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Analysis and Evaluations of Public Policies

Monitoring the impact of the Structural Reform Support Service of the European Commission and its application in Italy

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1. Introduction

In the aftermath of the most severe economic crisis of the post-war period, the Economic and Monetary Union has tried to adopt efficient tools to make its constituency more resilient. The European institutions, mainly the Commission, have focused on the need for the Member States to implement domestic structural reforms, in order to modernise their economies and boost their competitiveness. The academic and political debate over the case for, the extent of, and the correct timing of such reforms is huge. In recent years, the European Commission has been trying to improve administrative readiness and capabilities of EU Member States, in order to impact on little technical drivers of successful implementation of reforms. The aim of this dissertation is to evaluate the most recent institutional instrument established for this purpose: The Structural Reforms Support Service (the SRSS).

The SRSS was created in 2015 to help EU countries carry on structural reforms and it has evolved in an *ad-hoc* Directorate-General for Structural Reform Support (DG REFORM). The help given is purely on-demand, tailored on the requests expressed by Member States, which should be approved by the Commission, in line with the Country Specific Recommendations (CSR). Support is given through financial means and on-the-ground assistance by a wide range of experts. The Service has been given a small budget for the 2017-2020 period. However, the Commission has proposed to expand its capacity up to 25 billion to be flowed into a new Reform Support Programme.

The Italian Government has been demonstrating an increasing interest in this Service. Italy is a striking case on the side of structural reforms, having particularly suffered the economic crisis and having passed through differentiated domestic reform cycles. First, the so called "technical government" guided by the former European Commissioner Mario Monti put in place harsh reforms to face a heavy financial and political turmoil. Then, the coalition headed by the centre leftist Partito Democratico ruled the country from 2013 to 2018 and enacted several reforms mainly on the sides of welfare and labour market. Lastly, the country has been dealing with populist parties in power, pledging to dismantle almost all the most unpopular reforms taken by the predecessors.

Despite the rapidly changing political spectrum, structural reforms are always considered a priority for the Italian agenda both according to the European institutions and to the main financial and institutional stakeholders. It is primarily an issue of which reforms should be implemented and in which sectors. This requires a comprehensive approach considering needs, means and resources to address such reforms, together with a careful implementation phase. The SRSS can be in this light a useful tool, which may have an impact of big or small significance depending on how Italy has taken it into consideration.

This work will carry out two kinds of evaluation (as defined in Rossi et al. (2006)): in the first part (Chapters 2 and 3) the *programme theory* behind the SRSS will be assessed , while the second part (chapter 4) will be dedicated to the *programme monitoring* – also called *process evaluation* – of the SRSS activities in Italy. The analysis will take into account more specifically one dimension of evaluation, namely the presence of a European added-value in the SRSS-led projects funded in the first programme (2017-2020) launched by the Service, the Structural Reform Support Programme (which constitutes the most part of SRSS interventions). The study has been based on quantitative and qualitative evidences, coming from datasets publicly available and interviews conducted with key stakeholders on the Italian side. In chapter 4 a case-study involving a Department of the Italian Ministry of Economy and Finance will give additional elements for analysis. Chapter 5 will finally deal with the issue of appropriateness of the SRSS intervention, trying to outline main political elements addressed by an instrument which is conceived as purely technical. The final chapter will recall main findings.

2. The conceptual framework of the Structural Reform Support Service

This first part of the dissertation (chapters 2 and 3) aims at assessing the *program theory* behind the SRSS, namely its plan of operation, the logic connecting its activities to the intended outcomes, and the rationale of its interventions (Rossi et al., 2006).

In the first section, a brief literature review will be useful to summarise the long reform process and the huge academic debate involving the governance of the Economic and Monetary Union (EMU). The aim is to highlight the main elements behind the creation of the SRSS. In the second section, the origins of the Service will be described, and a general understanding of its activities will be given.

2.1. Structural reforms in the European Union

Structural reforms have a long history. The aim of this section is to contextualise how the need for structural reforms has emerged in the Eurozone. Firstly, an overlook of the reform of the Euro Area governance mechanisms will be given. Secondly, the case for structural reforms will be analysed more in depth, according to the most recent literature on the topic. Table 1. at the end of the section will try to put the very broad discussion of structural reforms on the track leading to the birth of the SRSS.

2.1.1. The reform of the Euro Area governance

One of the most debated issue in monetary economics is the Optimal Currency Area Theory. It is from the 60s[1] that scholars try to prescript the necessary elements a currency area should have to be considered stable and resilient to shocks. Unfortunately, no one of the many definitions given throughout the decades reached an uncontested success. Accordingly, Dellas and Tavlas (2009) properly define the still ongoing academic discussion as an "*odyssey leading to a dead end*" (p. 1135). However, the topic has acquired a high importance after the birth of the Euro. It has been the opportunity for testing the relevance and the validity of the theory, also leading to new theoretical updates. In particular, Frankel and Rose (1998) paved the way of the so-called endogenous theory,

[1] Pioneering contributions came from Mundell (1961), McKinnon (1963) and Kenen (1969)

based on the assumption that the creation of a currency area was the condition leading to a process of automatic convergence between heterogeneous economies, making them more homogenous and thus capable of absorbing shocks. This effect was attributed to the combination of fixed exchange-rate, free capital and workers mobility and low interest rates, acting as a strong incentive for countries to implement reforms. What stated in the endogenous theory seems not to be confirmed by what has occurred in the Eurozone as years went by (see for example Gros (2018) or Berti and Meyermans (2018)). The clearest evidence is given by the struggle brought by the Great Recession, the worst economic crisis Europe has suffered. As widely known, it started in 2007 as a contagion from United States' subprime mortgage crisis and rapidly became a sovereign debt crisis affecting the Eurozone asymmetrically. Southern peripheral countries with long-standing structural problems were those more damaged and, in some respects, are still dealing with the recovery from recession.

The European institutions were thus called to a deep reform of the governance in the Euro Area in order to help Member countries recover from the recession and re-create the conditions for growth. In order to facilitate the needed process of convergence between different economies, structural reforms have always been at the core of international institutions' requests for Member States, but after the crisis they became a crucial pillar of the economic policy strategy set by the European Commission.

In 2010, a Task Force headed by the Council President Herman Von Rompuy, with members from the Commission, Member States and the European Central Bank paved the way to face the crisis and prevent future shocks[2]. The outlined goals were the following:

i. strengthening the fiscal discipline;
ii. broadening economic surveillance through a new mechanism;
iii. reinforcing policy coordination through the so called "European Semester";
iv. developing a permanent system for crisis resolution, the European Stability Mechanism (ESM).

In the following years legislative measures enforced the pursuit of these goals. In 2011, six legislative acts modified the Stability and Growth Pact (SGP). It is the so called Six Pack made of three

[2] Available at: https://www.consilium.europa.eu/media/27405/117236.pdf

regulations (1173/2011, 1175/2011, 1177/2011) and one directive (2011/85/UE) concerning the enhanced fiscal surveillance together with two regulations (1176/2011, 1174/2011) on the prevention and correction of macroeconomic imbalances. On this latter side, the surveillance was enhanced through the establishment of common criteria and indicators aiming at identifying the degree of imbalances and recommend corrections every year, the so-called Macroeconomic Imbalance Procedure (MIP). The MIP was then included in the European Semester cycle procedure set up in 2013.

Then, from 2012 all the EU member States, except for UK, have signed the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG) which lays outside the EU legislation. They committed to adopt SGP provisions permanently into national legislative domains, including the so-called Fiscal Compact, namely an automatic mechanism of correction and independent supervision over the respect of more stringent fiscal rules set in Part III of the treaty. Being an intergovernmental Treaty, the European Parliament does not have any power of control over TSCG. Thus, it was conceived to be integrated in the EU Treaties in a period of 5 years, but the discussion is still ongoing. In 2013, a Two Pack of Regulations (472/2013 and 473/2013) was adopted. It mainly required the obligation for member States to make their annual provisional budget evaluated by the Commission every year in October.

The main outcome of this post-crisis governance reforms was the setup of the European Semester, a cycle of coordination for national fiscal and socio-economic policies guided by the European Commission. The cycle starts every November (see *Figure* 1) when the Commission analyses the state of growth in the EU (Annual Growth Survey, AGS), identifies the policy priorities giving general recommendations to the Eurozone, assesses the potential macroeconomic risks (Alert Mechanism Report, AMR), and evaluates the Euro countries' draft budgetary plans. Then, between January and April, other European Institutions are asked to give their opinions: the Council of the European Union on Eurozone recommendations; the EU Council on the future political orientation and the EU Parliament on the state of employment. In April, Member States are required to present their Stability Plan and National Reform Programme which include the policies they are willing to pursue in the following financial year. In the final stage, the European Commission gives its Country Specific Recommendations which should be formally approved by the EU Council and the Council of the EU and are thus binding for the Member States in the formulation of their budgetary plans.

The European Semester cycle is at the core of the EU economic governance and is the tool through which the EU aims at orienting national policies and reforms towards convergence and coordination. The priorities of the semester revolve around three main pillars: (i) structural reforms, (ii) investments and (iii) stabilization in case of shocks (the latest programmes established or proposed

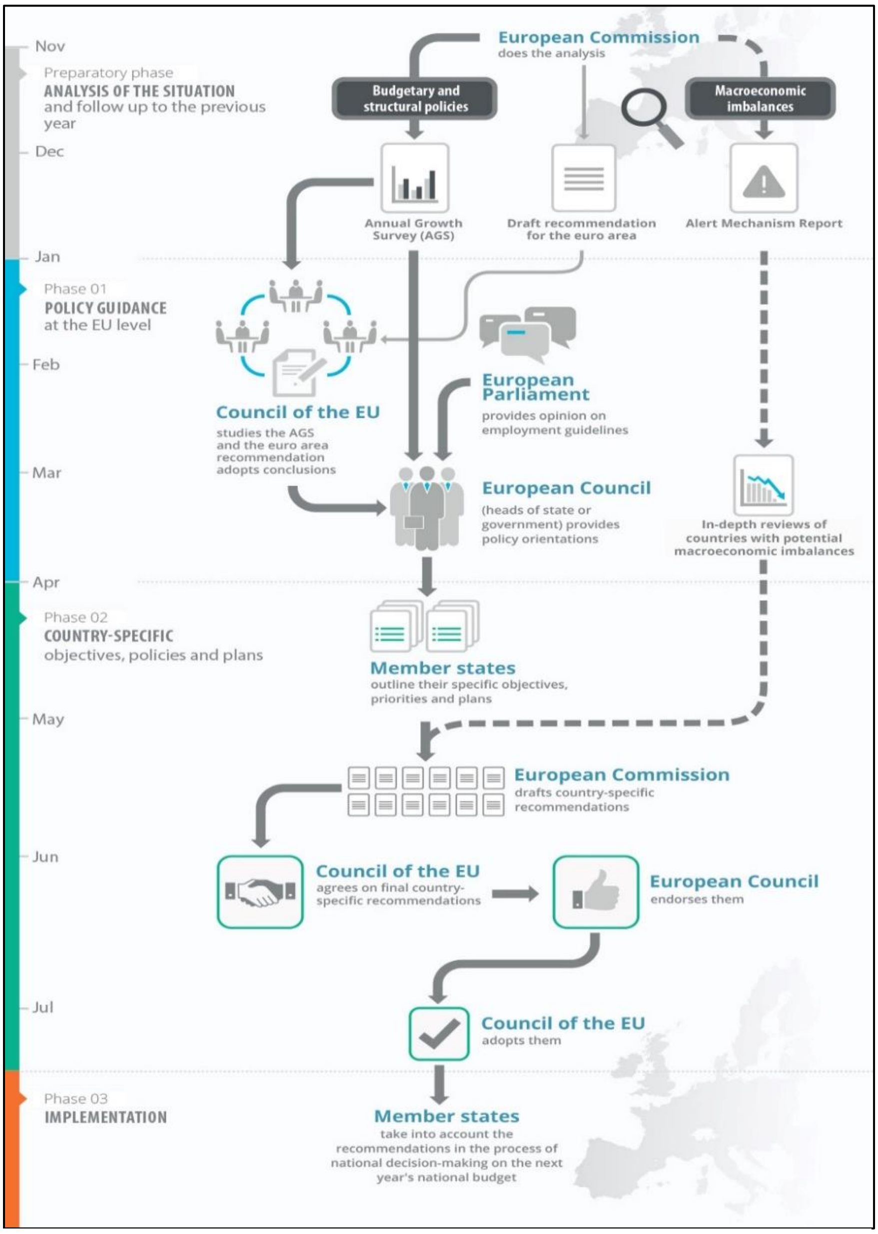

Figure 1. Infographic - Who does what in the European Semester

Source: Council of the European Union (2017)©

Available at: https://www.consilium.europa.eu/en/policies/european-semester/

by the Commission for each pillar are outlined in *Figure 2.*). The SRSS is the most recent instrument set up to concretely address the first pillar.

The European Semester constitutes the main tool of European intervention on national reform processes. However, its real effectiveness in the post-crisis period has been contested in many aspects and from different point of views. Alcidi and Gros (2017) clearly explained how the cycle has given poor results in terms of CSRs implemented in Member States and consequently in terms of economic growth and convergence achieved. Actually, as also recalled in Dolls et al. (2018), CSRs have been decreasing in implementation and more than the half of them have registered only a partial or null progress. CSRs are the main outcome of the semester cycle, and their poor fulfilment reveal a structural obstacle to the achievement of the general objective of economic convergence and coordination. Potential reasons have been identified by scholars. Alcidi and Gros (2017) underlined that a main obstacle to implementation is the insufficient national ownership: the Semester can be perceived as a constraint for national policies agenda and therefore as a cumbersome burden on domestic choices. Moreover, according to Ragot (2017) recommendations are not prioritised and this impacts on the low percentage of realisation: preference should be given to policies with strong spill-overs. Overall, it can be stated that incentives to good national performances in the cycle are a fundamental part of the game and have been so far a major lack in the European Semester. Recently, the debate on how to strengthen the European Semester is bringing the EU institutions to change the approach, aiming at an enhanced involvement of the Member States in the cycle[3].

2.1.2. The five "W"s of Structural Reforms

Country Specific Recommendations are the institutional top-down tool used by the EU to advocate for national structural reforms. The difficulties revealed in the European Semester are intertwined with the academic and political debate over structural reforms and their impact on the national and European economies. It is a vast, long-debated issue. However, to better understand the birth of the SRSS, it can be useful for this work to pinpoint the main hints coming from the literature, starting from the broadest perspective on the topic. In order to make a concise but complete

[3] See for example the Council Recommendation (2016/C 349/01) on the creation of National Productivity Board to be involved in the Semester.

assessment, just as in journalism, the five Ws rule can help identifying the very basic element of the story: why, what, when, where and who. At the end of this section, Table 1. will sum up the key findings and the needs emerging. Eventually such needs will be used as drivers for evaluating the presence of an added value brought by the SRSS, at the end of chapter 3.

The" who" has partially been assessed in the description of the European Semester cycle. There are multiple stakeholders, but three group of main characters: EU institutions, National Governments and Public Administrations. All the EU institutions are involved in the European Semester and play a role in recommending and evaluating reforms in Member States. National governments are central in the reform processes, relying on their democratic legitimacy to adapt the European and international recommendations to their political agenda. Despite the previously mentioned attempt to guide reforms from the supra-national level through the European Semester, there is still a wide space for national discretion on whether and how implement reforms. Beyond the political domain, non-political actors, namely national public administrations should be considered of high relevance. The technical ability to put in place policy prescriptions is crucial at each level and in each sector of government. Administrative efficiency and performance should therefore be considered as driving factors for the good implementation of reforms. Such factors have been one of the main markers of heterogeneity of European countries in adopting measures to respond to the crisis (Manasse and Katsikas, 2018).

The "what" can be taken directly from the definition of the European Commission. Reforms are considered structural if tackle those obstacles to growth and employment and boost competitiveness. They include policies aiming at liberalising product and service markets, labour, improve business environment, stimulate innovation, improve the quality of public administration and of the welfare state[4]. Structural reforms act on the supply side of the economy and imply a strong national fiscal responsibility with the aim of improve confidence, rebalancing trade between European countries and make public finances sustainable. The literature used to divide them in two groups:

[4] See at: https://ec.europa.eu/info/business-economy-euro/growth-and-investment/structural-reforms/structural-reforms-economic-growth_en

i. reforms aiming at potentially large redistributive effects, such as reform affecting labour market, product market, pensions, taxation systems, or liberalising regulated sectors;
ii. reforms aiming at increasing the administrative and institutional efficiency, directed mainly at reforming the way public administrations or judicial systems perform their duties.

Alcidi and Gros (2017) stressed how the first group are primarily a decision of national policy-makers while the second group address a technical domain and is where the EU intervention can give the highest added-value. Campos et al. (2018) suggest that the recovery plan for the Eurozone has shown that it cannot exist a one-size-fit-all approach in national structural reforms and each intervention or policy recommendation should be tailored with better awareness of each country's socio-economic contexts. In this line, Alcidi and Gros (2017) and Dolls et al. (2018), given the afore-mentioned decreasing implementation record of CSRs, call for a higher involvement of member states in the European Semester cycle. Furthermore, Rodrik (2016) adopts a worldwide standpoint to affirm that there are two possible approaches to structural reforms. That followed in the Eurozone can be called "big bang" approach, namely implying broad structural reforms set to achieve the most changes possible in the least time feasible. That experienced in countries like China, Taiwan, South Korea or India is instead a model focused on targeting the specific bottlenecks blocking the recovery and set policies or small-scaled interventions which precisely tackle them down.

The "where" defines the geographical location of structural reforms. In the Eurozone it matters a lot. Structural reforms, together with national fiscal consolidation, were the two main elements of the recovery strategy from the Great Recession. This strategy involved mainly those countries more severely hit by the Eurozone crisis, namely those at the periphery of the EU. More specifically, in the Eurozone, it concerned southern European countries: Greece, Spain, Cyprus, Portugal, Italy (Manasse and Katsikas, 2018). Greece, Cyprus, Portugal, Spain had to pass through bailout procedures, while Italy, although avoiding financial agreements, had to implement tight reforms under the intense pressure of international institutions.

The "why" explores the main goals structural reforms are set for. Economic convergence and stability in the Euro Area are the long-standing objectives to be achieved. The most widespread definition of economic convergence is that of Sala-i-Martin (1995) including both catching-up process of poorer countries in reducing income disparities faster than richest countries (beta convergence), and reduction in dispersion of income levels across countries (sigma convergence). The words of Rodrik (2016) may help understanding the rationale behind structural reforms:

> *"The overarching goal is to increase the efficiency with which labour and capital are allocated in the economy, ensuring that these resources go where their contribution to national income is largest. Success comes in the form of increased productivity, more private investment and, of course, more rapid economic growth."*

Varga and Veld (2014) showed how such reforms can potentially stimulate GDP growth in a five to ten year-period, significantly helping for convergence. However, as stated in section 2.1.1. the achievement of real convergence is highly debated in the academic literature. Even if any successful one was traced, surely the road to convergence had been interrupted by the Great Recession (Dolls et al., 2018).

The "when" can be addressed considering which starting conditions let reforms take off. Dias da Silva et al. (2018) assess when structural reforms were implemented in 40 OECD countries between 1975 and 2013. They found that the Eurozone follow almost perfectly the path of the entire group of countries. Lessons which can be drawn out of their work are the following:

- Structural reforms have been implemented more often in dire economic situations and when unemployment rates were high;
- Highest pressure on governments to implement reforms can be found in countries with the worst starting economic conditions. External pressures, coming from international institutions or financial markets, appear to be more effective if linked with financial assistance programme than sovereign-bond spread fluctuations;
- Product market and trade reforms are less likely to happen in period of fiscal consolidation, when it is instead more likely to observe labour market reforms;
- Reforms affecting product markets tend to increase the possibility of having reforms in the labour market sector;
- Labour market reforms seem more feasible and publicly accepted when rents are low;

- Low interest rates seem to encourage structural reforms. Savings in interests can in fact ease the adoption on reforms compensating their initial costs;
- The likelihood of implementing structural reforms increases when there is a one-party majority in the Parliament.

Overall, in the Eurozone high unemployment rate and low interest rates stand out as the strongest drivers of reform implementation process. However, it should be stressed that timing and sequencing of reforms are central elements in the debate among scholars. According to Eggertsson et al. (2014) and Campos et al. (2018), in some contexts, undertaking structural reforms during recession times can also exacerbate the crisis. Moreover, the latter highlights how finding an optimal sequencing in reform process should be a priority for policy makers because it strongly impacts on the short-term and long-term effects. Finally, it has been noticed that the way the Greek crisis was handled has shown a paradox concerning structural reforms and expectations in crisis period: the major benefits tend to arrive in the long-run, while creditors and share of country's population in need would need them most in the short-term in order to be more resilient to the high costs of recession (Rodrik, 2016).

Table 1. The five Ws of Structural Reforms: main findings and emerging needs.

Source: author elaboration

	Main findings	Emerging need
Where	In the Eurozone, structural reforms are firstly a matter of Southern European countries. The Great Recession has mostly hit in Greece, Spain, Portugal, Italy and Cyprus.	Structural reforms are mostly needed in those countries economically lagging-behind whose conditions have been worsened by the crisis.
Who	Main actors of structural reforms are: EU institutions involved in the European Semester, National Governments and Public Administrations	Political stakeholders are not the only involved. Capability and readiness of public administration are central factors to bring forward the implementation of structural reforms.
When	In the Eurozone, the implementation of structural reforms is likely to happen when economic conditions are dire, interest rates are low and unemployment rates are high. Timing and sequencing of reforms are crucial to avoid negative collateral effects	Reforms should be carefully planned and tailored on the socio-economic context in which they are set to have an impact.
Why	Structural reforms together with national fiscal consolidation are required to achieve convergence and stability in the EMU.	A new approach to structural reforms can be helpful to overcome the obstacles faced so far in the achievement of a resilient and stable EMU.
What	As the literature suggests, structural reforms can be clustered according to their aim or to the approach taken. In the former case we have redistribution-driven reforms or administrative-efficiency-driven reforms. In the latter case we have structural reforms following a “big bang” approach as in the case of European countries or those implemented with a precise targeting approach.	Small-scaled, precisely targeted and tailored structural reforms can be effective in removing those bottlenecks and inefficiencies in each national administration.

2.2. The road to the creation of the Structural Reform Support Service

This section will describe the steps which have brought to the creation of the Structural Reforms Support Service. Two earlier EU intervention for assistance on national ground are at the origin of the Service: the Task Force for Greece and the Support Group for Cyprus. A short understanding of both experiences is given in the first two sub-sections. Finally, the third sub-section will introduce with the first three years of work of the Service.

2.2.1. The Task Force for Greece (TFGR)

The idea of supporting countries in domestic structural reforms started in 2011 when the Task Force for Greece was created. In that country the euro-crisis peaked its most dangerous level, putting at stake the stability of the entire Euro Area. It was in this context that the European Commission realized the necessity to give a structured Technical Assistance (TA) to countries for the implementation of structural reforms.

The economic situation of the country was dire. After the disclosure on severe accounting irregularities, on the 23 of April 2010, the Prime Minister George Papandreou formally requested an international bailout for Greece, which was agreed by the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF), a *trio* usually called Troika. Two economic adjustment packages had been already approved at that moment, and eleven more were to come in the following years, until August 2018, when the country officially ended the bailout procedure. Politicians and commentators are still divided on considering inevitable the severe measures of adjustment imposed to the country by the three institutions, mainly questioning whether things could have been adjusted asking less hardship to the Greek population.

It is in the interest of this work to notice that beside the loans given, the Commission guided by José Manuel Barroso set up an *ad-hoc* task force on request of Greek authorities. Officially established in July 2011, the TFGR started its work in September under the political supervision of the Commissioner for Economic and Monetary Affairs and the Euro, Olli Rehn, and with Horst Reichenbach as its head. The main objectives were[5]:

- *"identify and coordinate, in close cooperation with Greece and benefitting from input from other Member States, the technical assistance that Greece needs to deliver the EU/IMF adjustment programme;*
- *assist the relevant Greek authorities in defining the details of the kind of technical assistance to be provided;*
- *recommend legislative, regulatory, administrative and if necessary (re)programming measures for an accelerated take-up of EU funds, focussing on competitiveness, growth and employment/training;*
- *provide quarterly progress reports to the Commission and the Greek authorities."*

As clearly stated by the Commission, the role of the TFGR was only to give technical assistance, easing the implementation of the reforms agreed with the Troika in the Memorandum of Understanding implied in the bailout procedure. The staff was mainly composed by officials from the Commission or other Member States coordinated with those of the Greek government.

According to the European Commission the results have been more than positive, concretely helping the country ending the bailout. More than 140 projects have started aiming at modernizing the education system, making the Public Administration more efficient, enacting plans against poverty and corruption. Nevertheless, the European Court of Auditors (2015) has outlined several shortcomings in the Task Force work, concluding that its influence in the reform process has been low. Auditors stated that, despite the delivery of technical assistance can be considered relevant and in line with adjustment programmes requirements, the absence of a dedicated budget, of a strategy behind interventions and of a proper selection of providers strongly limited the impact of the TFGR. Overall, auditors conclude that although functional and innovative in their method, projects did not

[5] Available at: https://ec.europa.eu/commission/presscorner/detail/en/MEMO_12_995

show efficiency in delivery. Thus, the following recommendations were given (European Court of Auditors, 2015):

- *"The establishment of any entity for delivering Technical Assistance (TA) should be based on a strategy with well-defined objectives;*
- *The Commission should create a pool of external experts who could be deployed on an ad hoc basis on TA projects in Member States;*
- *In view of ensuring the coherence of TA and reducing the coordination effort, in specific policy field, the Commission should aim at streamlining the number of partners;*
- *TA should be prioritised and focused and operate through the most appropriate and effective implementation mode in accordance with the existing legislative and regulatory framework;*
- *The Commission should select service providers based on a comparative analysis and clearly define the scope of deliverables in TA contracts;*
- *The Commission should ensure that the implementation of TA is systematically monitored and evaluated in the light of objectives set, and lessons learned fed back into the process;*
- *TA should focus on strengthening the capacity of national administrations with a view to business continuity and the sustainability of reforms."*

Moreover, following the external evaluation on TFGR (European Economic Community et al., 2019), additional lessons appear useful for analysing the legacy left to the SRSS:

- *"Future similar technical assistance instruments should be clearly framed from the outset based on a detailed analysis of existing problems and specification of the key elements of the intervention.*
- *An adequate monitoring system, including an indicator system, should be put in place from the outset of the intervention.*
- *Furthermore, an adequate management information system should be put in place from the outset of such intervention, to adequately support implementation, monitoring and evaluation.*

- *A systematic coordination mechanism should be set up to support efficiency and coherence of the support, as well as increased ownership of the beneficiaries on the technical assistance outputs.*
- *Coherence with other EU/national interventions implemented by the Member State requesting the support should be viewed as a pre-condition for the award of support. It would benefit the recipient country both in terms of enhanced effects and sustainability of reform actions.*
- *The request of support received in the framework of similar technical assistance instruments should be substantiated by a comprehensive needs identification based on which the objectives of the needed support can be drawn, as well as the nature, volume, length and sequence of activities can be determined. Attention should be paid to the project management and technical capacity available at the level of the entity requesting the support. Depending on the case, the request for support should be adjusted by the responsible body in partnership with the institutions requesting support. The partnership between the beneficiary institution and technical assistance experts should be strengthened, to ensure ownership and endorsement/adoption of technical assistance outputs and to facilitate the reform implementation process. The technical assistance should focus on operational activities related to the implementation of reforms and building, as needed, the capacity of the requesting institutions to implement such reforms.*
- *Future technical assistance instruments should condition granting of support on key stakeholders' involvement in all relevant phases of such support.*
- *Criteria used for the selection of mobilised experts should cover specific experience and expertise in the country, where applicable, and sector covered. Where the best match of expertise is not possible, increased attention should be paid to the preparation of missions.*
- *A structured database of technical assistance providers should be developed to facilitate rapid identification of required expertise.*

- *The role of the institution managing the intervention should be clearly defined in alignment with the tasks and responsibilities of other stakeholders involved. The extent to which the beneficiary institution applies/uses the outputs of the technical support should be monitored.*
- *A mechanism should be put in place to clarify the obligations of supported beneficiaries with a view to ensuring that expected results are obtained.*
- *A communication strategy should be developed and implemented.*
- *The creation of a dedicated budget upon the set-up of similar technical assistance instruments could lead to more predictability in the planning of the support for all relevant stakeholders and enable a swift delivery of support on the ground."*

In 2015 the political upheaval following the electoral success of the radical leftist, anti-austerity party *SYRIZA* sharpened the tension between the Troika and the Greek Government. The Prime Minister Alexis Tsipras soon declared his will to end any type of collaboration with the Task Force[6]. Given the problematic political and social context, the TFGR ended its work on the ground. The technical assistance is now provided to Greece through the SRSS.

2.2.2. The Support Group for Cyprus (SGCY)

Cyprus went through an economic turmoil in the post-crisis period. The country requested the international bailout in 2012, pursuing the loans-backed adjustment programmes until 2016. In 2013, two years after the set-up of the Task Force for Greece, a follow up of the same support method took place in Cyprus, with the so-called Support Group for Cyprus. No significant differences appear if compared with the Task Force, both in the objectives and in the organization of the service. Like in the Greek experience, the EU Commission brings the method used for handing out technical assistance in Cyprus as a successful best practice evolved in the SRSS a few years later.

The SGCY mainly focused on advancing projects in three areas: achieving a more efficient revenue administration, modernising the regime for insolvency and delivering a more competitive energy market in Cyprus. The Support Group could count on a 12 members staff, which was in part

[6] See at: https://www.reuters.com/article/eu-greece-taskforce-idUSL5N0XA3JX20150414

based in Nicosia and integrated in the national administration. It coordinates also contributions to technical assistance coming from EU member States and international organizations.

In the recently published ex-post evaluation of the economic adjustment programme in Cyprus (European Commission - Directorate-General for Economic and Financial Affairs, 2019), the European Commission underlined the positive impact of the SGCY. Accordingly, the technical assistance provided proved to be effective in overcoming administrative capacity constraints. In this light, the EU-added value has been remarkable and relevant for the efficient implementation of reforms at tailored on Cypriot authorities' requests. The well-functioning of the SGY has been assessed through periodical activity report and interviews with Cypriot officers[7].

Even though with less financial expenditure and in a less stirred political environment (Neokleous, 2016), the SGCY left Cyprus in 2015 to merge in the SRSS.

2.2.3. The establishment of the Structural Reform Support Service

This sub-section describes the first three years of SRSS activities. The first part will be focused on which are those activities and how are they implemented. The second part will briefly explain the possible future development of SRSS services after 2020.

2.2.3.1. The first three years of activities (2017 – 2019)

In 2015 the Commission decided to establish a permanent service, called Structural Reform Support Service with the aim of expanding the help given to Greece and Cyprus to the whole European Union. SRSS was conceived as a much wider instrument, potentially able to structurally give technical assistance to all Member States even without any adjustment programme in place. Thus, it deepened the concept of EU help for countries, including all those projects considered adequate of deserving help. The aim of the SRSS is support countries in all the phases of structural reforms: preparation, design and implementation.

The SRSS has been operating on multiple fronts. The most relevant is its structured programme of Technical Assistance, the Structural Reform Support Programme (SRSP) which will

[7] More information available at: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-financial-assistance/which-eu-countries-have-received-assistance/financial-assistance-cyprus_en#supportgroupforcyprus

be the main centre of attention in this work. However, other peculiar activities of the SRSS are worth mentioning. Firstly, a specific support is given to the process of reunification of Cyprus. The SRSS is giving a dedicated help to Cyprus in its process of reunification. In cooperation with the UN, the European Commission is committed to monitor the respect of the Green Line Regulation[8] and implementing the Aid Programme for the Turkish Cypriot Community[9]. Examples of Service's activities for this purpose are support to the Committee on Missing Persons, establishment of a scholarship programme for the Turkish Cypriot Community and support to the bi-communal technical committee for the conservation of cultural heritage. Secondly, in these first three years, the SRSS has also given a specific technical assistance to Greece in managing migration flaws in the phases of reception and identification of migrants and re-organization of the asylum chain. Lastly, the SRSS has been operating in several Member States with different projects aiming at developing their capital markets in order to achieve a complete capital market union.

When the SRSS was created in 2015, the financial resources stemmed from three different sources: the centrally-managed technical assistance budget of the European Structural and Investment Funds (ESIF), the Preparatory Action for "Capacity development and institution building to support the implementation of economic reforms" and the Aid Programme for the Turkish Cypriot community. From 2017, a dedicated budget line was established for the Structural Reform Support Programme (SRSP), leaving Member States the chance to put their funds coming from the cohesion policy at the SRSS disposal for future intervention. So far, this option has remained very marginal, with Greece and Bulgaria being the only countries using it.

According to its first Strategic Plan set for the period 2016-2020, "*the SRSS - acting as technical support provider - has no direct responsibility for the policies and reforms put in place by the Member States. The SRSS contributes actively to strengthening the overall capacity of Member States requesting support to prepare and implement growth-enhancing institutional, structural and administrative reforms.*"(European Commission, 2017). It has in its own constitution a primary general objective and three specific objectives. The main objective is to give, through its actions, a

[8] See at:https://ec.europa.eu/info/mission-statement-structural-reform-support-service/monitoring-green-line-regulation_en
[9] See at: https://ec.europa.eu/info/funding-tenders/funding-opportunities/funding-programmes/overview-funding-programmes/aid-programme-turkish-cypriot-community_en

significative contribution to boost for jobs, growth and investment in the European Union. Secondly, its first specific objectives are:

i. *"Help Member States to prepare and implement growth-enhancing administrative and structural reforms, in particular in the context of EU economic governance processes and the implementation of EU law, through the provision of relevant technical support;*
ii. *Efficient steering and coordination of technical support provision to Member States across different Commission services as well as with respect to external actors in the field;*
iii. *Provision of assistance to the Turkish Cypriot community and efficient coordination of the Commission's efforts to support the process led by the United Nations for the reunification of Cyprus."*

Moving from the assessment of structural reforms given in section 2.1.2., it could be said that the objective of the SRSS, mainly through the SRSP, is that group of reforms aiming at removing bottlenecks and increase efficiency in public administrations. The support is tailored on requests coming from each country and provided on the ground through many channels: strategic or legal advice studies, training and missions by experts (European Commission, Structural Reform Support Service, 2018)

The first assistance programme, the Structural Reform Support Programme (SRSP), started in 2017. It is set out in the Regulation (EU) 2017/825, which entered into force on the 20 May 2017, having as legal bases Article 175[10] and 197(2)[11] of the Treaty on Functioning of the European Union. The three-years total budget amounts at €222,8 million but Member States can also allow for the use of their own structural funds through the SRSP. The projects approved are entirely financed by the

[10] **Article 175 (3) TFEU** provides that, if specific actions prove necessary outside the Funds and without prejudice to the measures decided upon within the framework of the other Union policies, such actions may be adopted by the European Parliament and the Council acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of Regions.

[11] **Article 197(2) TFEU** provides that the Union may support the efforts of Member States to improve their administrative capacity to implement Union law, inter alia, through facilitating the exchange of information and supporting training schemes. No Member State shall be obliged to avail itself of such support. The European Parliament and the Council, acting under the ordinary legislative procedure are to establish the necessary measures to this end, excluding any harmonisation of the laws and regulations of the Member States.

programme, thus there is no need for assisted countries to co-finance. Member States can base their requests not only on reforms proposed by the Commission in the European Semester, but also on measures they have to take according to EU law and priorities, programmes of economic adjustment following financial crises, or reforms of their own initiative (European Commission Structural Reform Support Service, 2018).

As this dissertation was being written down, the newly elected President of the European Commission 2019-2024, Ursula Von Der Leyen, appointed the new Commissioners. Among them, the Commissioner in charge of Cohesion and Reforms, Elisa Ferreira, can now count on the new Directorate-General for Structural Reform Support (DG REFORM) which is the new home of the SRSS.

2.2.3.2. Proposals for the new EU Budget

In the discussion concerning the new Multilateral Financial Framework for the period 2021-2027, the European Commission made several proposals, including the enforcement of the SRSS actions. This was mainly justified with the increasing interest that Member States have shown for a tailored EU assistance in improving their capability of implementing structural reforms. From 2020, the Commission has thus proposed to launch a new *Reform Support Programme* (RSP) of €25 billion made up of three separate but complementary instrument (European Commission, 2019):

- ***"A Reform Delivery Tool*** *to provide financial support for key reforms identified in the context of the European Semester, with €22 billion available to all Member States. Intense dialogue has taken place in recent months with the Member States on how to develop this new instrument in the future, including by rolling out a pilot project with Portugal.*
- ***A Technical Support Instrument*** *to help Member States design and implement reforms and to improve their administrative capacity. The tool is available to all Member States and has a budget of €0.84 billion.* It is built on the experience of the SRSP, clearly increased in dimension.
- ***A Convergence Facility*** *that will provide dedicated financial and technical support to Member States that have made demonstrable steps towards joining the euro, with €2.16 billion extra available to these countries. This Facility does*

not alter the criteria in place for accession to the euro but it will provide practical support to ensure a successful transition towards, and participation into, the euro for those Member States wishing to join."

In the context of the three economic priorities of the European Semester Cycle (see section 2.1.1.), the RSP is conceived to expand the financial and technical support given to Member States for structural reforms. The overall strategy set out by the Commission is summarised in *Figure 2.*

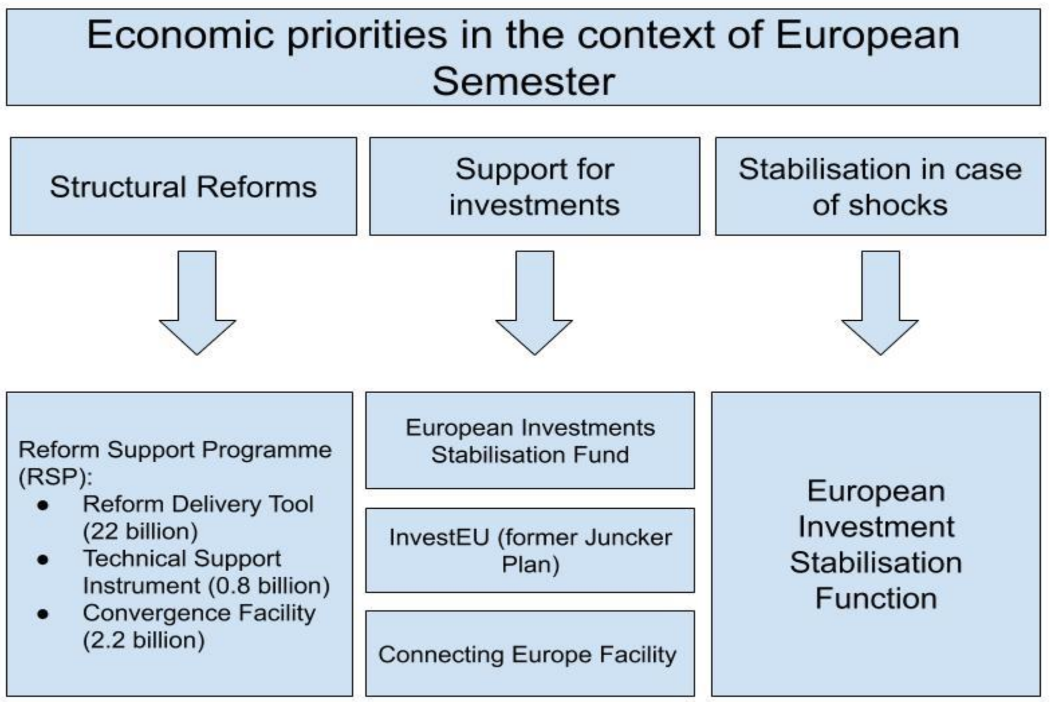

Figure 2. The economic priorities in the European Semester Cycle and the EU programmes set to achieve them in the new MFF.
Source: European Commission
Available at: https://ec.europa.eu/commission/presscorner/detail/en/MEMO_18_3971

Beyond structural reforms, support for investments will be guaranteed through the European Structural and Investments funds, the *InvestEU* Fund established (the continuation of the successful

Juncker plan[12]) and the Connecting Europe Facility[13]. Finally, in order to foster stabilization in case of shocks, an additional fund will be established, the European Investment Stabilisation Function. The main purpose is to actively sustain member States on the side of investments, keeping their adequate level in case of asymmetric shocks.[14]

From the current SRSP to the RSP proposal, the Commission has demonstrated a far higher ambition in its intervention on domestic reforms for the next years. As Chapter 3 will analyse, the projects supported so far in the SRSP framework have been small in size, for the issues tackled and the resources given, but not in importance. It is not specifically a matter of budget, but a clear choice of the Commission aiming at giving a support in those performance-improving processes a country may need. The purpose is in fact to impact on the numerous small-scale technical problems which are key components in the implementation process of broad ("big bang") structural reforms. Acting on these little drivers of transformation can be considered helpful to face consistently the wider structural problems. This approach is maintained in the Technical Support Instrument, which is significantly expanded to 800 million.

The most innovative instrument in the RSP framework is therefore the Reform Delivery Tool, which is thought to incentivise Member States addressing large-scale reforms. It can potentially tackle those obstacles in the European Semester and structural reforms implementation identified in section 2.1, enhancing national ownership of reforms and thus achieving a stable commitment of Member States to implement CSRs. Dolls et al. (2018) had already drawn preliminary conclusions on what the impact of this tool could be. For what concerns this work, a further assessment of this future perspective would go beyond the scope.

[12] Available at: https://ec.europa.eu/commission/priorities/jobs-growth-and-investment/investment-plan-europe-juncker-plan/whats-next-investeu-programme-2021-2027_en
[13] Available at: https://ec.europa.eu/inea/en/connecting-europe-facility
[14] The process is not automatic but based on back to back loans guaranteed by the EU budget up to 30 billion. The Commission will evaluate the request of support on strict eligibility criteria (basically compliance with rules set by Stability and Growth Pact and Macroeconomic Imbalances Procedure). The proposal has been so far positively welcomed with some relevant critiques. The Committee of Regions and the Economic and Social Committee found the financial means too low to achieve the intended purpose. The European Parliament called instead for an automatic stabilization tool giving the EU budget a fiscal capacity and, complementarily, a European Stability Mechanism transformed in European Monetary Fund to face symmetric and asymmetric shocks.

3. The Structural Reform Support Programme (SRSP)

The implementation of SRSS activities has followed different channels. In this section the focus will be on the first launched programme, the Structural Reform Support Programme (the SRSP), which is the most consistent both on the expenditure side and on the organizational side. It brings into action the SRSS approach to structural reforms, relying on a multi-annual financing (2017-2020). The first part of the chapter will deal with data and evidences available on the first three annual cycle of the Programme, mainly exploring how countries can access the SRSP and to what extent they have relied on its services so fare. The second part will analyse the potential added value borne by this new kind of assistance to structural reforms. Two perspectives will be outlined. First, what is stated by the European Commission. Second, how the SRSS has addressed, through the SRSP, the needs emerged in section 2.1.2 concerning structural reforms in the Eurozone.

3.1. Phases and evidences of the SRSP

3.1.1. The general and specific objectives

According to article 5 of the Regulation (EU) 2017/825, the SRSP has one main general objective and four specific objectives. In a nutshell, the former is to give a new boost to jobs growth and investment by giving Member States a wider range of technical support to the achievement of institutional, administrative and growth-sustaining structural reforms. This is pursued through these specific objectives:

i. *"To support the initiatives of national authorities to design their reforms according to their priorities, taking into account initial conditions and expected socioeconomic impacts;*
ii. *to support the national authorities in enhancing their capacity to formulate, develop and implement reform policies and strategies and in pursuing an integrated approach ensuring consistency between goals and means across sectors;*
iii. *to support the efforts of national authorities to define and implement appropriate processes and methodologies by taking into account good practices of and lessons learned by other countries in addressing similar situations;*

iv. *to assist the national authorities in enhancing the efficiency and effectiveness of human-resource management, inter alia, by strengthening professional knowledge and skills and setting out clear responsibilities."*

Results expected concern mainly those outcomes which could bring an improvement into the public body asking for support. The output behind them can be adoption of new strategies, laws, procedures or actions for the implementation of reforms, improvement of internal working processes and methodologies, changes in organizational and management plan.

3.1.2. The selection process

The SRSP procedure for financing follows annual cycles scheduled on a timeline which start at the local or national level and ends at the European level. Initially, stakeholders involved are those national or local administrations (the beneficiaries), which are asked to present their Requests for Support (RfS) to the respective National Coordinating Authority (NCA). The NCA is the only intermediary between the SRSS and the local or national level. It coordinates the process of requests for TA coming from all the national public bodies. Accordingly, each NCA sets a deadline for receiving the RfS and decides which of them should become the official RfS sent to the European Commission. The SRSS collects all the national Requests for Support until October.

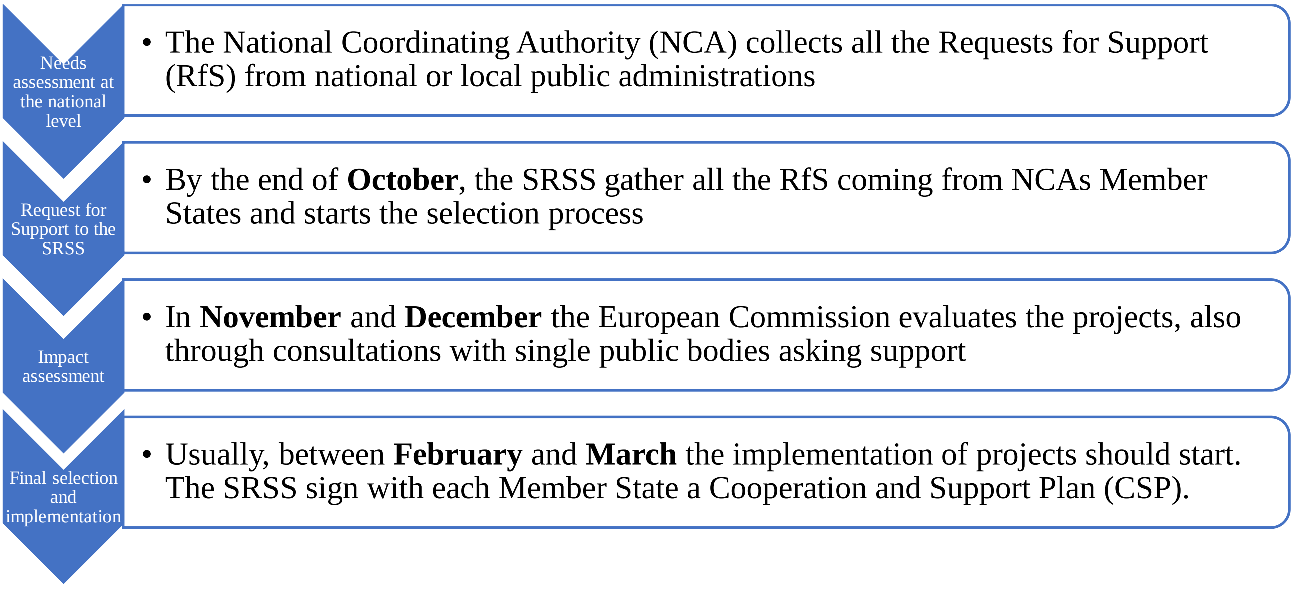

Figure 3.Projects financed under the SRSP - selection process

Source: author elaboration

The selection process takes approximately two months and follows two main steps:

i. The first phase is devoted to screen and analyse the RfSs. The SRSS evaluates each RfS according to two sets of criteria. The first group of criteria involves general principles: transparency, equal treatment, and sound financial management. The second one deals with specific features of RfSs: urgency, breadth and depth of problems, policy areas concerned, socio-economic indicators and administrative capacity of the Member State. In this phase, Public bodies can be directly consulted to better assess their need and help;
ii. The second phase deals with prioritisation of the RfSs. Given the budget allocated in the annual cycle, the financial support is given to those projects demonstrating to be:
    a. Mature enough to be delivered and implemented quickly on the ground;
    b. Focused on precisely defined objectives;
    c. Capable of achieving strong results.

Then, following Article 7(2) of the SRSP Regulation, "*the Commission should come to an agreement with the Member States concerned on the priority areas, the objectives, an indicative timeline, the scope of the support measures to be provided and the estimated global financial contribution*." Therefore, once the selection process is completed, the SRSS and each Member States sign a Cooperation and Support Plan (CSP). It is a non-binding agreement which set the priorities, objectives, scope, timeline and estimated financial contribution for support measures.

3.1.3. Budget and means of funding

After a preparatory year in 2016, the total budget allocation has been €24 million for 2017, €32 million for 2018, €80 million for 2019 and should peak at €87 million in 2020 as shown in *Figure 4.* It is mainly due to the increasing interest of Member States in receiving this kind of assistance, demonstrated by the fast-growing number of RfSs year by year (see 3.1.6.). This has created the need for a huge increase in the overall budget of the Programme, which was officially established by the Regulation (EU) 2018/1671 of the European Parliament and the Council.

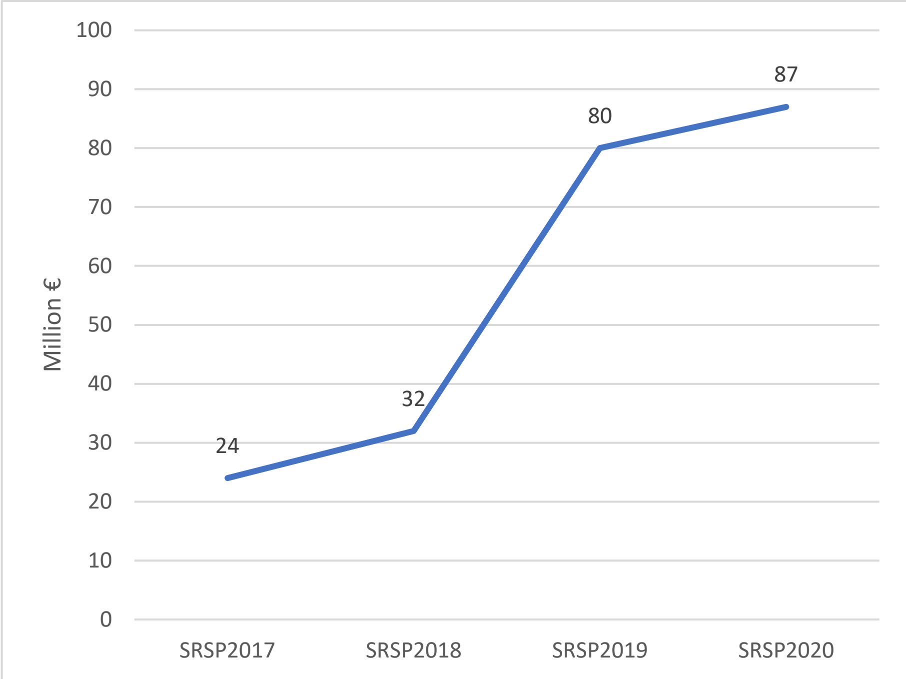

Figure 4. SRSP 2017 - 2020: budget allocation for each cycle

Source: European Commission - SRSS

According to Article 13 of the SRSP Regulation the EU financial support may be given in five through five different means of funding: grants, public procurement contracts, reimbursement of costs incurred by external experts, contributions to trust funds set up by international organisations, or actions carried out in indirect management. The amount of funding related to each mean is set for each cycle in the Annual Work Programme. In the first three cycles the means used have been the following:

i. Direct grants without call for proposals. According to the EU Law grants can be awarded directly without a call for proposal, if properly motivated. This practise is regulated in Article 195 of the EU Financial regulation (European Union and European Commission, 2018). Grants are managed directly by the SRSS, with a possible co-financing rate covering the 100% of the costs.

ii. Public procurement. In this case, TA is mainly given through contracts, which can also be awarded to perform studies, surveys, monitoring and evaluation activities etc. There can be direct contracts or specific contracts based on Framework Contracts (FC)[15]. So far, the SRSS has launched a FC worth € 20.000.000 used until September 2019 and a new FC in December 2019 worth € 100.000.000 set to last 4 years. The implementation is managed directly by the SRSS which through contracts can rely on experts or private firms to provide the TA needed on the ground.

iii. Indirect management. Support can also be given delegating the implementation phase to other entities. In this case the projects are managed by one or more actors among those listed in Article 62 of the Financial Regulation.

iv. Other actions. A residual group of actions left to simplified expert contracts under Article 237 of the Financial Regulation or other kind of agreements.

In the following Figure 5. the shares of each mean of funding are represented according to how are they set in the Annual Work Programmes of the three cycles here analysed.

[15] They are based on conditions established in Article 172 of the Financial Regulation (European Union and European Commission, 2018)

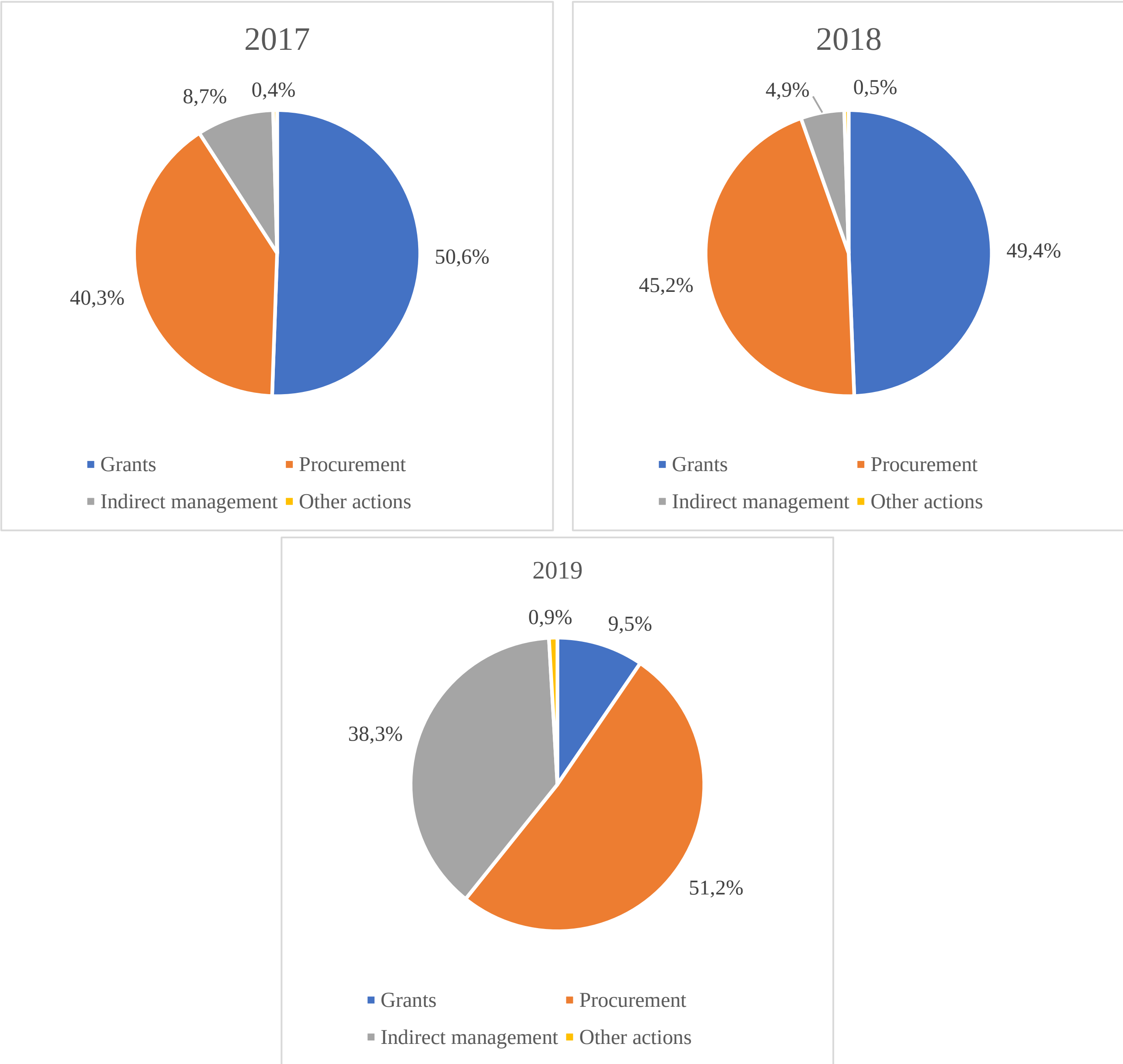

Figure 5. Breakdown of projects selected in the SRSP in the first three cycles by means of funding.

Source: author elaboration on data from European Commission - SRSS

In the first two cycles grants have covered the half of the expenditure of the SRSP, with a significative share left to procurement (40,3% in 2017, 45,2% in 2018). In 2019 the picture has changed with procurement covering more than the half of the funding and grants remarkably decreased at less than 10% of the expenditure. Indirect management has represented a low percentage of the Programme's funding until 2019 when its use has clearly increased, covering the 38% of the expenditure. Funds used for other kinds of action represent a residual share of the SRSP funding, setting at less than 1% in all the three cycles.

3.1.4. The policy areas

The projects are selected and implemented also according to their compliance with five broad policy sectors: *Governance and Public Administration*, *Revenue administration, tax policy & public financial management*, *Growth & business environment*, *Financial sector & access to finance*, *Labour market, education, health & social services*. Each sector includes those administration acting in several policy domains, as summed up in *Figure 6.*

Governance and public administration	Revenue administration and public financial management	Growth and business environment	Labour market, health and social services	Financial sector and access to finance
• Governance • Central & local administration • e-Government • Management of human resources • Better regulation • Anti-corruption & anti-fraud strategies • Anti-money-laundering strategies • Judicial reform	• Revenue administration • Budget preparation • Spending reviews • Fiscal strategies & tax policy • Supreme audit institutions/ independent fiscal institutions	• Investment licensing • Competition policy • Trade issues • Digital society • Land registry • Energy Union • Better Regulation • Management of State-owned enterprises (SOEs) • Sectoral expertise: transport, environment, water, agriculture	• Labour market, policies & laws • Welfare system • Pension system • Healthcare system • Education & vocational training	• Access to finance • Capital Markets Union • Bank supervision & resolution • Non-performing loans • Insolvency & financial literacy • Insurance & pensions • Competition issues

Figure 6. Projects financed under the SRSP - policy sectors

Source: European Commission - SRSS

Interventions on these policy domains are oriented to the general and specific objectives of the programme. Distribution of selected requests across policy areas are available only for 2017 and 2018 and are shown in Figure 7.

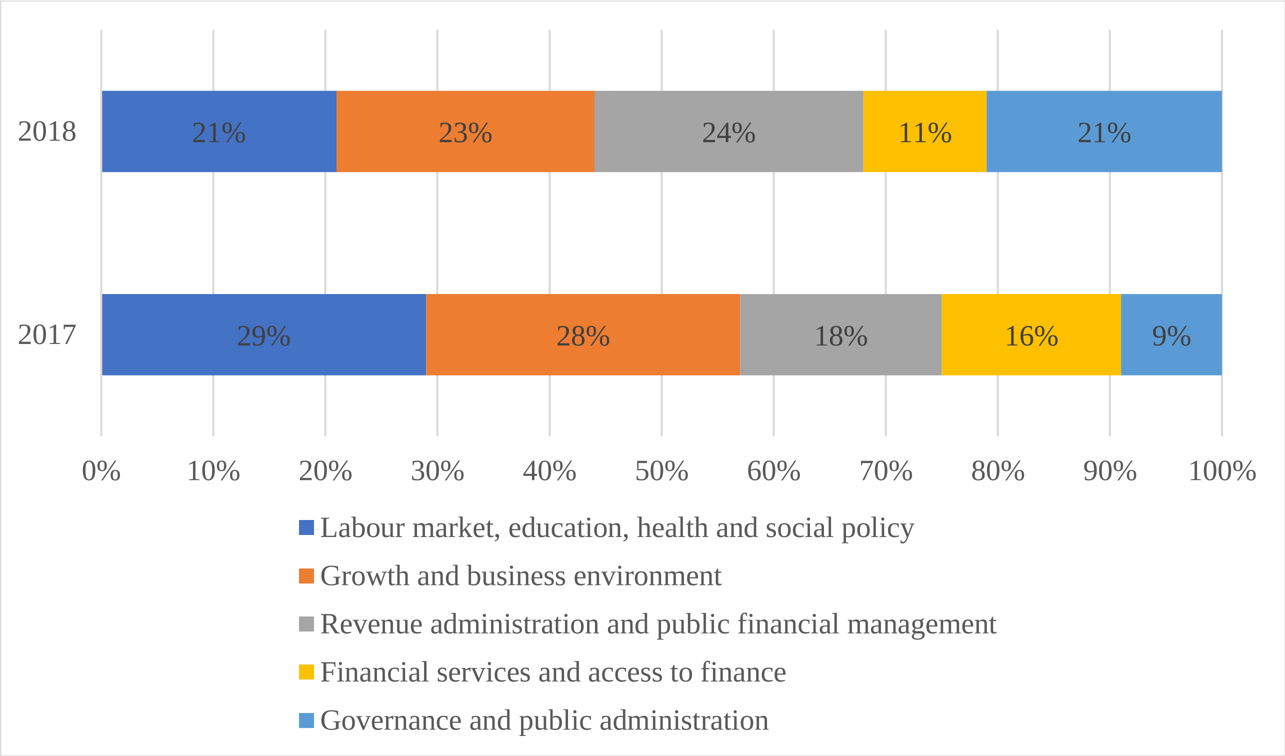

Figure 7. Breakdown of projects selected for the SRSP by policy sector in 2017 and 2018

Source: European Commission - SRSS

Several good practices can be identified for each policy sector and give a better understanding of what single projects deal with. A exemplifying list of delivered, on in-delivering, projects is provided in the Table 2. below[16].

[16] All good practices identified by the European Commission are available at: https://ec.europa.eu/info/examples-reform-support_en

Table 2. Examples of Reform Support coordinated by the SRSS, by policy sector

Source: European Commisison - SRSS.

Available at: https://ec.europa.eu/info/examples-reform-support_en

Governance and Public administration
- Improved coordination of internal audits for the Ministry of Public Finance in Romania The SRSS gave support in developing a new strategy for public internal audits, in designing training programmes on public internal audits, and in providing an induction programme on financial governance for high level officials. - Independent analysis of the Prosecutor's Office in Bulgaria The SRSS coordinated a support intervention of experts from other countries, aimed at drafting recommendations to implement European standards, analysing human resource management, efficiency, independence and accountability of the Public Prosecutor's Office. Specific recommendations were delivered together with a roadmap for their implementation.
Revenue administration, tax policy & public financial management
- Setting up an independent revenue agency in Greece With the support of IMF, the SRSS helped greek authorities in creating an agency for public revenue. Main support aimed at designing the minimum requirements for guaranteeing the independency of the agency, providing guidance during the drafting phase of the legislation, and setting-up the necessary IT services, human resources, tax compliance and debt collection. - Enhancing tax collection in Latvia The SRSS, in cooperation with the World Bank, is providing a 3-year support aiming at identifying areas at high risk of fraud, empowering the audit service and developing a compliance strategy which could reduce tax gap and increase public resources.
Growth & business environment
- Strategic roadmap of the industry digitisation initiative in Lithuania The SRSS provided support through entities specialized in digitalization advisory services, aiming at identifying challenges and opportunities deriving from good practise

in other Member States, formulating recommendations and developing a strategic roadmap for an industry digitization plan. - Enhancing the Entrepreneurial Ecosystem in Cyprus The SRSS supported the design of a broad policy aiming at developing the entrepreneurial ecosystem in the country. Main measures concerned: an action plan for social entrepreneurship, the exchange of best practices on the digitisation of grant, a study focused on the improvement of the export performance of businesses.
Financial sector & access to finance - Managing Non-Performing Loans in Slovenia The SRSS and the World Bank supported the country in improving the functioning of the banking system, reducing the large volume of non-performing loans (NPLs) in Small and Medium Enterprises. Measured adopted focused dealt with the development of a toolkit for banks concerning NPLs and the provision of guidance on how to organise loan restructuring processes within a bank. - Capital Market Diagnostic in the Czech Republic The SRSS supported the evaluation process of of the state of national capital market, helping in the identification of potential bottlenecks and giving recommendations for actions to increase participation of issuers, investors and market intermediaries.

Labour market, education, health & social services

- Implementing a primary health care reform in Austria

  The SRSS was focused on providing effective start-up services to primary care units, enabling health professionals to start their own primary health care units. Therefore, support material was given, and training sessions were held for the Social Health Insurance and regional Governments. In addition, hands-on consultancy services were provided addressing also the need of creating a website and a communication strategy.

- Labour migration strategy in Poland

  Support given by the SRSS was focused on elaborating a strategy to face the challenges of an ageing population, a growing labour demand, and emigration of young citizens. Research and analysis of labour migration and retention measures were carried out and led to several policy recommendations targeted on the Polish labour market context.

Table 2. reveals the large variety of interventions brought by the SRSS. Scope, and kind of measure can widely change according to the project. Thus, it implies that the impact generated on the beneficiary may vary both in its magnitude and in the extension of the Commission’s power of steering directly policy reform processes.

3.1.6. Number of projects

In the first year of the programme, the SRSS received 217 Requests for Support, supporting 159 of them. Only 145 projects have started, both because some were cancelled after the approval and because some were merged with others. Countries helped were 16 (see Figure 7. below) ranging from France with only 1 project selected to Lithuania with 18 projects approved. The policy areas of major funding have been *Labour market, education, health & social services,* addressed in the 29% of the projects (see Figure 6. Above), and *Growth and business environment* (28%). *Financial services and access to finance* and *Revenue administration and public financial management* sectors were included in more than the 30% of projects selected, while the share devoted to *Governance and public administration* is marginal (less than 10%).

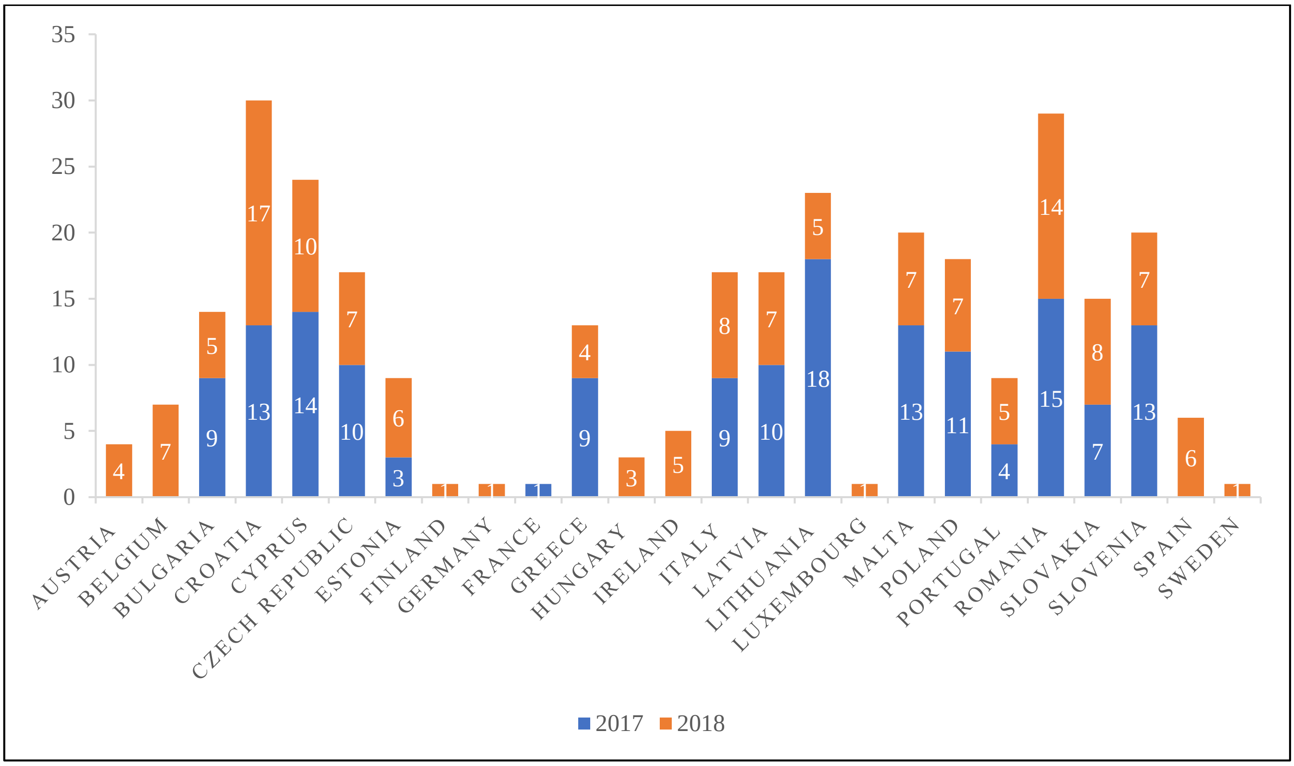

Figure 8. Projects financed under the SRSP - number of selected projects per country in 2017 and 2018

Source: European Commission - SRSS

In 2018 the interest of EU countries in the SRSP has grown, and so has the budget. Requests received more than doubled to 444. The increase in budget allocation (see Figure 6.) was however insufficient to increase the number of requests approved. This resulted in a stricter process of prioritisation. Therefore, the successful projects were only 146. However, countries involved have risen to 25 with assistance given also to Austria (4 projects), Belgium (7 projects), Hungary (3 projects), Ireland (5 projects), Spain (6 projects), Finland, Germany, Luxembourg and Sweden (1 project each). The share of RfS selected in the policy area of *Governance and public administration* increased significantly. Similar shares of projects address *Growth & Business environment* (23%), *Labour market, education, health & Social Services* (21%) and *Revenue administration, tax policy & Public financial management* (24%). *Financial services and access to finance* accounts only for the 11% of the requests.

According to the Annual Monitoring Reports (European Commission 2018 and 2019b), in the first 10 months of 2018 the 12% of the projects were fully delivered, while the 82% had started the implementation phase and the 6% were still under preparation. However, the speed of implementation has remarkably increased in 2019, when in almost the same number of months (data were collected until November 2019) the percentage of completed projects rises to 30% and no project is still under preparation.

Annual Report for 2019 will be published at the end of this year. Thus, official records cannot be given with the duly precision. However, some important aspects have already come out. The programme was adapted to the significantly increased expectations of Member States, demonstrated by the fast-growing amount of RfSs. Thanks to the previously mentioned Regulation (EU) 2018/1671, the financial envelope of the SRSS was increased and the budget for 2019 and 2020 more than doubles that of the previous two years. This has allowed the SRSP to finance the double of the projects. In fact, 263 requests were selected out of the 580 requests coming from all the member States (European Commission, 2019c).

3.2. The EU-added value of the SRSP: a theoretical analysis

In the section 2.1.2. this work has set out the main aspects shaping the case for and the features of structural reforms needed in the European Union. The Structural Reform Support Service has adopted a very specific perspective in responding to such need. The aim of this section is to investigate whether, according to its conceptual framework and the measures implemented in Member States, an added value has been brought by the SRSS. This is a first analysis assessing whether the needs emerged in chapter 2, described in Table 1., can be tackled through the SRSS and which are the main drivers to consider in the evaluation. This will serve in the second part of the work, when the focus will move to a single country. Given its scope and dominance on the budget, the SRSP will be the SRSS activity mainly considered here. Main drivers for the evaluation of this kind of value can derive both from the compliance with the needs emerged in Table 1. and the lessons learned in the first three cycles of the SRSP.

3.2.1. Main lessons from the first cycles

First of all, in the setting up of the SRSS work and organization, the Commission seems to have put great attention to the recommendations made by auditors and evaluators on the TFGR (see section 2.2.1). Major elements have been acknowledged in previous chapters. As requested by evaluators, the creation of the SRSS has been based on an overall strategy and clear objectives and an *ad-hoc* regulation has established the first multiannual assistance programme, the SRSP. The Service relies on permanent and non-permanent pool of experts, which are also involved through the TAIEX[17] (Technical Assistance and Information Exchange) instrument, to provide assistance. The cycle of funding implies a thorough and transparent prioritisation process. The delivery of SRSP projects are constantly monitored, through Annual Activity Reports and Annual Implementation Monitoring Reports, as established by the Regulation. Interventions coordinated by the SRSS are previously set up on specific needs expressed by the beneficiary. A Cooperation and Support Plan discussed with authorities receiving support is draft to organise each project on a case-by-case basis. Thanks to the SRSP, The TA assistance has therefore become systematic and based on annual funding cycle. A dedicate line of the budget has been given to the SRSP with an increasing amount of budget. For the years to come, the Commission has proposed a four-time increase in the budget dedicated to TA. This shows a strong commitment towards the SRSS capability of giving a stable in time assistance to member States. Ownership of the beneficiary can result enhanced through the direct involvement of beneficiaries in the selection process and in the planning phase.

According to these findings based on data available so far, Table 3 below sums up main recommendations fulfilled so far, from the list already given in sub-section 2.2.1.

[17] It was mainly conceived to provide short-term assistance to partner countries preparing for EU membership, included in the Neighbourhood Policy or in the Partnership Instrument. However, its coverage has been extended to all those EU countries involved in administrative cooperation with different DGs: DG for Regional and Urban Policy (DG REGIO), DG for Environment (DG ENV) and the SRSS, now DG REFORM. See more at: https://ec.europa.eu/neighbourhood-enlargement/tenders/taiex_en

Table 3. Recommendations on the Task Force for Greece tackled in the set-up of the SRSS

Sources: Author elaboration on European Court of Auditors (2015), European Economic Community et al. (2019), European Commission - SRSS

Recommendations given by auditors (European Court of Auditors, 2015) and evaluators ((European Economic Community et al., 2019) on the Task Force for Greece (TFGR)	**Measures taken in the SRSS set-up**
The establishment of any entity for delivering Technical Assistance (TA) should be based on a strategy with well-defined objectives (European Court of Auditors, 2015)	The creation of the SRSS has been based on an overall strategy and clear objectives. The assessment and delivery of on-demand TA is regulated by an *ad-hoc* regulation establishing the SRSP.
The Commission should create a pool of external experts who could be deployed on an ad hoc basis on TA projects in Member States (European Court of Auditors, 2015)	The SRSS relies on permanent and non-permanent pool of experts, counting also on the TAIEX instrument, to provide assistance.
TA should be prioritised and focused and operate through the most appropriate and effective implementation mode in accordance with the existing legislative and regulatory framework. (European Court of Auditors, 2015)	The cycle of funding in the SRSS implies a thorough and transparent prioritisation process. The creation of the SRSS has been based on an overall strategy and clear objectives. The assessment and delivery of on-demand TA is regulated by an *ad-hoc* regulation establishing the SRSP.
The Commission should ensure that the implementation of TA is systematically monitored and evaluated in the light of objectives set, and lessons learned fed back into the process (European Court of Auditors, 2015) *An adequate monitoring system, including an indicator system, should be put in place from the outset of the intervention* (European Economic Community et al., 2019)	The SRSS monitors the delivery of SRSP projects constantly, releasing Annual Activity Reports and Annual Implementation Monitoring Reports, as established by the Regulation.

Future similar technical assistance instruments should be clearly framed from the outset based on a detailed analysis of existing problems and specification of the key elements of the intervention. (European Economic Community et al., 2019) *The request of support received in the framework of similar technical assistance instruments should be substantiated by a comprehensive needs identification based on which the objectives of the needed support can be drawn, as well as the nature, volume, length and sequence of activities can be determined. Attention should be paid to the project management and technical capacity available at the level of the entity requesting the support.* (European Economic Community et al., 2019)	Interventions coordinated by the SRSS are previously set up on specific needs expressed by the beneficiary. A Cooperation and Support Plan discussed with authorities receiving support is draft to organise each project on a case-by-case basis.
A systematic coordination mechanism should be set up to support efficiency and coherence of the support, as well as increased ownership of the beneficiaries on the technical assistance outputs. . (European Economic Community et al., 2019)	The TA assistance has become systematic through a 4 years programme, based on annual funding cycle. Ownership of the beneficiary can result enhanced through the direct involvement of beneficiaries in the selection process and in the planning phase.
The creation of a dedicated budget upon the set-up of similar technical assistance instruments could lead to more predictability in the planning of the support for all relevant stakeholders and enable a swift delivery of support on the ground. (European Economic Community et al., 2019)	A dedicate line of the budget has been given to the SRSP with an increasing amount of budget. For the years to come, the Commission has proposed a four-time increase in the budget dedicated to TA. This shows a strong commitment towards the SRSS capability of giving a stable in time assistance to member States.

Although not completed, the first three cycles of the SRSP have provided key lessons on its potential effectiveness. A first look should be given to the participation of Member States in the

Programme. In 2017, number of countries sending Requests for Support was low. This can be mainly due to two reasons. First, the selection cycle was much shorter. Regulation (EU) 2017/825 was adopted in May 2017 and the first Annual Work Programme was set out in August 2017. Second, the knowledge of the instrument and process could have been reasonably little diffused, being 2017 the starting year. RfSs sent to SRSS more than doubled in 2018 and their number has further increased in 2019. On this quantitative side, the success of the SRSP is undoubted. The interest of countries has evidently grown, showing that a real need of receiving technical assistance in structural reforms was present in national or local public bodies.

After two years of small financial allocations to the SRSP budget, the European Commission enlarge its investment in the programme. In the last cycle, the budget was significantly increased, and this let the SRSS finance the double of the projects received from Member State. For 2020, the level of funding will be even enhanced and the proposal of the European Commission for the next MFF is to boost the multiannual budget dedicated to TA in the Reform Support Programme up to 800 million. This strong commitment of the Commission should be considered an important factor of stability, positively impacting on the administrative environment throughout the EU and therefore helping the implementation of structural reforms.

The following preliminary analysis has suffered two main obstacles, limiting the well-extension of the analysis. Firstly, it does not seem possible to give a thorough evaluation of the overall impact of the SRSP projects, being most of them still ongoing. It seems reasonable to think that the achievement of objectives set out in the SRSP Regulation should be evaluated on a case-by-case basis, as suggested by the European Commission (2018), given the many external factors which may influence the implementation or the results of TA measures. Secondly, an additional factor concerns a limited availability of evidences on projects. At the moment, they can be analysed only in terms of number, since the value of the financial contribution given to countries is available for each country only for 2017. Data on effective financial commitments of the SRSS can be exported from the Financial Transparency System[18] but they do not account projects per country. Moreover, monitoring tools for each project are not publicly available. Nonetheless, many powerful suggestions may come out of the current state of play.

[18] Available at: https://ec.europa.eu/budget/fts/index_en.htm

3.2.1. The added value according to the EU

The starting point should be the understanding of what is meant by EU-added value. It is commonly defined by the European Commission as *the value resulting from an EU intervention which is additional to the value that would have been otherwise created by member states alone*. In the light of the SRSP, the Regulation (EU) 2017/825 explicitly mentions the added value in Article 3: "*The Programme shall finance actions and activities with European added value. To that effect, the Commission shall ensure that actions and activities selected for funding are likely to produce results which, in accordance with the principle of subsidiarity, have European added value, and shall monitor whether European added value is actually achieved"*. In the same Article, it is stated that the presence of added value should be guaranteed through several channels:

> *a) "the development and implementation of solutions that address local, regional or national challenges that have an impact on cross-border or Union-wide challenges, and which may also contribute to social, economic and territorial cohesion;*
>
> *b) their complementarity and synergy with other Union programmes and policies at regional, national, Union and international level, as appropriate;*
>
> *c) their contribution to the consistent and coherent implementation of Union law and policies, as well as the promotion of European values, including solidarity;*
>
> *d) their contribution to the sharing of good practices, also with a view to increasing the visibility of the reform programmes, and to building a Union-wide platform and network of expertise;*
>
> *e) the promotion of mutual trust between beneficiary Member States and the Commission and of cooperation among Member States*."

On this regard, examples from the first two cycles are provided by the Commission. A detailed overview is at the moment available only for the SRSP 2017 (European Commission, 2018). Projects selected in that cycle are expected to:

i. have an impact on Union-wide challenges in more than the 50% of the cases (for example in the area of capital markets or same health system reforms applied in different countries);
ii. implement Union laws and policies consistently and coherently in almost the 30% (for example in the development of capital markets or energy and climate plans);
iii. share good practices among countries in the 40% of the cases (for instance in the exchange of examples of supplementary pension schemes);
iv. promote mutual trust between the European Commission and Member States and between Member States in almost the 40% of the cases (this happened mainly through interventions made by experts in different countries).

Since this breakdown is made available only for one year, a trend cannot be drawn out for the period 2017-2019. Nonetheless, two useful contributions for the analysis emerged. First, the percentages of projects in which an added value is experienced are relevant but not satisfying: in just one of the four above mentioned circumstances, the share exceed the 50%. However, on this side, seems reasonable to say that, in the type of cases highlighted by the Commission, the reforms would have less likely been occurred with the same efficiency or scale without the European intervention or coordination. Thus, efficiency gains and easier diffusion of good practises can be confirmed as potential factors of EU added value.

3.2.2. The SRSP added value for structural reforms

This work has assessed in Chapter 2 the needs emerged in the implementation and design of structural reforms on a broad perspective using the most recent literature on the topic. The main output of that research was Table 1, with 5 main takeaways. At this stage, the added value of the SRSS should also be discussed looking at that assessment. An overview of this analysis is given in Table 2 at the end of the section.

Need 1: Structural reforms are mostly needed in those countries economically lagging-behind whose conditions have been worsened by the crisis.

The first need concerned the geographical domain of the SRSP support. From the first three cycles evidences available suggest that no priority was given to Southern European Countries (Italy, Spain, Cyprus, Greece, Portugal), commonly identified as those more in need of implementing structural reforms. This group of countries represents the 31% of countries participating in the first cycle and the 20% of those participating in the second cycle and quite proportionally received a support covering the 23% of the overall projects financed, in both cycles. Therefore, no geographical focus seems to have been taken into consideration, nor verified in practice. Many reasons could be behind such evidences, not necessarily linked with the work of the SRSS. It could be due to a vicious cycle, namely countries mostly in need do not have the sufficient expertise and administrative preparation to present eligible projects which could be improved through the programme, the SRSP, they are trying to access. Other reasons could be that they prefer to receive assistance in other ways or directly managing the reform processes. Further evidence and further research are needed for exploring the motivations. Certainly, on this side, no added value has been brought by the SRSS in the first two cycles of the SRSP.

Need 2: Political stakeholders are not the only involved. Capability and readiness of public administration are central factors to bring forward the implementation of structural reforms.

On the side of stakeholders involved, the SRSS has demonstrated a remarkable effort. The SRSP cycle starts in fact with national or local public bodies asking for support directly to the European Commission, through the filter of Coordinating Authorities. Undoubtedly, this confirms a consistent added value in closing the gap between the local level and the supranational one.

Need 3: Reforms should be carefully planned and tailored on the socio-economic context in which they are set to have an impact.

Also, on the side on timing and sequencing, the SRSP ha successfully brought a value to reform process. As in the previous point, this is still due to the structural features of the programme. Its interventions are discussed with each beneficiary countries both in the selection process, when informal consultations took place, and before the implementation process, when CSPs are signed. Through the latter instrument, the timeline and sequencing of reforms is agreed with the single administrations. A potential added value could therefore be present thanks to the SRSP procedure.

However, it strongly depends on the effective implementations and results of the projects, which are not yet available for the most part.

Need 4: A new approach to structural reforms can be helpful to overcome the obstacles faced so far in the achievement of a resilient and stable EMU.

With regards to the case for structural reforms, the EU-added value of the SRSP is straightforward. The SRSS has implemented an approach precisely aiming at removing those obstacles impacting on the administrative, technical side of structural reforms implementation. This means innovatively tackling resistance to structural reforms and guarantee the EMU an additional tool to achieve its resilience and stability in the long run.

Need 5: Small-scaled, precisely targeted and tailored structural reforms can be effective in removing those bottlenecks and inefficiencies in each national administration.

Concerning the kind of structural reforms addressed, the focus of the SRSP is clear. Reforms involved are designed to impact on many, small-scaled, precisely targeted ganglia of the administrative system. The objective are therefore those little drivers of implementation, which are hidden but fundamental elements of “big bang reforms”. The SRSS has created a way of intervention which does not exist before and therefore has add a significative value on this side.

Need 1: Structural reforms are mostly needed in those countries economically lagging-behind whose conditions have been worsened by the crisis.
Evidences available are not enough to establish whether an EU added value has been experienced so far. According to data available, it does not seem the case.
Need 2: Political stakeholders are not the only involved. Capability and readiness of public administration are central factors to bring forward the implementation of structural reforms.
The structure of the SRSP cycle involves directly, and primarily, public administrations and their requests of assistance. A strong added value could be experienced.
Need 3: Reforms should be carefully planned and tailored on the socio-economic context in which they are set to have an impact.
The SRSP projects are committed to an agreement with public bodies receiving assistance, setting the timeline and sequencing of interventions. A strong added value could be experienced but it depends on the effective implementation and results of the projects.
Need 4: A new approach to structural reforms can be helpful to overcome the obstacles faced so far in the achievement of a resilient and stable EMU.
The SRSP is a new instrument for approaching the implementation of structural reforms, focused on one of the main challenging aspect of the process, namely the technical capabilities of administration. This may positively impact on the likelihood of those reforms needed to achieve resiliency and stability in the EMU.
Need 5: Small-scaled, precisely targeted and tailored structural reforms can be effective in removing those bottlenecks and inefficiencies in each national administration.
The SRSP is set to support administration on improving the little but fundamental administrative driving aspects of "big bang reforms". The SRSS has offered a brand-new service to Member States on this matter. Therefore, an EU added value has clearly been experienced**.**

Table 4. Sum-up table: the potential SRSP added value in addressing the needs of structural reforms

Source: author elaboration

After this analysis on the potential EU-added value, the second part of the work will move towards a closer observation of the impact of SRSS-led projects on a country needing structural reforms. A one-country approach will be used to estimate which should be the main drivers in evaluating the support given through the SRSP and to which conclusions do they bring at the current stage.

4. *In itinere* evaluation of the SRSP in Italy

In the first part, the program theory of the SRSS has been assessed, focusing mainly on the SRSP. In this second part, the Programme will be evaluated for its ongoing performance in one country, Italy, according to what is known in the literature as *process evaluation* or *program monitoring* (Rossi et al., 2006).

The aim is to investigate how the SRSS has been and can be capable of producing effective outcomes and bringing added value for a country needing reform. In the first part, an overview will be given on the country socio-economic context and the relationship between its last-decade policy agenda and structural reforms. The analysis performed in the second part of the chapter is twofold. Firstly, the impact of the first SRSP cycles will be assessed. Secondly, the presence of EU-added value will be investigated. Given the poor amount of data currently available, the evaluation is also, and mainly, based on qualitative evidences coming from interviews conducted with key stakeholders for the implementation of the SRSP in Italy and a case-study concerning a project of the 2018 SRSP cycle delivered in an Italian public body.

4.1. Italy and Structural Reforms

4.1.1. The Italian socio-economic situation

Italy belongs to the group of southern, peripheral countries which have suffered the recession the most. The crisis has hit in an already complicated context, which has prevented countries like Italy, Greece, Spain or Portugal from reacting promptly and effectively. Italy has its own peculiarities. Its weaknesses are considered structural by all the international organizations outlooks and are, despite some isolated attempt of reform, almost unchanged in the last 20 years.

In the 2019 Economic Survey on Italy conducted by OECD (2019) in cooperation with the Italian Ministry of Economics and Finance, the outlook of the country appears worrying . The country has gone through a slow process of recovery from the recession. The modest but constant GDP increase started between 2014 and 2015 seems now slowed down.

Real GDP per capita is the best indicator of the unresolved problems of Italy, being almost the same as in 2000 and making Italy he OECD worst-off country in the difference between now and

20 years ago. In the last two decades, productivity has remained flat or negative, the employment rate has risen but keeps being the lowest among OECD countries (especially for women) and job quality is not improved, showing a high mismatch between jobs offered and skills available on the market. Young people - in the age groups below 18 and between 18 and 34 - represent the largest share of absolute poors; internal (from south to north) or external emigration is the only solution for many of them.

A key factor to understand such bad performances is the large regional disparity in GDP per capita, employment rates and living standards. The gap between the north and the south of the country has widened in the last decades, further enhancing the need to have more effective regional policies and to improve the average standard quality of public policies across the whole country. Moreover, a stagnant GDP growth sharpened the burden of the high public debt. Political instability, low credibility and unstable commitment to reforms are three major additional factors characterizing the long-standing Italian problems.

Far from being exhaustive, the critical aspects above identified by the OECD, being barely tackled in the last twenty years, have made the post-crisis recovery process difficult. According to many scholars some fundamental adjustments would have been much less severe if reforms were adopted before the stormy days brought by the Great Recession. For instance, with the adoption of the euro, Italy could benefit from a huge increase in credibility - mainly because giving up monetary sovereignty prevented devaluation - and thus a sharp reduction in interest rates, easing the sustainability of public debt almost without efforts[19]. However, reforms needed to increase growth and productivity were not made in that favourable times.

4.1.2. The issue of structural reforms in the last governments

Italy avoided bailout and thus the strict conditionalities included in Troika-led adjustment programmes. The financial collapse *á la Greek* was however really close when, in 2011, the IV Berlusconi Government was forced to resign in the middle of the sovereign debt crisis which brought the spread BTP - BUND to an unprecedented peak of 574 points in November. Shortly after, the

[19] Some efforts were made to fulfil the criteria set by the Maastricht Treaty, such as a one-off tax established with Law 622/1996 (commas 194 – 203), named "*contributo straordinario per l'ingresso dell'Italia nell'Europa unita"(*one-off contribution for let Italy access the united Europe).

former European Commissioner Mario Monti was given the mandate to form a new Government, which received the confidence of the Parliament, although becoming acknowledged in the public opinion as a “technical government”. The transposal of Fiscal Compact provisions happened in 2012, with the modification of Art. 81 of the Constitution, which introduce the principle of a balanced budget. Many observers saw in the Monti Government a perfect substitute for the Troika prescriptions, due to the relentless strictness of reforms implemented. Others welcomed the “technical legislature” considering the treatment unavoidable and necessary. What is certainly true is that the Government was perfectly aligned with European Institutions in the agenda to foster. In fact, structural reforms were push forward rapidly, driven by the emergency situation, becoming the roadmap of the government agenda.

Following the general elections of 2013, the XVII legislature lasted until 2018. Although, three different governments - Enrico Letta cabinet from 2013 to 2014, Matteo Renzi Cabinet from 2014 to 2016 and Paolo Gentiloni cabinet from 2016 to 2018 - the country achieved a reform-suitable stability, being ruled by a Grand Coalition led by the Democratic Party (*Partito Democratico)*, the relative-majority party. Despite some changes in the members of the coalition - which included also Scelta Civica, the party founded after the government experience by Mario Monti - this period saw a huge commitment to structural reforms on many sides. Political and mediatic clashes with the European institutions were not avoided, above all during Renzi cabinet[20], but overall the road taken was in line with the European Semester recommendations and thus positively welcomed by EU institutions (European Commission, 2018b).

Current legislature is having completely different elements. It can be divided in two parts, according to the two different Governments elected by the Parliament. The 2018 general elections gave a hung Parliament, and the government was initially formed by a coalition between Five Star Movement (M5S) - a post-ideological populist party - and The League - a right wing populist party. The Democratic Party has shrunk in votes, reaching less seats than these two parties and thus has decided to stand in opposition. The cabinet was headed by a Law Professor, Giuseppe Conte, with no political background and based on a “contract” setting a precise agenda. The approach towards the European Institutions and their recommendations changed, mainly in the political discourse. Both the

[20] See for example here or here.

factions in government blamed, or used to, the Euro in their political discourse, being in favour or of a referendum on belonging to the Euro Area - as proposed by the M5S - or of implementing an exit strategy - as stated in The League manifesto for 2014 European Elections. The idea of Bruxelles-induced structural reforms was of course one of the main reasons behind such suggestions. However, despite the anti-austerity, euro-sceptic rhetoric was that typical of a populist government as seen in Greece, the outcomes and the risks have been less drastic. This is mainly due to the deeply different economic and social context within which Italy has faced such parties in government. However, the intention to reverse the direction taken with the agenda of the previous legislature was clearly declared. Among the many clauses of the agreement signed, there are measures attempting to change the most recent reforms on the side of labour market and social policies. Pledges have been quite mitigated as a result of political compromises between two different parties, and fiscal constraints. Clashes with the EU commission have been considerable. For the first time in the Eurozone, an Excessive Deficit Procedure (EDP) for Italy's lack of compliance with the debt standards was about to be launched, as provided in article 126 of the TFEU. The core of the argument was the credibility of Italian commitment to growth and deficit reduction and the fact that major policies in the "contract" agenda were estimated to severely impact on public expenditure without causing any significant stimulus to growth which does not move from around 0%, the lowest in the Eurozone. In the end, the Commission concluded that an EDP was no longer needed, given confidence-enhancing actions taken by the Italian Government[21]. The second phase of the legislature has recently opened and saw a major change in Government. After a heavy political turmoil, the League has withdrawn its confidence to the Conte cabinet in summer 2019, asking for snap elections. However, the 5 Star Movement came to an agreement with the Democratic Party, forming the Government which is currently in power, still chaired by Giuseppe Conte. The presence of a clear Europeanist party has alleviated the tension with the EU institutions but the road to achieve the implementation of structural reforms and fiscal consolidation seems still very long.

[21] For further details see at: https://ec.europa.eu/commission/presscorner/detail/en/IP_19_3569

4.1.3. The EU Country Specific Recommendations and the Italian weak responses

As assessed in chapter 2, Country Specific Recommendations are a fundamental tool orienting the national reform agendas. Despite major obstacles detected in their translation into policies, the preliminary phase in which CSRs are set in the European Semester cycle remains a reliable indicator highlighting main structural flaws of a country. The concerns for Italy of the European Commission have not significantly changed over the last three years. Table 5 map all the CSRs made to the country in this period. Fiscal consolidation, justice procedures, labour market, public administration efficiency are the most relevant topic needing reforms identified by the EU. Although their order has been changed in some cases, the redundancy of some recommendations appears clearly, showing the minimum progress made. Moreover, many weaknesses underlined in the above-mentioned socio-economic overview of the country are here confirmed.

Table 5. Italy Country Specific Recommendations 2016, 2017, 2018.

Source: European Commission

	2016	2017	2018
CSR 1	In 2016, limit the temporary deviation from the required 0.5 % of GDP adjustment towards the medium-term budgetary objective to the amount of 0.75 % of GDP allowed for investments and the implementation of structural reforms, subject to the condition of resuming the adjustment path towards the medium-term budgetary objective in 2017. Achieve an annual fiscal adjustment of 0.6 % or more of GDP towards the medium-term budgetary objective in 2017. Finalise the reform of the budgetary process in the course of 2016 and ensure that the spending review is an integral part of it. Ensure the timely implementation of the privatisation programme and use the windfall gains to accelerate the reduction of the general government debt ratio.	Pursue a substantial fiscal effort in 2018, in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Italy's public finances. Ensure timely implementation of the privatisation programme and use windfall gains to accelerate the reduction of the general government debt-to-GDP ratio. Shift the tax burden from the factors of production onto taxes less detrimental to growth in a budget-neutral way by taking decisive action to reduce the number and scope of tax expenditures, reforming the outdated cadastral system and reintroducing the first residence tax for high-income households.	Ensure that the nominal growth rate of net primary government expenditure does not exceed 0.1 % in 2019, corresponding to an annual structural adjustment of 0.6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. Shift taxation away from labour, including by reducing tax expenditure and reforming the outdated cadastral values. Step up efforts to tackle the shadow economy, including by strengthening the compulsory use of e-payments through lower legal thresholds for cash payments. Reduce the share of old-age pensions in public spending to create space for other social spending.

	Shift the tax burden from productive factors onto consumption and property. Reduce the number and scope of tax expenditures and complete the reform of the cadastral system by mid-2017. Take measures to improve tax compliance, including through electronic invoicing and payments	Broaden the compulsory use of electronic invoicing and payments.	
CSR 2	Implement the reform of the public administration by adopting and implementing all necessary legislative decrees, in particular those reforming publicly owned enterprises, local public services and the management of human resources. Step up the fight against corruption including by revising the statute of limitations by the end of 2016. Reduce the length of civil justice proceedings by enforcing reforms and through effective case-management.	Reduce the trial length in civil justice through effective case management and rules ensuring procedural discipline. Step up the fight against corruption, in particular by revising the statute of limitations. Complete reforms of public employment and improve the efficiency of publicly owned enterprises. Promptly adopt and implement the pending law on competition and address the remaining restrictions to competition.	Reduce the length of civil trials at all instances by enforcing and streamlining procedural rules, including those under consideration by the legislator. Achieve more effective prevention and repression of corruption by reducing the length of criminal trials and implementing the new anti-corruption framework. Ensure enforcement of the new framework for publicly owned enterprises and increase the efficiency and quality of local public services. Address restrictions to competition, including in services, also through a new annual competition law.
CSR 3	Accelerate the reduction in the stock of non-performing loans, including by further improving the framework for insolvency and debt collection. Swiftly complete the implementation of ongoing corporate governance reforms in the banking sector.	Accelerate the reduction in the stock of non-performing loans and step up incentives for balance-sheet clean-up and restructuring, in particular in the segment of banks under national supervision. Adopt a comprehensive overhaul of the regulatory framework for insolvency and collateral enforcement.	Maintain the pace of reducing the high stock of non-performing loans and support further bank balance sheet restructuring and consolidation, including for small and medium-sized banks, and promptly implement the insolvency reform. Improve market-based access to finance for firms
CSR 4	Implement the reform of active labour market policies, in particular by strengthening the effectiveness of employment services. Facilitate the take-up of work for second earners.	With the involvement of social partners, strengthen the collective bargaining framework to allow collective agreements to better take into account local conditions. Ensure effective active labour market policies.	Step up implementation of the reform of active labour market policies to ensure equal access to effective job-search assistance and training. Encourage labour market participation of women through a

	Adopt and implement the national antipoverty strategy and review and rationalise social spending.	Facilitate the take-up of work for second earners. Rationalise social spending and improve its composition.	comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities. Foster research, innovation, digital skills and infrastructure through better-targeted investment and increase participation in vocational-oriented tertiary education.
CSR 5	Swiftly adopt and implement the pending law on competition. Take further action to increase competition in regulated professions, the transport, health and retail sectors and the system of concessions.		

Accordingly, the relationship between Italy and CSRs is not different from the EU average in terms of implementation records. Figure 9 collect the progress made in the last three years, as monitored from the European Commission (2017b, 2018b and 2019d).

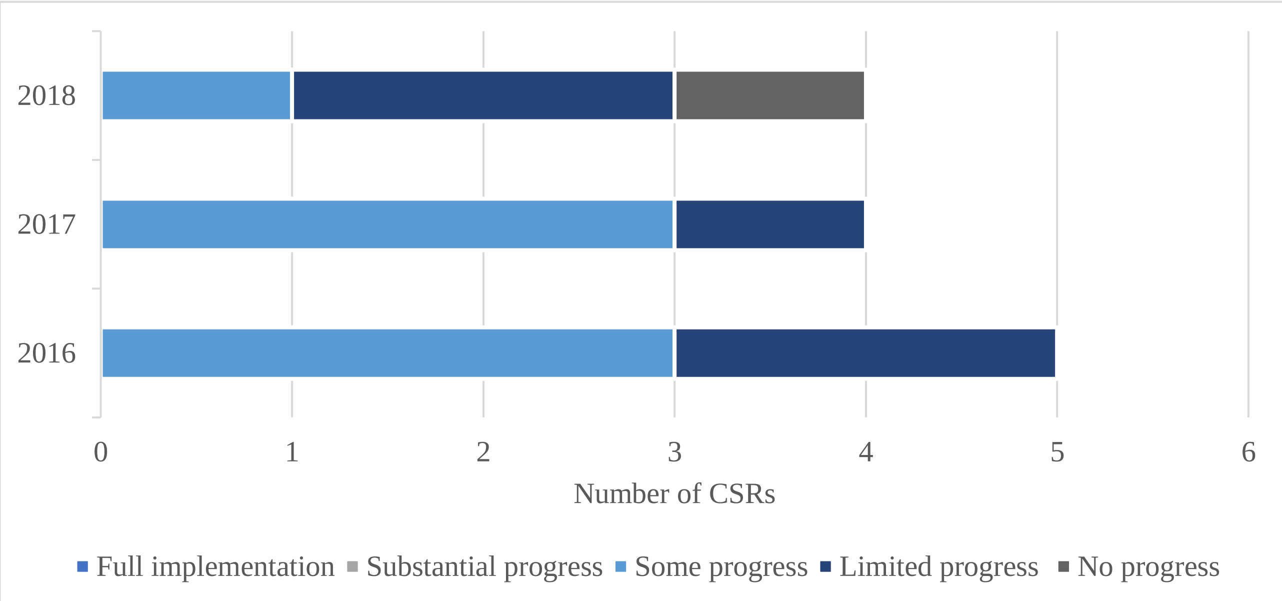

Figure 9. Country Specific Recommendations for Italy: state of implementation.

Source: Author elaboration on European Commission (2017b, 2018b and 2019d).

No recommendation has been fully implemented yet. All the CSRs are ranked among *no progress, limited progress and some progress*[22] revealing that recently efforts towards reforms have followed the path suggested by the European Commission very partially.

Nevertheless, in the last decade, many reform attempts have been brought by governments to the attention of the Parliament. The most of reforms have affected the labour market and social services (OECD, 2019). In this policy field, reforms have been of massive importance for the pension and labour systems. Those attained in the crisis and immediate post-crisis period (Monti and Renzi cabinet) show on average a high resistance to policy reversals attempted in the following years (Branco et al., 2019). Remarkable examples of such policies which are worth mentioning are:

- Labour Market Regulation - Delegation law 182/2014, the so-called Jobs Act. It entered into law with the Legislative decree 23/2015 introducing a new contract type with lower protections for new hires with open-ended contracts, more accessible unemployment benefits and administrative modernization process (concerning mainly the Public Employment Services, PES) aimed at implementing active labour market policies (ALMPs). It was partially amended by the Constitutional Court ruling 194/2018.
- Pension system – Art. 24 of Decree-law 201/2011 (Rescue-Italy decree). It brought a great change to the Italian pension system. Among many measures, it increases retirement age. It has passed through many partial reversals, last of which being the Decree-law 4/2019 introducing a different scheme for earlier retirement.
- Public bodies re-organization – Delegation Law 124/2015, the so-called Legge Madia (from the name of the Ministry of Public Administration). It is the most recent reform concerning processes and procedures in the Italian public administration from the local to the national level. It aimed at having a wide impact on a plenty of aspects: digitalization,

[22] The European Commission (2017b) describes the level of implementation of CSRs according the following states: "*No progress: The Member State has not credibly announced nor adopted any measures to address the CSR; Limited progress: The Member State has announced certain measures, but these only address the CSR to a limited extent; and/or presented legislative acts in the governing or legislator body but these have not been adopted yet and substantial non-legislative further work is needed before the CSR will be implemented; Some progress: The Member State has adopted measures that partly address the CSR, and/or adopted measures that address the CSR, but a fair amount of work is still needed to fully address the CSR as only a few of the adopted measures have been implemented; Substantial progress: The Member State has adopted measures that go a long way in addressing the CSR and most of which have been implemented; Full implementation: The Member State has implemented all measures needed to address the CSR appropriately.*"

public employment, services from PA to citizens, transparency and rationalization of processes etc. A substantial reversal was brought by the Constitutional Court ruling 251/2016, declaring many provisions as unconstitutionally adopted.

Given its complex and socio-economic context, it could be said that Italy needs both small-scale and big-scale reforms. The structural weaknesses of the economy clearly need reforms of big impact such as those outlined above. However, it could be reasonably argued that main driving forces of structural reforms may come not only from reform-oriented political choices, favourable public opinion and media and careful policy design, but also on the administrative and technical capability to manage and implement the change. In simpler words, the need of and push for reforms could be not enough, if not well accompanied by a sound administration able to make changes capable of producing positive impacts. The SRSP is set in this picture and can therefore give a substantial help to remove bottlenecks and increase technical capabilities in the process of reform implementation. Direct benefits are expected on processes and management of public bodies (small-scaled structural reforms). Indirect benefits can derive from the direct ones, aiming at easing the enforcement of big-scaled structural reforms at all the levels of government.

4.2.The impact of the SRSP in Italy

Italy has been participating to the SRSP from its beginning, with an increasing number of projects proposals presented. Thus, there have been four cycles, 2017, 2018 2019 and 2020[23].The increased number of projects firstly shows that the interest in the SRSP has significantly grown. As shown in Figure 10, after the first year, with only 11 requests presented to the SRSS, and a slight increase in 2018 when the number rose to 15, RfSs bumped up in the years after. However, the number of projects selected has remained very similar across the cycles, reaching the peak in 2019 with 19 RfSs selected.

[23] At the moment, for the 2020 cycle the former SRSS, now DG REFORM, has just completed the selection phase.

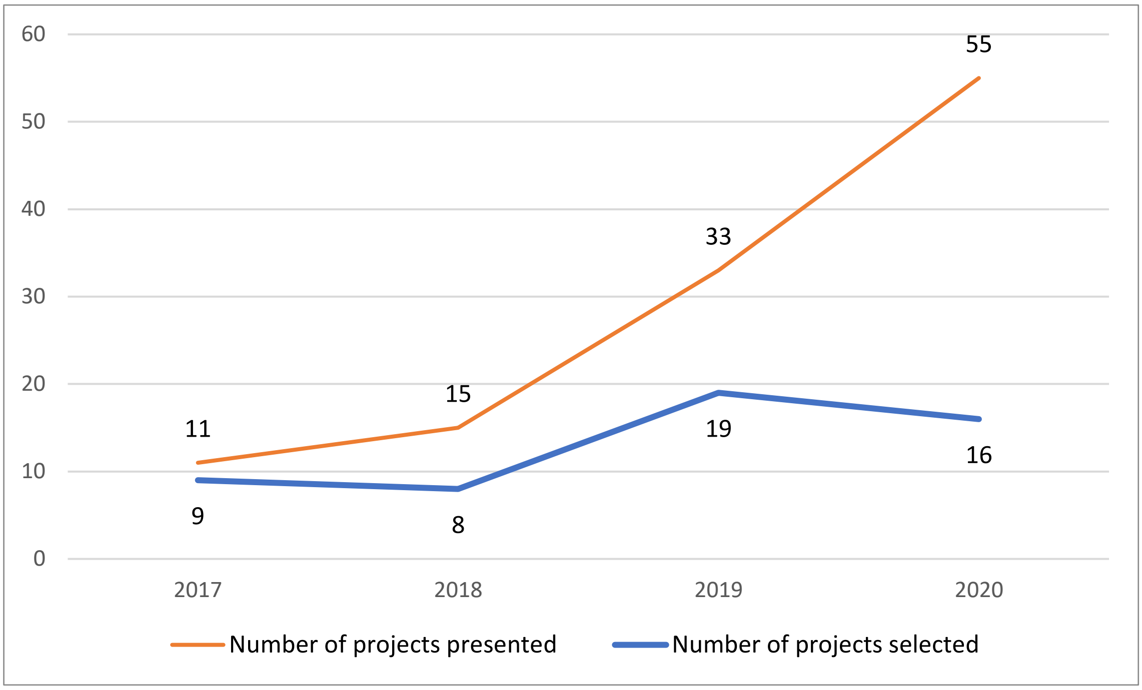

Figure 10. SRSP in Italy: projects presented and selected in the 2017-2020 period.

Source: European Commission - SRSS, Italian Presidency of the Council

It should be noted that according to the Cooperation and Support Plans the budget set for SRSP projects in Italy has jumped from near 1,5 million € in 2017 and 2018 to near 7 million € in 2019, showing a strongly enhanced European effort on the financial side. The full list of projects funded by the SRSP in 2017, 2018 and 2019 is publicly available and it is provided below.

Table 6. SRSP projects in Italy: full list (2017-2019).

Source: European Commission - SRSS

SRSP cycle	**N.**	**Title of the Project**
2017	1	Support for the establishment of special economic zones in in less developed areas in the South of Italy
	2	Enforcement of aid expense recording within the national aid register

	3	Support to elaborate legal and regulatory frameworks on closed distribution system and self-consumption assessment
	4	Italian capital markets and the Capital Markets Union – capital market diagnostics
	5	Open laboratory for test and validation of innovative technologies and application
	6	Assessing the effect of large support schemes to innovative investments in terms of ability to absorb high-skilled labour force: evaluating tools and methodologies
	7	Design of the accrual IPSAS/EPSAS based accounting reform in the Italian public administration
	8	Development of a methodology for estimating the excise tax gap
	9	Study visit to gain technical knowledge on taxpayer services
2018	1	Support for the implementation of the Italian National Digital Strategy
	2	Trade defence in Italy
	3	Improve efficiency of whistleblowing mechanism
	4	National Labour Inspectorate (INL) capacity building
	5	Colorectal cancer screening
	6	Integration of International Protection Holders
	7	Support for improving the design of tax policies in the excise sector

	8	Enhancing tax-benefit microsimulation models of the Italian Parliamentary Budget Office
2019	1	Addressing consumer protection and addressing the low level of financial literacy
	2	Strengthening data collection and court organisation regarding insolvency and enforcement
	3	Innovating of the public administration recruitment in civil service procedures
	4	Development and improvement of the national coordination for corruption prevention purposes
	5	Support for the implementation of the Italian National Digital Strategy – change and cultural management
	6	Re-prioritization and improvement of the absorption of structural funds at the local level
	7	Strengthening the system of active labour market policies in Italy through reward mechanisms and support actions for local systems not properly functioning
	8	Support to the reinforcement of interinstitutional governance in the field of labour exploitation, especially in the agricultural sector
	9	Technical support for the implementation of the National Plan for the Integration of International Protection Holders – part II
	10	Support to the public employment service on the integrated collection of jobseekers' information
	11	Enhancing an environmental fiscal reform in Italy and in the European Union
	12	Support to elaborate legal and technical frameworks on the development of the power purchase agreements in Italy to develop the renewable energy market
	13	Enhancing the national aid register with certification and accountability capabilities

	14	“Rating Audit Control (RAC)” - construction of a model to rationalise and simplify controls on businesses
	15	New economic regulation for transport in case of emergency events
	16	Support for the establishment of special economic zones in Italy – phase II
	17	Support for the implementation of accrual IPSAS/EPSAS based accounting in the Italian public administration
	18	Improving the evaluation of Value Added Tax and excise tax policies
	19	Increase the ability to attract capital investments on public real estate, maximizing the social-economic impact

In order to a acquire further evidence and knowledge on the potential impact of the SRSP in Italy, an interview was conducted with the Italian National Coordinating Authority, the Presidency of the Council[24].

Evidences emerged can be summed up in three main topics: governance of the cycle and role of the Italian NCA, appropriateness of the SRSS intervention and relationship between the SRSP and Cohesion Funds, Impact on Italian administrations and their approach towards the SRSP.

4.2.1. Governance of the cycle and role of the Italian National Coordinating Authority

The European Commission does not give NCAs any guidelines on how to evaluate the Requests for Support (RfS) coming from national public bodies. Each NCA has to tailor the coordination of projects on its respective national context and send to the SRSS the RfSs in a prioritized order. In the Italian case, the Presidency of the Council is in charge of collecting Requests, selecting those adequate of receiving support, flagging them with a level of high, medium or low level of importance. The Italian NCA has decided to base its decision on an ex-ante evaluation of each project, not requested by the European Commission. This evaluation assesses each project on the following elements:

- Coherence with Country Specific Recommendations;
- Coherence with European Semester Country Report;
- Coherence with the Program of the Government and particularly the National Reform Plan (*Piano Nazionale di Riforma*);
- Overall costs;
- Impact on a national scale (if the project is run on a local or regional context, its replicability is evaluated)

The Italian NCA have found that not always its priority setting is aligned with that of the SRSS. It could often be not the case that all those RfS flagged with high priority are selected by the Commission, whose decision follows a case-by-case approach but is also bound to a budget

[24] The interview was kindly offered by Laura Cavallo – Cohesion Policy office coordinator at the Presidency of the Council

constraint. In the last cycle (2020), among the 16 projects selected, 10 were considered of high priority for the NCA. A consistent percentage which however confirms a misalignment. Despite the process of selection is well described in regulation and reports, a further understanding of the rationale behind selection process seems to be perceived from the side of the Italian NCA.

What comes out clearly is that the European Commission is willing to maintain a twofold ownership in this kind of reforms: its own ownership on the selection, management and implementation of projects and that of beneficiaries on the identification of their proper needs. It could be said that, theoretically, this is a good strategy of making reforms process more fine-tuned and feasible in their effective implementation. Most importantly, this could help a county like Italy, severely in need of reforms, which has been facing strong resistance to change and frequent policy reversal.

A challenge to be addressed in the future of the Italian governance on SRSP projects (thus, in what will be the new *Technical Support Instrument*) concerns acquiring a more coherent perspective in Request for Proposals sent to the Commission. An increased homogeneity in proposals would let the NCA present proposals to the European Commission covering more administrations' needs together and potentially scaling-up the impact of interventions asked to the SRSS.

The ultimate decision on Requests for support is up to the Ministry for the South and Social Cohesion and the President of the Council. This evaluation is fundamental to bind the technical sphere to the political one. Such a legitimacy is in the interest of the SRSS, which can decide on the interventions to be made having the guarantee of operating in line with the needs perceived both by civil servants and the government. In the view of the Italian NCA, this represents a coherent way of governing the SRSP cycle at the national level. As it will be investigated in the next section, cohesion and the SRSP are intertwined issues. Therefore, it sounds reasonable that the RfS should pass through the approval of the Ministry in charge of cohesion policy.

The Italian Government and the Presidency of the Council are willing to include the SRSP assistance as a central element of its operative plans for *capacity building* in the Public Administration.

In the implementation phase of projects, the Commission leaves a wide leeway, within the bounds established in the contract, to assistance-providers and beneficiaries in their operative actions.

A major weakness from the NCA point of view concerns the monitoring of the delivery phase. It would be in the interest of the Presidency of the Council, as for all the NCAs, to follow the state of delivery for each single project financed, in order to better acknowledge the effectiveness and results of the support provided. However, this possibility is not given by the European Commission, leaving each national authority alone on this matter. Therefore, the collection of evidences and data from public bodies may result lowered as well as the involvement of the NCA across the entire project cycle comes out significantly weakened.

4.2.2. Appropriateness of the SRSS intervention and relationship between the SRSP and Cohesion Funds in the Italian case

Cohesion policy and the SRSP should be complementary. On a formal side, the European Commission has carefully tried to design the SRSP in order to avoid overlaps with projects pursued through Structural Funds, preventing a detrimental substitution effect among the two sources of funding. With this in mind, the European Commission placed the new *Reform Support Programme* within the Cohesion Policy chapter, for the next MFF 2021-2027.

Furthermore, it should be noted that beneficiaries are explicitly asked to present RfS which are in line with the principles of coherence - with other EU policies - and presence of EU-added value brought by the intervention. However, this does not mean it has necessarily been the case so far. In Italy, according to the Presidency of the Council, it seems that such complementarity is confirmed, and processes are structured so that it is unlikely to observe any substitution effect. The reason would be that Cohesion Policy and the SRSP act on different levels. The former adopts a bottom-up approach, funding projects which are managed at the local level, for local needs. The latter is instead based on a top-down approach, directly managing at the European level the selection and implementation of projects aimed at addressing national needs, either in their scope or strategic relevance[25].

[25] It could be the case, for instance, that a Request for Support comes from a regional or local administration asking support for a regional or local need. According to the evidence acquired in the interviews, both the SRSS and the Italian NCA, based their choice rationale on the national replicability of the project, also if it is only potential. Therefore, the perspective is always focused on a national scale of impact.

Destinating Structural Funds as an addition to the respective SRSP national share is instead considered a problematic process. This is mainly due to lack of clarity, for the Italian NCA, on how these funds are then *just returned* to countries which has given them back. The Presidency of the Council has not seen yet any valid reason to use this possibility and this is in line with the vast majority of EU Member States, among which only Greece and Bulgaria have activated this option. Further evidence would be needed to develop on this matter. However, the coherence between Cohesion Funds and SRSP way of funding presents important political issues and will be thoroughly analysed in chapter 5.

4.2.3. Impact on Italian administrations and their approach towards the SRSP

The exponential increase in Requests for Support sent to the NCA show an outstanding positive reaction of Italian public bodies to the SRSP. The Presidency of the Council has been witnessing an overall increasing in administrations' awareness of the concrete opportunities offered by the SRSS. According to the knowledge of the NCA, complaints and bottlenecks limiting the delivery of projects have been extremely rare in these three years. In Italy, the percentage of projects completed, or which have started their delivery process, among those selected for each cycle, is close to the 100%.

The SRSP seems particularly appropriate for the Italian case. Main benefits come from the outsourcing of reform processes to the European Commission and the providers or experts involved in the interventions. Firstly, the Italian Presidency of the Council assures that the most of public bodies involved in the SRSP have demonstrated to be very brilliant in assessing their own weaknesses and carefully describe the kind of assistance they would need. They are instead much less responsive in designing and implementing changes, even – and sometimes especially – the smaller ones. Therefore, the SRSP has revealed an effective instrument to fulfil this missing part of reform processes, where the Italian administration show major lacks. Secondly, this outsourcing prevents shortcomings which are typically related, in the Italian experience, to Structural Funds. Being directly managed from the beneficiaries, they require administrative and technical capabilities of management which are dramatically absent in most of the Italian administrations. Italy is accordingly one of the worst EU performers in terms of spending structural funds. In the case of the SRSS-led projects, such a structural weakness is not an issue anymore, being the funding fully managed out of the beneficiary responsibilities. Therefore, it could be said that, through the SRSP, a major barrier in using EU resources at the Italian level could be overcome.

4.2.3. Italy in the southern European cluster

The most interesting cluster of European countries, when dealing with structural reforms, appears to be that of southern European countries. Structural weaknesses of Italy, Spain, Portugal and Greece made the recession more exacerbated, the international pressures for reforms more demanding and the recovery process harder and longer. Many damages remain at the current stage still unaddressed.

This analysis will be performed both comparing the cluster with the rest of the European countries involved in the SRSP and, more in depth, looking at the performance of Italy intra-cluster, according to data available.

Policy prescriptions to recover from the crisis were quite similar across countries. Despite the socio-economic and political context was (and still is) heterogenous in the EU, Southern European countries have shown common elements driving the success, or failure, of structural reforms. Manasse and Katsikas (2018) collecting many academic contributions identify such elements as the following:

i. The first one concerns the long *delay* in reforms. The acuity of the crisis can be enhanced by the presence of long-time imbalances not properly addressed by policy makers. This delay may increase the gravity of the weaknesses and generates a vicious circle. The more weaknesses are severe, the higher the social costs which should be faced to tackle them, and the lower the likelihood of implementing needed reforms.

ii. The second one deals with the *ownership* issue. The role of public opinion is fundamental not only in implementing reforms but also in making structural changes resilient to policy reversals. If reforms are perceived as imposed from the outside and not really necessary, the way to get them done and effective becomes full of obstacles. This aspect differentiates what happened in Portugal or Spain, where a slight consensus over the need for reforms was felt by the public opinion, from what was experienced in Greece, Cyprus and, partially, Italy, where political polarization, instability and conflict among institutions made reforms facing more public adversity than consensus.

iii. Ownership is linked with the issue of *external constraint.* The presence of an external stakeholder asking for reforms has been in southern European experience both a scapegoat for national government aiming at pushing (or not) unpopular measures and a main driver of effective implementation of reforms, in the extreme, but common, case that a country entered a bailout programme. Pressures to reform coming from international institutions (the ECB, the European Commission, the IMF) can be bound to financial assistance programme and therefore require smoother or tougher adjustments. The bailout has proven to be the most pervasive way of make external constraints work. The only country avoiding a bailout procedure has been Italy, but external pressures have not been less heavy. However, ability of external actors to get reforms implemented seems to be limited in case there is no credit-conditionality which stimulates to adopt reforms required.

iv. *Timing of reforms* is another key element of success for reforms. Much has been already said in chapter 2. There is no a one-size-fit-all timing for implementing reforms and it could be reasonably stated that in the case of southern European countries timing did not receive the high level of attention it deserved. Economic crisis may be a major catalyst of reforms, but political feasibility and public opinion are also relevant factors.

v. Timing is also fundamental in achieving a *balance between fiscal consolidation and structural reforms*. Interventions on the fiscal side can potentially offset or sustain the effects of structural reforms. Therefore, they should be accurately planned in order to avoid any compromising side-effect.

vi. Finally, *sequencing of reforms* is another major topic which has been already touched in this dissertation. It should be noted that, again, there is no *a-priori* perfect sequence of reforms to be followed. A structural reforms plan should be tailored on the socio-economic context in which it should be implemented. The prioritization of reform processes becomes is a key factor of success or failure.

These features are mainly related to what we have already defined “big bang” reforms. However, the issues they brought out can be somehow connected also to the small-scaled reforms addressed by the SRSP. More specifically, it could be useful in the future of the SRSS (namely the DG REFORM) if the new *Reform Support Programme*, bringing together the two dimensions, will be approved.

Delaying the implementation of reforms - whether big or small, politically or technically driven - can enhance the imbalances, causing a similar vicious circle. On the technical side, postponing to address weaknesses can prevent from the very beginning the large-scaled reforms policy makers want to attain.

Ownership is another key issue affecting all kinds of reform processes in its purest political dimension. From the side tackled by the SRSS, national institutions may perceive the EU taking the power of steering reforms within the national competence. This perception can be enhanced by the fact that the Commission select the projects to be financed and directly manages the projects in all the phases. On the other hand, it should not be forgotten that it is the beneficiary itself asking for a specific reform and that a Cooperation and Support Plan is discussed with each National Coordinating Authority. All these features together should balance the ownership issue on the national and EU level. According to the Italian NCA no ownership-related clash has been perceived at the Italian level. Firstly, because it is considered fair that the Commission, bearing the costs, wants to steer the process. Secondly, the level of involvement of the national level has been considered satisfying.

The SRSS can be seen as an external constraint, which operates directly on the ground for the implementation of reforms. However, these interventions are politically and technically legitimized by their being bound to a Request for Support. Therefore, technical assistance given through the SRSP sounds more like an opportunity than a constraint to public bodies.

Timing and sequencing are also addressed elements in the SRSS activities. In particular, the conception of the SRSP cycle allow to tailor both on the specific needs of each body.

Looking more in depth at the data of the SRSP available for the southern European cluster, some aspect already emerged despite more recent reports are not yet available. Basing on cycles 2017 and 2018, it is observed that Southern European Countries have been selected for 69 projects (36 in 2017, 33 in 2018) in a total of 305 in the entire EU. Spain appears as the late comer among the others, having ignored the Programme in its first year, with no Requests for Support presented. Cyprus is instead the country receiving the highest number of projects approved in the first two years.

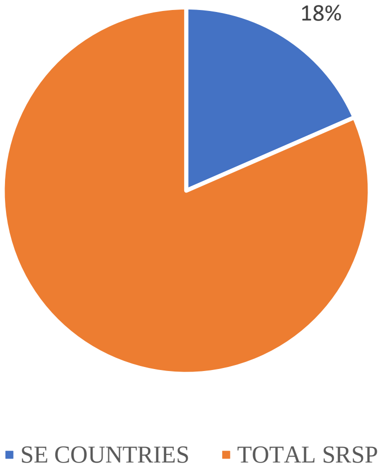

Figure 11. . Selected projects in Southern European countries on total SRSP projects in 2017 and 2018(%).

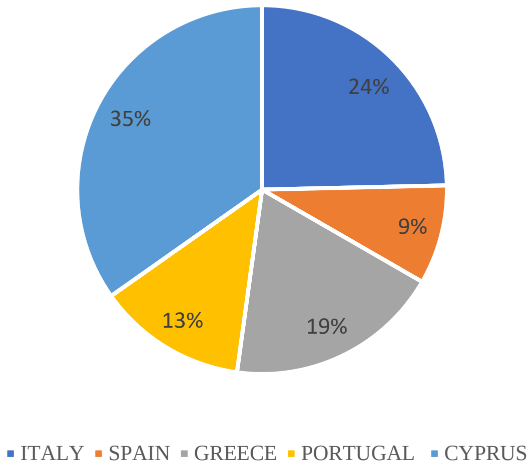

Figure 12. Selected projects in Southern European countries, by country in 2017 and 2018(%).

Source: European Commission - SRSS

The overall projects selected for southern European countries in 2017 and 2018 amount at less than the 20% of the entire SRSP funded projects in the EU (Figure 6). At the country level, Italy has the second largest percentage of projects selected covering almost ¼ of the total amount of projects funded in southern European countries (Figure 6). Being based only on number of projects, these two breakdowns result in a low level of quantitative evidence. However, it can be stated that Southern European countries seem not to have received a specific attention in the projects selection. Among them, Italy stands out for being a first joiner of the Programme and having a remarkable share of selected interventions in the Southern European cluster.

4.2.4. The presence of an EU-added value brought by the SRSP projects in Italy: a case study analysis

In order to acquire a more solid evidence, the analysis will go in depth describing a case-study. It concerns a project selected for Italy in the 2018 SRSP cycle (see N.1, 2018 in Table 3), having a Directorate of the Italian Ministry of Economic and Finance as beneficiary. The project was implemented through an external provider, the European advisory network PwC EU Services, awarded with a contract within the SRSP related Framework Contract. This project was chosen for presenting ideal features for the analysis:

i. It has been completed;

ii. The intervention was clearly impacting on a national reform strategy;

iii. The process of assistance passed through the procurement procedure, using the funding mechanism which involves the widest extent of stakeholders, namely the SRSS, an external provider of assistance under the SRSP related Framework Contract, the beneficiary.

In order to investigate the potential added value of such project, interviews were conducted both with the contractor, proving assistance on the ground, and the beneficiary (See Annex 1).

The management team of PwC Public Sector srl (the Italian branch of the network) in charge of the project has confirmed that also from their point of view the SRSP has been in these three years of strategic interest. The Italian business advisory environment has demonstrated a growing interest in this Programme, and, among others, PwC is acquiring a strong expertise having managed other 5 projects across different cycles. In their own view, a clear added value has been brought by the SRSS in the reform processes of public administration, and a much wider impact is expected from an increased budget in the next MFF. This is mainly due from the fact that even small national projects can benefit from a Europe-wide visibility in the framework of the SRSP. Especially in Italy, a country struggling with either small or big structural reforms, this can create a virtuous circle in which the feasibility of making technical assistance effective and delivered can stimulate more administrations to assess their needs and present Requests for Proposal. Accordingly, in the view of PwC, the case study here analysed has showed efficiency gains in terms of delivering reform process and arranging procurement procedures which, it could be reasonably be estimated, would have been unlikely to happen outside the SRSP programme.

Moreover, it has been noted that Italian administrations seem incentivized to implement reforms when it happens in a European showcase, aiming at adopting European best practices, and, most importantly, having the opportunity to offer best practice. This aspect results confirmed in this case study, both by the assistance-provider and the beneficiary.

The intervention of the case study is summarised in the factsheet provided in the Table below, where the theory and actions of the intervention emerge.

Table 7. SRSP in Italy: case study from the 2018 cycle

Source: PwC Public Sector Srl

Project title
Support for the implementation of the Italian Digital Strategy (SRSS/SC2018/040 Lot 1)
Beneficiary
Italian Ministry of Economy and Finance (MEF) - Directorate for IT Systems and Innovation (DSII)
Provider of technical assistance
PwC EU Services
Context
The DSII is one of the Directorates of the DAG (Department of General Administration, Personnel, and Services) of MEF. It is responsible for the supply of IT services and the digital transformation of the MEF and for the provision of shared payroll and HR services to over 100 other Italian Public Administrations (and over 2 million civil servants) through the so called *NoiPA* platform. The DSII manages a yearly budget of 43 million € and employs a total of 210 staff, distributed across 9 different Units. Among its main future strategic goals, there is the expansion of its user base, aiming at covering all the Italian civil servants (almost 3,3 million people) coming from over 11.000 different public administrations at all governance levels. Towards this goal, the DSII requested the SRSS intervention in order to attain a revision of its organisational structure and of its responsibilities matrix, aiming at making them more innovative from a technological and procedural point of view. For the role of the Directorate in the Italian public administration, such a project was considered a crucial driver of change in the national framework of the Italian Digital Strategy .
Needs
The Directorate needed to address 5 key strategic objectives: • Reduce time to market; • Define a strategy based on data as a core business; • Enable decentralised organisation and communication; • Guarantee Security by design; • Take the responsibility for monitoring, coordinating and leading the digital transition of the MEF.
Intervention and outcomes
First of all, the provider conducted a benchmarking exercise in order to gain good practices and useful hints on how to deal with challenges and opportunities of digital transformation in public administrations. 13 among innovative methodological approaches (*Agile, DevOps, User-Centered Design, Security by Design),* business models (*Service Catalogue, Self-provisioning, Enterprise information management, Open Data, Open Innovation, Mobile)* and technologies (*Cloud, Blockchain, Artificial Intelligence*) were collected

from different kinds of national and international organisations. They became options of change made available to the DSII.

Then, different engagement activities – workshops, surveys, meetings - were performed in order to involve all the staff in the development of a new organisational model. The ultimate decision was taken by the management of the DSII. The main features of the new organisational model to be implemented were the following:

- The integration between the Infrastructure and the Application Development processes, relying on cloud computing technology;
- The integration of the Operations, Customer Service and Account processes, fostering customer or user experience;
- The new responsibility allocation of a Unit to support the Director in his capacity as point of reference for the MEF's Digital Transformation;
- The creation of three specific units devoted to overseeing the strategic areas of security, data management and innovation.

Once assessed weaknesses and main goals to be pursued, a transition plan to fill the gaps was elaborated. Changes needed were many and in different fields concerning people, structure, processes and objectives. On the side of structure, for example, the gap analysis highlighted the need to create three new Units (Data Management, Digital Transformation and Security, Innovation). In terms of people, what appears was the importance of organising trainings to provide the required skills for the new job profiles.

The assessment and quantification of gaps was based on the data collected by three questionnaires – one dealing with the critical success factors for team-based organisations , another focusing specifically on the topic of knowledge management and the last one facing the DSII's staff competencies – that were filled in by the heads of unit of the DSII.

The Transition Plan was co-designed by the DSII Director and Heads of Unit. It was shaped to implement the new organisational model with efficiency and effectiveness. Namely, guaranteeing that all activities were carried out timely, effectively, and unitedly. This required the involvement of a number of resources, in particular:

- A project manager, responsible for the operational oversight of the entire plan;
- A steering committee – consisting of the Director and the Heads of Unit – that provides strategic guidance to all activities of the plan;
- A PMO, which monitors and assesses the progress of the activities of each implementation phase;
- A communication expert, who takes care of internal communication ensuring that staff is always informed on the step-by-step implementation plan.

The cultural change of the DSII and its staff was supported by a series of change management actions, including dedicated trainings on soft skills, communication and team building activities, and the support of change agents. These actions acted as main drivers to catalyse the cultural change of the DSII staff.

Both the provider and the beneficiary are aligned in saying that the project has proven to be successful. It has favoured the transition plan towards a new organisational structure which could fulfil the gaps identified, involving all the staff in the change management process. Performances and the internal mindset for change can therefore result significantly improved.

The project has been delivered with coherence, both at the internal level – need of re-organization has successfully been addressed – and with the external one – the action was set in the framework of the Italian digital agenda. The intervention logic and reform processes performed are considered perfectly in line with the objectives of the administration and extremely relevant for attaining the expected results. Such good results are mainly confirmed by the overall satisfaction revealed by the beneficiary, which has accordingly presented further requests for support in the following cycles. More specifically, in the 2019 cycle, one project among those selected, *Support for the implementation of the Italian National Digital Strategy – change and cultural management* (N.5, 2019 in Table 3), can be considered a follow-up of the reform set up in the case study.

In addition, the beneficiary stated that the SRSS-led intervention has had direct benefits, primarily verified in:

- Overall facilitation brought by the SRSS on the procurement, administrative and monitoring phases of a reform project. The administration got rid of open a tender procedure, define terms of references, identifying the contractor etc. All those activities were in fact fully under the EU Commission control, relieving the DSII from economic and procedural efforts;
- No cost borne by the administration.

However, the DSII highlighted also major indirect benefits related to the project. Firstly, the increased awareness of the MEF concerning the SRSP opportunities and its enhanced capability of effectively using European resources for its own needs. Secondly, dissemination events organised are expected to show this project as a best practice, potentially aiming at incentivizing positive spill overs in the entire public administration. Thirdly, the Department feels now much more bound to the European level and to other European administrations, thanks to an exchange of contacts, interactions and practices which would have never happened outside the SRSP framework.

Moving from what experienced in this project, the beneficiary has confirmed that the SRSP kind of assistance seems particularly appropriate for the Italian PA, often suffering barriers and bottlenecks in implementing reform process both on a small scale and on a large scale. Although the administration assisted does not manage the process of reform, its ownership over the project is guaranteed by the fact that the intervention is strictly bound to its Request of Proposal.

Both the DSII and the provider agree on the fact that in these three years the SRSP has demonstrated to work well, acquiring a non-neglectable relevance for the country. Therefore, expectations are growing both on the beneficiary and on the firm sides. They would suggest not only to increase the budget (as in fact it could be from the next cycle) but also to have two annual cycles instead of one. It should be noted that the administration would like to address its small-scaled needs in a shorter amount of time.

According to the beneficiary, it could be reasonably said that outside the SRSP framework, despite similar organizational changes could have been gained anyway, the same direct and indirect benefits would not have been attained. A clear EU added value has been perceived.

5. The appropriateness of the SRSS intervention through the SRSP

In the one country analysis outlined in chapter 4, the evaluation of the assistance provided by the SRSP stands out for giving mainly positive results and impacts. It is too early to extend such positive findings to the entire programme. Elements here accounted should be considered starting points assessing the rationale and potential impact behind the SRSS intervention. However, it has undoubtedly emerged that the Service, through the SRSP, can bring a meaningful added value to administration in need of technical assistance.

Nevertheless, it seems unsatisfying to limit the evaluation of the SRSS to a service of purely technical nature. Just because the nature of the relationship between the European Commission and Member States goes far beyond the technical dimension, an attempt to understand relevant political implications is worth trying.

This kind of considerations will deal with the issue of appropriateness of the SRSS interventions in national reform process through the SRSP. This dimension will be investigated with theoretical and practical hints already developed throughout this work. The two key elements of analysis are: the increased steering power of the European Commission over structural reforms, and the relationship with cohesion policy.

5.1. The steering power of the European Commission

The main peculiarity of the SRSP is that the kind of technical assistance offered is focused on small structural reforms. "Big bang" structural reforms deal with the big picture: welfare, business environment etc. They require large-scale politically driven reforms, involving many issues and affecting the state in its entire constituency. Interventions so far guided by the SRSS, through its first SRSP programme, are instead exclusively technical, small-scaled and moving into branches of government or its agencies. This has been so far due both to the small amount of the budget at its disposal and for a clear choice of the Commission. Thus, there seem to be nothing political in such approach. However, the negotiation phase is fundamental. The Commission can strongly influence the reform process - basically selecting which project is or is not valuable of be funded. SRSS emerges in this light as a powerful instrument to directly orient the transposal of Country Specific Recommendations into reality. The European Commission manages reforms in all is phases and operates on the national ground through technical assistance. This means going beyond making pressure, taking the lead of reform processes; something which cannot happen in the case of “big bang” structural reforms.

Projects implemented are totally free of charge for the beneficiaries which however should guarantee a political legitimacy. On this aspect, the fundamental role is that of the National Coordinating Authorities, ensuring that a national political alignment is present in the entire cycle of funding. According to the analysis performed in this work, a country struggling with the realization of all kind of reforms has nothing to lose from receiving an extensive technical assistance as long as it is line with the political orientation. The Italian NCA has revealed effective in assuring this, counterbalancing the wide space earned by the Commission.

Furthermore - in chapter 4, section 4.2.3. - the ownership issue has been assessed as a clear link between structural reforms, whether big or small, and the political dimension. Both the SRSS and the beneficiary seems to maintain a proper shar of ownership over reforms, showing, in the Italian case, the SRSP projects as a win-win solution. The SRSS seems to have found a stable way to overcome resistance at the national level in implementing structural reforms. However, following this story line a major aspect remains in the background: the *Europeanization* of reforms. The issue of directly or indirectly EU-driven, or *Europeanised*, national policies is very well present in the literature (see for example Cacciatore et al., 2015, Sacchi, 2015, Ongaro and Kickert, 2019). In particular, it should be further investigated how the SRSS kind of intervention could bring an excessive Europeanisation of reform processes. For instance, it could be analysed whether the compliance with the principle of subsidiarity (art. 5 of the TEU), as provided in the SRSP regulation, has been *de facto* achieved so far. As long as an EU added value is demonstrated, such concern is certainly prevented. According to what has emerged in this work, the EU added value can reasonably be assessed in the structural reform’s theoretical framework (see 3.2.2.) and in the Italian case (see 4.2.3. and 4.2.4.). However, further research is recommended on this topic.

5.2. Relationship with the Cohesion Policy

The SRSP cycle of funding and rationale could appear similar to the Cohesion Funds. Both were set to achieve convergence at the European level and integrate local, regional or national requests for support from different point of views. However, it should be noted that there is a fundamental distinction on the management side. In the SRSP the Commission manages the intervention directly, while in the case of Cohesion, funds are managed at the local or regional level. Main points of criticisms deal with potential overlaps among the two sources of funding. For instance, among the thematic objectives (TO) of the cohesion policy cycles, TO 11 is specifically referred to *improving efficiency of public administration*. Although it seems it will be removed from the next cycle 2021-2027, this represents a potential conflict between the two instruments in focusing on same goals with different approaches. Again, here comes the relevance of verifying an EU-added value, since its presence prevents the possibility of overlapping or substituting effect.

According to evidences collected in Italy, the country has proved, so far, an efficient complementarity among the SRSP and Cohesion policy. Moreover, a country-specific added-value has been brought in the Italian case, where the inability to spend structural funds is widely diffused. Accordingly, relieving the Italian public bodies from designing and implementing reform projects is seen as something extremely appropriate.

6. Conclusions

The aim of this work was to give a first assessment of the activities of the Structural Reform Support Service of the European Commission at the EU level and, more specifically, at the Italian level, by use of qualitative and quantitative data currently available. This evaluation has looked at one indicator of potential impact: the EU-added value. Among the different activities performed by the Service, only the Structural Reform Support Programme 2017 – 2020 has been taken into consideration, as it is the most financially and operatively significant.

In the first part, a theoretical approach has been taken in order to estimate the potential added value brought by the SRSP in the conceptual framework of structural reforms. Reasons motivating the need for and the extent of such reforms have been assessed. The SRSP has proven effective in tackling all needs considered within the literature and in potentially bringing a remarkable added value to almost all of them. Firstly, this is due to the fact that the SRSP is a new approach to structural reforms, it being an instrument at disposal of Member States to increase the technical capabilities of their public bodies. This may indeed positively impact on the likelihood of success of reforms needed to achieve resiliency and stability in the EMU. Secondly, the structure of the SRSP cycle involves directly, and primarily, public administrations and their requests of assistance. This interaction increases their readiness for and understanding of reforms.

In the second part, the evaluation has focused on monitoring the SRSP activities in one country, namely Italy. The country is one of the Southern European countries, usually considered to be those most in need of pursuing structural reforms. Therefore, Italy represents a good testing field for assessing the ongoing performance of the Programme. Due to the poor availability of public data concerning the SRSP project, the analysis has been carried out with mainly qualitative tools. Interviews were performed with key stakeholders involved in the SRSP funding cycle, namely the Italian National Coordinating Authority and the provider and the beneficiary of a SRSP delivered project, selected as a case-study. The collected evidence showed that the impact of the SRSP projects in Italy in the first three years has been highly positive. The Programme has been capable, in the framework of the SRSP, of (i) delivering results, (ii) effectively implementing almost the 100% of the projects aligned with Requests for Supports and (iii) bringing a significative added value in the reform process of Italian public administrations.

The added value has been further assessed in a case-study analysis which gave an additional positive confirmation. The selected project was delivered in 2019 and aimed at an overall re-organization of a Directorate of the Italian Ministry of Economy and Finance (DSII) in line with the Italian Digital Strategy, a comprehensive strategy to boost the efficiency of public administrations through digitalization. This case showed that a small-scaled intervention was considered fundamental in order to address a broad structural reform process. According to the interviewed stakeholders, namely the beneficiary receiving assistance and the provider of on the ground technical assistance, this project has demonstrated that the SRSP can bring both direct and indirect benefits. On the former side, it completely relieves the administration in need of assistance from bearing the costs and efforts of administrative procedures (procurement) and financial aspects (expenditure) needed to implement reforms. On the latter side, this project has increased the awareness and capability of using European resources within the Ministry and it has been recognised as a best practice, potentially generating positive spillovers among other public administrations. Both the beneficiary and the provider confirmed that such benefits could have hardly occurred outside the Structural Reform Support Programme. Other elements deriving from the research performed in this work have been confirmed through interviews. First, ownership over reforms is not considered an issue, since it is guaranteed both at the EU level and at the national level. Second, the SRSP can be potentially more suitable in countries needing reform. This last aspect should be further verified on a comparative perspective, which was not in the scope of this evaluation.

The final part (Chapter 5) gave some hints on possible future directions of research, mainly concerning the issue of political appropriateness in the SRSS interventions. It has been underlined how the SRSP can become, if it is not yet, a powerful instrument in the hand of the Commission for steering the structural reform processes in the EU member states. Such direct influence can be fostered especially through the future *Reform Delivery Tool* potentially directed at larger reforms. This evolution could ensure an enforcement of the EU Commission ownership over reforms while maintaining the national ownership unaltered. Another dimension requiring analysis could be found in the relationship between the SRSP and the Cohesion Policy. Guaranteeing complementarity and preventing overlapping is the direction to follow both for compliance with Treaties and Regulations but also for ensuring that both approaches to convergence keep on being used by Member States.

Results derived from the evaluation made in this dissertation cannot be yet extended to the general performance of the SRSP in the EU. Given the relevant political and technical implications analysed in this work, further research is needed in order to assess the overall impact of the SRSS activities. This dissertation has thus tried to lay the foundations for future, more comprehensive, evaluations.

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Annex 1: Methodological note

In order to assess the potential impact of the SRSP projects in Italy, three interviews have been conducted. They were developed following mainly the European Union *Better Regulation Guidelines* (European Commission, 2017) on *monitoring* and *evaluation.* Conversations were focused on general and specific objectives. The general objectives were 2:

- Acquiring a better understanding of the SRSP processes and rationale at the national level;
- Investigating whether an SRSS-led added value could be brought in the light of the SRSP programme in the Italian public administration;

Each interview was set on 4 to 6 specific objectives: some of them were shared among different interviewees, others were precisely targeted on each interviewee. Questions asked during the interviews adapt the general objectives according to each field of interest.

<u>Interviewees</u>

Interviewee 1: Laura Cavallo – Cohesion Policy office coordinator of the Council Presidency (National Coordinating Authority, NCA)

Specific objectives:

1. Acquire a national-specific understanding of the SRSS-led projects in the SRSP programme;
2. Investigate whether a SRSS-related added value has been brought though its interventions on the national domain;
3. Investigate the appropriateness of the SRSS interventions from a national perspective;
4. Investigate main pros and cons of dealing with the SRSS for Italian public bodies;
5. Obtain an overall estimate of the efficiency, effectiveness and coherence of the SRSP projects run in Italy.
6. Acquiring an understanding of which weaknesses should be addressed in the future.

Interviewee 2: Leonardo Rita, Senior Manager at PwC Public Sector srl - contractor in the SRSP Framework Contract for the contract SRSS/SC2018/040

Specific objectives:

1. Investigate the added-value of the SRSP projects in the realm of reform processes of Italian public bodies;
2. Assessing the main features of managing an SRSS-led project;
3. Assessing the main features of the framework contract channel for SRSP funding;
4. Acquiring an understanding of which weaknesses should be addressed in the future.

Interviewee 2: Roberta Lotti - Head of PMO Office, Directorate for IT Systems and Innovation (DSII), Italian Ministry of Economy and Finance (MEF) – beneficiary of the contract SRSS/SC2018/040

Specific objectives:

1. Acquire an evaluation of the impact estimated by the beneficiary in a single project;
2. Investigate whether a SRSS-related added value has been brought though its interventions on the national domain;
3. Investigate the appropriateness of the SRSS interventions from a national perspective;
4. Investigate main pros and cons of dealing with the SRSS for Italian public bodies;
5. Obtain an overall estimate of the efficiency, effectiveness and coherence of a delivered project in Italy.
6. Acquiring an understanding of which weaknesses should be addressed in the future.

List of questions

N.	Question	Laura Cavallo (NCA)	Leonardo Rita (provider)	Roberta Lotti (beneficiary)
1	According to your experience and knowledge, in this first three years, have you identified specific bottlenecks or barriers preventing projects to be completely delivered?		x	
2	According to your experience and knowledge, which is, if any, the EU-added value brought in the reform process of public administration through the SRSS-led assistance (both from a national and a case-study perspective)?		x	
3	Can you express the main opportunities and challenges of working within the SRSP framework contract for your business?		x	
4	Do you think that Italian public bodies are, in the EU, among those more in need of receiving this kind of assistance?		x	
5	To what extent has the intervention in the case study example been cost-effective?		x	
6	From your perspective, which are the main weaknesses to be addressed in the future of the SRSP?		x	
7	According to your experience and knowledge, which is, if any, the EU-added value brought in the reform process of public administration though the SRSS-led assistance?			x
8	Are you overall satisfied with the assistance given by the SRSS?			x
9	To what extent are the observed effects linked to the intervention?			x
10	To what extent has the intervention been coherent internally?			x
11	To what extent has the intervention been relevant for the objectives of the administration?			x
12	To what extent has the intervention in the case study example been cost-effective?			x
13	To what extent has this intervention been coherent with other interventions which have similar objectives, if any?			x
14	Was it the first SRSS-led project you implement? If yes, would you consider presenting further Request for Support in the future SRSP cycles? Addressing which need?			x

N.	Question	Laura Cavallo (NCA)	Leonardo Rita (provider)	Roberta Lotti (beneficiary)
15	What have been the (quantitative and qualitative) effects of the intervention described in the case-study?			x
16	What have been the (quantitative and qualitative) effects of the intervention described in the case-study?			x
17	Where the outcomes of the case-study project possible to attain without the SRSS-led intervention?			x
18	From your perspective, which are the main weaknesses to be addressed in the future of the SRSP?			x
20	From your perspective, which are the main weaknesses to be addressed in the future of the SRSP?	x		
21	According to your experience and knowledge, which is, if any, the EU-added value brought in the reform process of public administration though the SRSS-led assistance?	x		
22	Are those criteria specifically targeted on Italy or are benchmarked at the European level?	x		
23	Can you share, if possible, which are the criteria used for evaluating Request for Support coming from public bodies?	x		
27	Do you find any problem in the co-existence of the SRSP and the Cohesion Policy?	x		
28	Do you think that Italian public bodies are, in the EU, among those more in need of receiving this kind of assistance?	x		
30	Do you think that Italy is making a proper use of the SRSS?	x		
33	In this first three years, have you identified specific bottlenecks or barriers preventing projects to be completely delivered?	x		
34	In your view, where the same outcomes possible without the SRSS-led intervention?	x		

N.	Question	Laura Cavallo (NCA)	Leonardo Rita (provider)	Roberta Lotti (beneficiary)
35	Is the different top-down approach more suitable for Italy the approach adopted with Structural Funds? Is it a potential full-Italian added-value?	x		
36	To the best of your knowledge, are the criteria entirely set by each NCA or does the SRSS provide you with some guidelines?	x		
37	To what extent are the projects being delivered in a way you would consider effective (attaining expected results) and efficient (being cost-effective)?	x		
38	Which is the percentage of projects delivered and completed among those selected in Italy?	x		

Summary

In the aftermath of the most severe economic crisis of the post-war period, the Economic and Monetary Union has tried to adopt efficient tools to make its constituency more resilient. The European institutions, mainly the Commission, have focused on the need for the Member States to implement domestic structural reforms, in order to modernise their economies and boost their competitiveness. In recent years, the European Commission has been trying to improve administrative readiness and capabilities of EU Member States, in order to impact on those little technical drivers assuring a successful implementation of such reforms.

The Structural Reform Support Service was created in 2015 with this specific purpose and it has become in 2019 an *ad-hoc* Directorate-General for Structural Reform Support (DG REFORM). The help given is purely on-demand, tailored on the requests expressed by Member States, which should be approved by the Commission, in line with the Country Specific Recommendations (CSRs). Support is given through financial means and on-the-ground assistance by a wide range of experts. The Service has managed a relatively small budget for the 2017-2020 period. However, the Commission has proposed to expand its capacity up to 25 billion to be flowed into a new *Reform Support Programme*, starting in 2021.

It should be noted that in the set-up of the SRSS, the European Commission has addressed those weaknesses emerged in similar *ad hoc* technical assistance interventions undertaken in Greece (mainly according to European Court of Auditors (2015) and the external evaluation for the European Economic Community (European Economic Community et al., 2019). A direct comparison between recommendations made by auditors and external evaluators and their consideration in the SRSS establishment is provided in the following table.

From the text: *Table 3. Recommendations on the Task Force for Greece vs. measures taken in the set-up of the SRSS*

Recommendations given by auditors (European Court of Auditors, 2015) and evaluators ((European Economic Community et al., 2019) on the Task Force for Greece (TFGR)	**Measures taken in the SRSS set-up**
The establishment of any entity for delivering Technical Assistance (TA) should be based on a strategy with well-defined objectives (European Court of Auditors, 2015)	The creation of the SRSS has been based on an overall strategy and clear objectives. The assessment and delivery of on-demand TA is regulated by an *ad-hoc* regulation establishing the SRSP.
The Commission should create a pool of external experts who could be deployed on an ad hoc basis on TA projects in Member States (European Court of Auditors, 2015)	The SRSS relies on permanent and non-permanent pool of experts, counting also on the TAIEX instrument, to provide assistance.
TA should be prioritised and focused and operate through the most appropriate and effective implementation mode in accordance with the existing legislative and regulatory framework. (European Court of Auditors, 2015)	The cycle of funding in the SRSS implies a thorough and transparent prioritisation process. The creation of the SRSS has been based on an overall strategy and clear objectives. The assessment and delivery of on-demand TA is regulated by an *ad-hoc* regulation establishing the SRSP.
The Commission should ensure that the implementation of TA is systematically monitored and evaluated in the light of objectives set, and lessons learned fed back into the process (European Court of Auditors, 2015) *An adequate monitoring system, including an indicator system, should be put in place from the outset of the intervention* (European Economic Community et al., 2019)	The SRSS monitors the delivery of SRSP projects constantly, releasing Annual Activity Reports and Annual Implementation Monitoring Reports, as established by the Regulation.

Future similar technical assistance instruments should be clearly framed from the outset based on a detailed analysis of existing problems and specification of the key elements of the intervention. (European Economic Community et al., 2019) *The request of support received in the framework of similar technical assistance instruments should be substantiated by a comprehensive needs identification based on which the objectives of the needed support can be drawn, as well as the nature, volume, length and sequence of activities can be determined. Attention should be paid to the project management and technical capacity available at the level of the entity requesting the support.* (European Economic Community et al., 2019)	Interventions coordinated by the SRSS are previously set up on specific needs expressed by the beneficiary. A Cooperation and Support Plan discussed with authorities receiving support is draft to organise each project on a case-by-case basis.
A systematic coordination mechanism should be set up to support efficiency and coherence of the support, as well as increased ownership of the beneficiaries on the technical assistance outputs. . (European Economic Community et al., 2019)	The TA assistance has become systematic through a 4 years programme, based on annual funding cycle. Ownership of the beneficiary can result enhanced through the direct involvement of beneficiaries in the selection process and in the planning phase.
The creation of a dedicated budget upon the set-up of similar technical assistance instruments could lead to more predictability in the planning of the support for all relevant stakeholders and enable a swift delivery of support on the ground. (European Economic Community et al., 2019)	A dedicate line of the budget has been given to the SRSP with an increasing amount of budget. For the years to come, the Commission has proposed a four-time increase in the budget dedicated to TA. This shows a strong commitment towards the SRSS capability of giving a stable in time assistance to member States.

This work is focused on evaluating the EU added value brought by the SRSS, mainly considering its first programme of assistance, the Structural Reform Support Programme 2017 – 2020 (the SRSP). Two types of evaluations have been conducted, following the prescriptions of Rossi et al. (2006):

i. *programme theory* assessment at the EU level;

ii. *process monitoring* of the programme performance in one country particularly in need of structural reforms, namely Italy.

1. Evaluating the EU-added value in the theoretical framework of the SRSS

The conceptual framework behind the establishment of this new Service has its foundation on the huge debate over the case for, the extent of and timing of structural reforms. The vast literature on the topic brings out the needs structural reforms are aimed to address. The SRSS, through the SRSP 2017 – 2020, can help Member States implementing structural reforms with a potential added value for the following needs:

i. *Need: Political stakeholders are not the only involved. Capability and readiness of public administration are central factors to bring forward the implementation of structural reforms.* On the side of stakeholders involved, the SRSS has demonstrated a remarkable effort. The SRSP cycles of funding start with national or local public bodies asking for support directly to the European Commission, through the filter of National Coordinating Authorities. Undoubtedly, this confirms a consistent added value in closing the gap between the local level and the supranational one.

ii. *Need: Reforms should be carefully planned and tailored on the socio-economic context in which they are set to have an impact.*

   Also, on the side on timing and sequencing, the SRSP ha successfully brought a value to reform process. This is due to the structural features of the programme. Its interventions are discussed with each beneficiary countries both in the selection process, when informal consultations took place, and before the implementation process, when Country Support Plans are signed. Through the latter instrument, the timeline and sequencing of reforms is agreed with the single administrations. A potential added value could therefore be present thanks to the SRSP procedure. However, it strongly depends on the effective implementations and results of the projects, which are not yet available for the most part.

iii. *Need: A new approach to structural reforms can be helpful to overcome the obstacles faced so far in the achievement of a resilient and stable EMU.*

With regards to the reasons motivating structural reforms, the EU-added value of the SRSP is straightforward. The SRSS has implemented an approach precisely aiming at removing those obstacles impacting on the administrative, technical side of structural reforms implementation. This means innovatively tackling resistance to structural reforms and guarantee the EMU an additional tool to achieve its resilience and stability in the long run.

iv. *Need: Small-scaled, precisely targeted and tailored structural reforms can be effective in removing those bottlenecks and inefficiencies in each national administration.*

Concerning the kind of structural reforms addressed, the focus of the SRSP is clear. Reforms involved are designed to impact on many, small-scaled, precisely targeted ganglia of the administrative system. The objective are therefore those little drivers of implementation, which are hidden but fundamental elements of "big bang reforms". The SRSS has created a way of intervention which did not exist before and therefore has added a significative value on this side.

2. Evaluating the EU-added value of the SRSP projects for a country in need of structural reforms

Italy is a striking case on the side of structural reforms, having particularly suffered the economic crisis and having passed through differentiated domestic reform cycles. First, the so called "technical government" guided by the former European Commissioner Mario Monti put in place harsh reforms to face a heavy financial and political turmoil. Then, the coalition headed by the centre leftist Partito Democratico ruled the country from 2013 to 2018 and enacted several reforms mainly on the sides of welfare and labour market. Lastly, the country has been dealing with populist parties in power, pledging to dismantle almost all the most unpopular reforms taken by the predecessors.

Despite the rapidly changing political spectrum, structural reforms are always considered a priority for the Italian agenda both according to the European institutions and to the main financial and institutional stakeholders. It is primarily an issue of which reforms should be implemented and in which sectors. This requires a comprehensive approach which requires readiness and efficiency of Public bodies in the implementation phase. The SRSS can be in this light a useful tool, which may have an impact of big or small significance depending on how Italy has taken it into consideration. Accordingly, in the last three years Italian Governments has been demonstrating an increasing interest in the SRSS and its main Programme, the SRSP.

Most importantly, Italy represents a good testing field for assessing the ongoing performance of the Programme. Stakeholders involved in the analysis are the Italian National Coordinating Authority, the Presidency of the Council, and the provider and the beneficiary of a SRSP delivered project, selected as a case-study.

Firstly, the qualitative and quantitative evidences show that the impact of the SRSP projects in Italy in the first three years is highly positive. The Programme has been capable, in the framework of the SRSP, of (i) delivering results, (ii) effectively implementing almost the 100% of the projects aligned with Requests for Supports and (iii) bringing a significative added value in the reform process of Italian public administrations.

The case-study analysis gave an additional confirmation of the presence of an EU-added value. The selected project was delivered in 2019 and aimed at an overall re-organization of a Directorate of the Italian Ministry of Economy and Finance (DSII) in line with the Italian Digital Strategy, a comprehensive strategy to boost the efficiency of public administrations through digitalization. This case shows that a small-scaled intervention was considered fundamental in order to address a broad structural reform process. According to the interviewed stakeholders, namely the beneficiary receiving assistance and the provider of on the ground technical assistance, this project demonstrates that the SRSP can bring both direct and indirect benefits. On the former side, it completely relieves the administration in need of assistance from bearing the costs and efforts of administrative procedures (procurement) and financial aspects (expenditure) needed to implement reforms. On the latter side, this project has increased the awareness and capability of using European resources within the Ministry and it has been recognised as a best practice, potentially generating positive spillovers among other public administrations. Both the beneficiary and the provider confirm that such benefits could have hardly occurred outside the Structural Reform Support Programme.

Moreover, other important elements, already touched throughout the evaluation, come out from interviews. First, ownership over reforms is not considered an issue, since it is guaranteed both at the EU level and at the national level. Second, the SRSP can be potentially more suitable in countries needing reform. This last aspect should be further verified on a comparative perspective, which was not in the scope of this evaluation.

Some hints are given on desirable future directions of research, mainly concerning the issue of political appropriateness in the SRSS interventions. The SRSP can become, if it is not yet, a powerful instrument in the hand of the Commission for steering the structural reform processes in the EU member states. Such direct influence can be fostered especially through the future adoption of the 25 billion *Reform Support Programme*, directed not only at small-scaled reforms but also at larger reforms. This evolution could ensure an enforcement of the EU Commission ownership over reforms while maintaining the national ownership unaltered.

The main peculiarity of the SRSP is that the kind of technical assistance offered is focused on small structural reforms. Interventions so far guided by the SRSS, through the SRSP, are exclusively technical, small-scaled and moving into branches of government or its agencies. This is due to a clear choice of the Commission. However, the political sphere is not completely out of the picture. The Commission can strongly influence the reform processes - basically selecting which project is or is not valuable of be funded. SRSS emerges in this light as a powerful instrument to directly orient the transposal of Country Specific Recommendations into reality. The European Commission manages reforms in all their phases and operates on the national ground through technical assistance. This means going beyond making pressure, taking the lead of reform processes; something which cannot happen in the case of “big bang” structural reforms.

Projects implemented are totally free of charge for the beneficiaries which however should guarantee a political legitimacy. On this aspect, the fundamental role is that of the National Coordinating Authorities, ensuring that a national political alignment is present in the entire cycle of funding. According to the analysis performed in this work, a country struggling with the realization of all kind of reforms has nothing to lose from receiving an extensive technical assistance as long as it is line with the political orientation. The Italian NCA has revealed effective in assuring this, counterbalancing the wide space earned by the Commission. As long as an EU added value is demonstrated, the concern of *excessive Europeanization* of reform process is certainly prevented. However, additional research would be useful on this topic.

Another dimension requiring further analysis could be identified in the relationship between the SRSP and the Cohesion Policy. The SRSP cycle of funding and rationale could appear similar to the Cohesion Funds. Both are set to achieve convergence at the European level and integrate local, regional or national requests for support from different point of views. However, it should be noted that there is a fundamental distinction on the management side. In the SRSP the Commission manages the intervention directly, while in the case of Cohesion, funds are managed at the local or regional level. Main points of criticisms deal with potential overlaps among the two sources of funding. For instance, among the thematic objectives (TO) of the cohesion policy cycles, TO 11 is specifically referred to *improving efficiency of public administration*. Although it will be probably removed from the next cycle 2021-2027, this represents a potential conflict between the two instruments in focusing on same goals with different approaches. Again, here comes the relevance of verifying an EU-added value, since its presence prevents the possibility of overlapping or substituting effect.

In the Italian case, the country shows an efficient complementarity among the SRSP and the Cohesion policy. Moreover, a country-specific added-value comes out in the Italian case, where the inability to spend structural funds is widely diffused. Accordingly, relieving the Italian public bodies from designing and implementing reform projects appears as something extremely appropriate. Overall, guaranteeing complementarity and preventing overlapping is the direction to follow both for compliance with Treaties and Regulations but also for ensuring that both approaches to convergence keep on being used by Member States.

Results derived from the evaluation made in this dissertation cannot be yet extended to the general performance of the SRSP in the EU. Given the relevant political and technical implications analysed in this work, further research is needed in order to assess the overall impact of the SRSS activities. This dissertation has thus tried to lay the foundations for future, more comprehensive, evaluations.