of support through participation in open tenders by the potential recipients might end up re-enforcing an «administrative capacity paradox» similar to that witnessed in the past under the cohesion policy, whereby better equipped administrations might be better placed to seek and obtain the support that they need than the administrations which need to be supported the most (see Polverari *et al.* 2022), thus undermining the effectiveness of these measures.

Table 1. *The content of the Integrated Plans of Activities and Organisation (PIAO).*

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The PIAO has a triennial scope and is to be updated annually. It must define:

- (i) the administration's performance objectives; the strategy for the management of human capital and organisational development, including, through the use of smart work, linking the performance objectives of the administration to those of each individual;
  - (ii) the training and capacity building goals, both annual and multi-annual, which are aimed to deliver a full digital alphabetisation, the development of technical competences and of horizontal and managerial skills, and the cultural enhancement of staff including through personal study certificates;
  - (iii) the tools and objectives for the recruitment of new human resources and for the full exploitation of internal resources (foreseeing, in addition to the ordinary forms of recruitment, also the percentage of available positions to be destined for career progressions of staff);
  - (iv) the tools and phases towards the achievement of full transparency in the activities and organisation of the administration, and towards the achievements of the goals relating to anti-corruption norms;
  - (v) the list of procedures to be simplified and re-engineered each year, including through the use of technology and based on a consultation of users;
  - (vi) the planning of the activities, included the gradual measurement of actual completion times for procedures (to be carried out through automated tools);
  - (vii) the modalities and actions aimed to ensure full accessibility to the administration, both physical and digital, for elderly (65+) citizens and citizens affected by disability; and, lastly,
  - (viii) the actions and modalities to be put in place to ensure the full respect of gender equality.
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*Source:* Law Decree 80/2021, Article 6, as converted by Law 113/2021.

### Too much Money in too little Time

One further potential weakness of the implementation framework of the administrative capacity-building measures of the NRRP relates to the plan's timing. The requirement to spend NRRP resources fast, which is built into the rules of the NGEU, might mean that training support, for example, might not be planned in a strategic manner and that absorption of NRRP funds *per se* might be favoured over actual quality of spending. In this respect, the experience of cohesion policy

should be taken as a warning: all too often in the past, it has been seen that, when the achievement of spending targets is linked to the risk of losing resources, as was the case with the so-called automatic decommitment rule, the quality of expenditure might become secondary. These weaknesses should be borne in mind in the design of the monitoring tools and processes of the plan, which are underway as we write, so as to ensure that the implementation matches the expectations. Beyond processes and outputs, it is crucial that data are available to assess the actual impact of the plan on the administrative capacity of the Italian public administrations at all territorial levels. Capacity-building initiatives, by definition, cannot be one-size-fits-all, and ensuring the match between the needs of each administration and the related outcomes, rather than the simple achievement of spending targets, will be crucial.

It is also well-known – and all the actors interviewed who have been or are involved in the design and implementation of the NRRP acknowledged this – that the results and impacts of the reforms that are now being launched will become manifest only after the end of the short implementation timespan of the NRRP. Capacity-building investments, in fact, require time to «mature» in order to deliver concrete outcomes. In this sense, the plan intends to set up a viable, workable, and sound framework, which should become ideally self-sustaining and thus continue even after the end of its implementation. This is why the public administration strengthening reforms are planned to be finalised within the first two years of the plan's lifespan, i.e., by the end of 2023, coinciding, in principle, with the termination of the current parliamentary term. The hope implicit in this approach is that the reforms approved would initiate a virtuous circle, whereby the uptake of such reforms will continue over time, as public administrations will progressively start to appreciate their usefulness. Nevertheless, this is clearly not a given. On the one hand, the framework might not be effectively implemented by local governments, despite the support tools provided by the Ministry of Public Administration (such as, for instance, the new Capacity Italy platform or the new portal for the uploading of the PIAOs). On the other hand, much will depend on what will happen after 2026. Whether the temporary-human resources employed for the implementation of the NRRP will actually be absorbed permanently into the PA is an open question. Law Decree n. 80/2021 foresees some procedural measures to support the future retention of temporary staff, for example, through dedicated earmarking or the granting of additional points in future public competitions for permanent jobs (Interview 6; Corte dei conti 2022, 18).

Nevertheless, the permanent hiring of temporary staff will require further financial resources. And lastly, there is nothing to prevent a reversal of the reforms introduced, for example, by a different government configuration, once the external lever represented by the funds and governance of the RRF have ceased.

This last point links up to the trade-off between the short-term administrative strengthening that is required for the effective implementation of the NRRP itself and the more lasting, longer-term re-inforcement of administrative capacity. The plan aims to do both at the same time. While the «good administration» (for which read «simplification») and «digitalisation» pillars of the public administration-strengthening strategy, if implemented effectively, are likely to have a lasting legacy, the «access» and «competences» pillars would appear to be potentially more problematical. As they stand, the administrative capacity-building measures of the plan appear to be primarily focused on the short-term, and for understandable reasons: massive financial resources are available to be spent by 2026 and equally significant capacity-building investments are necessary to do so. However, as noted, the overall success of the plan will also depend on the availability of fresh financial resources even after 2026, in order to continue on the path of recruitment, performance-orientation, flexibilisation of the public sector labour market, training, and the upgrading of skills, *etc.* It will also depend on the effective implementation of public-sector employment reform well beyond the years 2023 and 2026, which, as already noted, cannot be taken for granted. Besides, the short-term injections of skilled staff into the public administrations are also facing difficulties, since they are focused on job profiles that are indeed lacking within the public administration, but which are also in high demand in the private sector (Corte dei conti 2022, 218-19). Evidence gathered from national-level officials suggests that this is a real problem, which is currently being faced by several administrations.

#### An Unclear Synergy with EU Cohesion Policy (as yet)

One last point in our analysis relates to the relationship between the NRRP and the EU cohesion policy. As with the RRF, Italy is one of the main beneficiaries of this policy, too: in absolute terms, it is the first recipient of the former, the second of the latter. Cohesion policy has traditionally invested and will continue to invest significant resources for administrative capacity-building initiatives primarily linked to the

implementation of the policy through the so-called Technical Assistance (Polverari *et al.* 2020). During the 2014-2020 period, there was also a so-called thematic objective dedicated to administrative strengthening *tout court* (thematic objective 11, whose outcomes are as yet unclear), which, for 2021-2027, might continue, at the discretion of programme authorities, under the new Priority Objective 5 («A Europe closer to citizens»). Given this parallel effort under the cohesion policy, the public administration reforms and investments for administrative capacity-building foreseen by the NRRP should, in principle, be complementary, if not synergistic, with those of the cohesion policy and *vice-versa*. However, the logics and time-frames of the two policies are diverse, and this makes it difficult to pursue synergies. In fairness, the Italian Partnership Agreement 2021-2027, sent by the Italian authorities to the European Commission on 17 January 2022, explicitly mentions that cohesion policy programmes will be complementary to the NRRP (Presidenza del Consiglio dei Ministri 2021). The NRRP, for its part, stresses its relevance for the regional catching-up goals of cohesion policy, its complementarity with the 2021-2027 Structural Funds, and the fact that «the reforms to strengthen the public administration and accelerate investments have a relevant impact on the South and contribute to an improved effectiveness in the deployment of existing funds, including the ESI funds and the Development and Cohesion Fund, and to support an increased absorption of incentives and of the resources in the southern regions, assigned on a competitive basis» (Governo italiano 2021, 40; *our translation from Italian*). Moreover, while the NRRP does not make a detailed mention of the specific complementarities with regard to the administrative-strengthening measures<sup>11</sup>, a National Co-ordination Board chaired by the *Ragioneria Generale dello Stato* (RGS) at the Ministry of Finance has been established to ensure the co-ordination of the action by all actors involved in the administrative capacity-building and technical assistance investments planned under both strands of EU funding. Crucially, however,

<sup>11</sup> Cohesion policy and the Structural Funds are mentioned only a few times in the NRRP document: to state that the NRRP is part of a longer-term development strategy that also includes the cohesion policy and the new REACT-EU Fund (pp. 239-42); to convey the importance of the investments planned by the NRRP for the development of the *Mezzogiorno* (the South) (p. 40); to state the complementarity foreseen with the Partnership Agreement (p. 43); to stress that the monitoring of the NRRP is part of a unitary monitoring system covering all investment policies and that the control and audit procedures have been designed following the model of cohesion policy's control and audit systems (pp. 241-42); and to mention that the cohesion policy will support change in management projects in 480 small- and medium-sized municipalities (p. 98).



such co-ordination is, for now, only on paper: the Board was formally instituted in March 2022, under the aegis (*determina* – a legal act) of the State Accountant General (*Ragioniere Generale dello Stato*)<sup>12</sup> but, at the time of our fieldwork, it had not yet met (Interview 6).

It should also be stressed that cohesion policy resources will also be utilised to recruit personnel to support local public administrations and to fund a number of capacity-building initiatives, via novel «Administrative Regeneration Plans» (successors of the Administrative Strengthening Plans of 2014-2020) and «change management projects» in almost 500 small- and medium-sized municipalities (Governo italiano 2021, 98). At present, however, it would be difficult to draw a full overview of the capacity-building investments realised across the two spending programmes (the EU cohesion policy, on the one hand, and the NRRP, on the other). One of our interviewees remarked that: «today it is fundamental that the RGS Board is activated as soon as possible because it is difficult to have clarity. The more we delay the co-ordination processes, the more difficult it will then be to redress the processes that might not be well aligned» (Interview 6, *our translation from Italian*). In practice, the complementarity between the two funding streams will have to be built *ex post* in the cohesion policy programmes which are currently still being finalised. Furthermore, the impression, from the documentation examined and the interviews carried out, is that, for the moment, the two policies are proceeding mostly along parallel tracks (e.g., Interview 5) and that attention is being paid especially to preventing double-funding (through individual project codes and the setting up of procedures for a detailed monitoring of expenditure<sup>13</sup>). This *de facto* separation is not surprising, given the spending pressure which the NRRP is under, and the delay with the approval of the cohesion policy programmes.

## 5. Conclusion

This article has analysed one of the crucial structural reforms at the heart of the Italian NRRP: the building of an administrative capacity

<sup>12</sup> Specifically, by a so-called «Determina del Ragioniere generale dello Stato» (Act of the State Accountant General) no. 56 of 8 March 2022.

<sup>13</sup> As specified in the NRRP itself, the monitoring system will be «unitary»: it will cover all growth-related expenditure including not only the NRRP but also the European structural funds, the so-called «NRRP Complementary (domestic) fund», and the domestic Development and Cohesion Fund (Governo Italiano 2021, 242, *our translation from Italian*).

suitable to sustain the investment effort contained in the NRRP itself, and, prospectively, across all policy areas (first and foremost, the EU cohesion policy) with a view to propelling the Italian economy onto a sustainable, energy-efficient, long-term growth path. It reviewed the first steps taken during the initial phase of the NRRP implementation, up until the Law Decree n. 36 of 30 April 2022, to assess whether they might be on track to deliver this ambitious objective. Wary of the difficulty to pin down precisely the determinants of administrative capacity – a concept that is still contested despite its decades-long use and its centrality in the public administration literature – this article analysed the measures identified by the Italian authorities to improve the Italian administration. It also illustrated the ways in which these «antecedents» are supposed to engender their «manifest effects», and discussed the potential pitfalls along the implementation path. Such possible shortcomings that might hamper implementation, and thus the reform's future effectiveness, include the insufficient attention paid, as yet, to building synergies with the EU cohesion policy, together with the shortage of the results and impact indicators that would be needed to assess the success of the administrative capacity-building measures realised, and the indeterminacy of some of the policy-measures planned. An important *caveat* to our research is that, while we have explained the logic behind the choices made in the NRRP, we have not questioned this logic or the tools deployed and the related financial attributions, nor have we sought to examine whether the strategy pursued by the Italian NRRP for the strengthening of the capacity of the Italian public administration marks a return to a New Public Management model that is now considered by many to be obsolete (Di Mascio and Natalini 2018; Pollitt 2015; Christensen and Lægreid 2007). We leave this to future research endeavours.

#### Appendix (anonymised list of interviewees)

National level interviewee, Presidency of the Council of Ministers (11 April 2022) – Zoom, recorded.

National level interviewee, Agency for Territorial Cohesion (19 May 2022) – Zoom, recorded.

EU level interviewee, European Commission (25 May 2022) – Zoom, recorded.

EU level interviewee, European Commission (25 May 2022) – Zoom, recorded.

National level interviewee, Ministry of Economy and Finances (30 May 2022) – Zoom, recorded.

EU level interviewee, European Parliament (2 June 2022) – Zoom, not recorded (permission not granted).

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