The Structural Funds as ‘Agents of Change’: New Forms of Learning and Implementation

IQ-Net Thematic Paper 40(2)

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June 2017
The IQ-Net Network promotes exchange of experience on the management and implementation of Structural Funds programmes among managing authorities and intermediate bodies. The network is managed by the European Policies Research Centre (University of Strathclyde, Glasgow) under the direction of Professor John Bachtler, Stefan Kah and Dr Laura Polverari. The research for this paper was undertaken by EPRC in preparation for the 42nd IQ-Net meeting to be held in Gdańsk, Pomorskie on 17-19 May 2017. The paper was written by Dr Laura Polverari, Dr Martin Ferry and Professor John Bachtler and was revised after the conference taking into account of the content of discussions during the meeting (both in the plenary and during the dedicated parallel workshops).

The paper is the product of desk research and fieldwork visits during Spring 2017 to national and regional authorities in EU Member States (notably partners in the IQ-Net Consortium). The field research team comprised:

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EPRC thanks all those respondents from national and regional authorities and other organisations who participated in the research. EPRC also gratefully acknowledges the financial support provided by participating Member States and regions, whose contributions are co-financed by Technical Assistance from the Structural Funds. The report is, however, the responsibility of the authors alone.

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- Ministry of Regional Development

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Greece
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Poland
- Marshal Office of the Pomorskie Region

Portugal
- Agency for Development and Cohesion (ADC)

Spain
- País Vasco (Basque Country), Provincial Council of Bizkaia, Department of Economy and Finance

Slovakia
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Slovenia
- Government Office for Development and European Cohesion Policy

Sweden
- Swedish Agency for Economic and Regional Growth (Tillväxtverket)

United Kingdom
- Department of Communities and Local Government
- Scottish Government
- Welsh European Funding Office

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To cite this paper, please use the following: Polverari L, Ferry M and Bachtler J (2017) ‘The Structural Funds as ‘Agents of Change’: New Forms of Learning and Implementation’, IQ-Net Thematic Paper 40(2), European Policies Research Centre, University of Strathclyde, Glasgow.

Disclaimer

It should be noted that the content and conclusions of this paper do not necessarily represent the views of individual members of the IQ-Net Consortium.
### LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>BGK</td>
<td>Polish National Development Bank</td>
</tr>
<tr>
<td>DG Regio</td>
<td>Directorate-General for Regional and Urban Policy</td>
</tr>
<tr>
<td>EAFRD</td>
<td>European Agricultural Fund for Rural Development</td>
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<td>ERDF</td>
<td>European Regional Development Fund</td>
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<tr>
<td>ESIF</td>
<td>European Structural and Investment Funds</td>
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<td>ESF</td>
<td>European Social Fund</td>
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<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GSRT</td>
<td>General Secretariat of Research and Technology within the Greek Ministry of Education, Research and Religious Affairs</td>
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<tr>
<td>IAC</td>
<td>Information Advisory Centre (in Slovakia)</td>
</tr>
<tr>
<td>ITI</td>
<td>Integrated Territorial Instrument</td>
</tr>
<tr>
<td>LAG</td>
<td>Local Action Group</td>
</tr>
<tr>
<td>LEP</td>
<td>Local Enterprise Partnerships (in England, UK)</td>
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<tr>
<td>MA</td>
<td>Managing Authority</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organisations</td>
</tr>
<tr>
<td>NEET</td>
<td>Not in Education, Employment or Training</td>
</tr>
<tr>
<td>NUTS</td>
<td>Nomenclature of Territorial Units for Statistics</td>
</tr>
<tr>
<td>OP</td>
<td>Operational Programme</td>
</tr>
<tr>
<td>ÖROK</td>
<td>Secretariat of the Austrian Conference on Spatial Planning</td>
</tr>
<tr>
<td>PA</td>
<td>Partnership Agreement</td>
</tr>
<tr>
<td>PEDU</td>
<td>Strategic Urban Development Plan (in Portugal)</td>
</tr>
<tr>
<td>PROVERE</td>
<td>Programme for the Economic Enhancement of Endogenous Resources (in Portugal)</td>
</tr>
<tr>
<td>R&amp;D&amp;I</td>
<td>Research and Development and Innovation</td>
</tr>
<tr>
<td>RIS</td>
<td>Regional Innovation Strategy</td>
</tr>
<tr>
<td>RMC</td>
<td>Regional Management Committee (in Finland)</td>
</tr>
<tr>
<td>ROP</td>
<td>Regional Operational Programme</td>
</tr>
<tr>
<td>RTDI</td>
<td>Research Technological Development and Innovation</td>
</tr>
<tr>
<td>S3</td>
<td>Smart Specialisation Strategies</td>
</tr>
<tr>
<td>SF</td>
<td>Structural Funds</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
</tr>
<tr>
<td>SRIP</td>
<td>Strategic Research and Innovation Partnership (in Slovenia)</td>
</tr>
<tr>
<td>SUD</td>
<td>Sustainable Urban Development</td>
</tr>
<tr>
<td>WEFO</td>
<td>Welsh European Funding Office</td>
</tr>
<tr>
<td>YEI</td>
<td>Youth Employment Initiative</td>
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THE STRUCTURAL FUNDS AS AGENTS OF CHANGE: NEW FORMS OF LEARNING AND IMPLEMENTATION

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EXECUTIVE SUMMARY

This paper assesses whether and how Structural Funds (SF) act as an ‘agent of change’ in the policy and practice of regional and local development. What is being done through the Funds that would not otherwise be done, where and how this ‘operational innovation’ is being generated, and which aspects of the SF approach are most valued? Specifically, it considers changes arising from SF mobilisation of stakeholders and beneficiaries.

The evidence base. Over time, analyses have asserted that SF influences policy and practice in regional and local development through: leveraging additional public and private resources for regional economic development; influencing domestic regional development objectives and activities; raising the profile of regional policy; encouraging the development of institutional and technical capacities; and, strengthening participation of different actors in regional policy, opening the field to a range of sectors, sub-national public authorities and private and voluntary spheres. Questions about the validity of these assertions have been raised. How can studies establish that the change taking place is directly attributable to Cohesion policy? How can studies account for different views on and experiences of the type and strength of change across Member States? Different factors must be taken into account, notably: the importance of SF relative to domestic policy, existing domestic administrative capacities; and the maturity of programming experience. Focusing particularly on how SF foster the mobilisation of stakeholders and beneficiaries, three types of influence can be set out to help analysis and understanding of SF role in driving change: on culture / mind-sets; on the design of interventions and projects in terms of focus and content; and, on implementation practice.

Influence on culture / mind-sets. SF can influence the way that politicians, practitioners and stakeholders think about policy and how it should be implemented. This is manifested in shifts towards more collaborative attitudes where SF provides the stimulus for mobilising stakeholders and beneficiaries to build networks, improve communication and find consensus. The initial commitment of different stakeholders to collaborate is linked to the opportunities offered by project funding. However, in several instances, mobilisation has intensified and institutionalised, inducing a fundamental change in the way actors within the region, municipality or locality contribute to local development (e.g. Czech Republic, Portugal, Slovenia, Poland). In some instances, the allocation of SF management and implementation tasks has cemented links between public administrations at sub-national levels. SF resources, accompanied by requirements in terms of partnership and subsidiarity, provide the ‘glue’ that strengthens and maintains these relationships. The results are evident not only in the quality and relevance of SF strategies but in the overall commitment of sub-national public authorities to engage in collaborative policymaking (e.g. in Denmark, Finland, UK). There is also evidence that SF have introduced a cross-sectoral approach to policymaking, addressing ‘silo mentalities’ in policy implementation (e.g. in Austria, Portugal, Slovenia). The multi-annual timeframe of SF is credited with strengthening long-term strategic planning, ensuring stability and predictability. Although it is a long-standing feature of SF implementation it is seen as of considerable value today in a number of IQ-Net countries (e.g. Greece, Sweden, Wales).

Changes in focus and content. A second category of effects relates to what the policy does – its rationale, objectives and interventions. For instance, the mobilisation of regional and sub-regional actors in SF has increased ‘bottom-up’ input into policy design and delivery, tailoring interventions to the needs of specific territories. In cases such as Sweden and Portugal, SFs have created space for particular objectives that sharpen policy content. Beyond this, the mobilisation and inclusion of
stakeholders in SF has supported the development of new themes, instruments and project types that are, to varying degrees, changing the substance of regional policy in Member States. This influence is manifested in various ways: the increased importance of climate change and low-carbon interventions, the provision of targeted support for harder-to-reach beneficiaries; mainstreaming innovative policy instruments (e.g. project pipelines); and the implementation of different types of financial instruments.

Changes in practice. In some cases, SF have also influenced how the policy and its interventions/projects are implemented. This can concern approaches to the selection and delivery of projects, with more active involvement of stakeholders; new approaches to monitoring and evaluation which maximise the input from partners and stakeholders etc. New structures and processes introduced to enhance the input of stakeholders and beneficiaries into Cohesion policy have in some instances prompted broader changes in the governance of policy. In some EU15 Member States, domestic institutional arrangements have been adapted for SF implementation, strengthening stakeholder input (e.g. Regional Growth Fora in Denmark, Regional Management Committees in Finland). In other cases, the introduction of new structures and processes specifically for implementing SF programmes has played a fundamental role in facilitating stakeholder input into policy (e.g. Portugal, Slovakia, Wales). In several cases, SF have supported the development of institutional capacities, particularly at regional and local levels. This concerns the empowerment of public authorities for regional policy management and implementation, particularly in countries with limited traditions of sub-national involvement (e.g. in Poland, Portugal, Slovakia). In other cases, capacity-building is linked to specific aspects of policy, such as State aid issues, where expertise or experience is developed through involvement with SF. The role of SF in capacity-building also applies to the institutional and technical resources of stakeholder groups that otherwise would have had little experience in regional policy-making, including third sector organisations, NGOs and community groups (e.g. in Slovakia and Portugal). The SF have also strengthened the communication practices of IQ-Net partners, emphasising a part of regional policymaking that is vital to maintaining commitment to the policy and ensuring accountability. Examples of innovative actions in this context are found in the Basque Country (Bizkaia province) and Nordrhein-Westfalen.

Understanding how influence occurs. As well as identifying these changes, it is important to ask what drives these changes and assess how they happen. Change can occur in a ‘passive’ way. This can be a response to regulatory requirements for the formal establishment of structures and processes to engage stakeholders and beneficiaries. While in some contexts this can be regarded as an important achievement, stakeholder input into policy-making is not guaranteed. Another passive process of change is through ‘emulation’: reproducing practices and modus operandi introduced successfully elsewhere, because these are perceived standard policy practice. On the other hand, change can be the result of ‘active’ strategies. This can involve drawing insights from successful experiences elsewhere and adapting them to specific circumstances (e.g. exchange of experience in Visegrád country networks) or creatively re-elaborating own experiences in the light of the new requirements and opportunities (e.g. Pomorskie, Scotland). However, it is important to recognise that processes of genuine change take time. Moreover, initially passive approaches to change can become active approaches as experience and capacity grows. There are examples of virtuous circles, whereby changes introduced to respond to compliance imperatives have become accepted, their value has become evident and, as a result, they have been actively pursued (e.g. in the Czech Republic, Slovakia and Portugal).
Conclusions. This assessment of the role of SF in stimulating beneficial changes raises important issues for reflection, not least in the context of intensifying Cohesion policy reform debates. The influence of SF can be categorised according the effects on mind-set, policy content and practice. These three categories are not mutually exclusive and, indeed, they can be mutually reinforcing. In appraising the drivers of change, the paper highlights four modes, hierarchically organised from passive to proactive. The sequencing of change is important. Passive abidance with regulations and minimal adaptation can progressively transform into proactive embracing of SF approaches as a means to introduce beneficial innovations. Key factors to enable this upward trend are ownership and embeddedness, which the SF foster through partnership and operational arrangements. However, it is paramount to achieve a more reasonable balance between a focus on compliance and a focus on the desired end-result (i.e. the societal ‘change’ that the SF programmes, through the projects that they fund, intend to deliver). Different types of actors may require different modes of mobilisation and support if they are to contribute to change. However, regulatory rigidity and focus on compliance can act as a deterrent for stakeholders and potential beneficiaries to engage with the policy, and undermine innovation. Where the SF are discontinued, a key challenge will be to retain the beneficial changes in mind-sets, policy focus and implementation practices. There are at least three ways to support this process: institutionalisation through legislation; communication of the benefits; involvement of the widest range of actors and their development through targeted capacity building activities. Looking to the future, it is important to recognise what would be lost without the SF and that any criticism about what does not work in Cohesion policy should be placed into context. For example, while it is recognised that compliance-orientation and administrative complexity hamper the SF’s value for money and continuing innovation potential, and that there is a need for flexibility and simplification, it is also acknowledged that the shared management model has proven valuable and that the participative approaches inbuilt in the new instruments do reinforce the aforementioned sense of ownership that is so essential to make improvements last.
1. INTRODUCTION

The intensifying debate on the future of Cohesion policy after 2020 is, once again, focusing attention on the ‘value’ of the Structural Funds (SF). At EU level, much of the debate concerns the contribution of Cohesion policy to overall EU objectives, its performance and efficiency. Within individual Member States, national governments are also reappraising whether and how SF represent good value for money. Such assessments are often concerned primarily with budgetary questions and the allocation of resources for cohesion relative to other headings. Especially in net payer countries, with smaller allocations, this debate is also about the administrative complexity of SF relative to domestic interventions.¹

One important claim about the added value of SF (relative to domestic policies) is that they improve the quality of regional and local development interventions. The Funds are said to promote a more strategic and integrated approach to policymaking, encourage experimentation and innovation with interventions, facilitate greater cooperation and collaboration among stakeholders at different levels, ensure transparency and foster a ‘learning culture’.² In this way, it is argued that SF act as motivators or ‘agents of change’.

This paper assesses whether and how SF act as ‘agents of change’ in the policy and practice of regional and local development. In the context of recent experience with programme management and delivery ‘on the ground’ – and especially the changes introduced under the 2013 reforms – the paper reflects on the influence of the Funds on the culture, policy approach, governance and implementation of regional and local development. Specifically, it considers what is being done through the Funds that would not otherwise be done, where and how this ‘operational innovation’ is being generated, and which aspects of the Cohesion policy approach to regional and local development are most valued by managing authorities (MAs) and implementing bodies.

Of particular interest to practitioners is the role of SF programmes in mobilising stakeholders and beneficiaries in the design and implementation of policy. This is one of the most prominent aspects of the SF approach highlighted in assessments of the influence of the Funds.³ The implementation of Cohesion policy makes provision, in regulations and guidance, for the involvement in policymaking of local authorities, economic and social partners (namely employers and trade unions), and civil society actors (environmental bodies, community groups and other NGOs). Often encapsulated under the generic heading of ‘partnership’, the involvement of these bodies is intended to ensure that decisions on the allocation of resources take account of different preferences and

² See references discussed in the next Section.
interests, promotes greater inclusion and ‘ownership’ of programmes, and increases the visibility of EU-funded investments.\(^4\)

In this context, the following paper explores the role of SF in mobilising stakeholders and beneficiaries and how this can prompt policy change. In investigating the influence of the Funds on stakeholders and beneficiaries, the paper focuses on three main dimensions: (i) culture and mind-sets – the way stakeholders think about regional and local development challenges/opportunities and policy responses; (ii) the design of policy interventions and projects in terms of focus and content; (iii) implementation practice – the way that interventions are implemented on the ground.

The paper is based on research in 16 EU Member States conducted in the period February-May 2017. It has involved desk research, drawing on the academic and policy literatures, and fieldwork research in the form of semi-structured interviews and group discussions with 54 programme authorities and other stakeholders involved in the implementation of programmes in the countries and regions participating in the IQ-Net network (see Annex I for full interviewees list).

The paper is structured in four main parts.

- Section 2 reviews the context for assessing the broad role of SF as ‘agents of change’ based on findings from academic and policy research over successive programme periods.
- Section 3 focuses on the role of the Funds in mobilising stakeholders and beneficiaries with respect to culture and mind-sets, the design of interventions and projects, and implementation, with particular focus on current experiences in IQ-Net countries and regions.
- Section 4 explores the processes of change, whether the result of regulatory ‘coercion’, emulation of good practices, or internal learning.
- Section 5 draws together the findings, and presents preliminary conclusions as well as questions for discussion.

Case studies are used throughout the paper to illustrate the specific roles and processes of the Funds in promoting change.

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2. THE STRUCTURAL FUNDS AS AGENTS OF CHANGE: WHAT IS THE EVIDENCE?

Analyses of the influence of Cohesion policy in changing the policy and practices of regional and local development in Member States – often discussed as ‘added value’ – have highlighted changes in the way that practitioners and stakeholders conceptualise and relate to regional policy, in the content of the policy (strategic goals, underpinning rationales and measures), and in the way policy is designed and delivered. Such studies argue that the effects of Cohesion policy support go beyond the financial benefit to recipient countries/regions through the allocation of funding, and that valuable changes accrue from the method of implementation. In particular, research and evaluation have identified learning and spillover effects on policy systems and improvements to the innovation and efficiency of policy implementation. These effects are attributable to various mechanisms, variously conceptualised as policy diffusion, policy learning and policy experimentation.

A seminal classification of added value developed in 2004 and subsequently refined identified five dimensions: cohesion, policy, implementation, learning and visibility (see Figure 1). More recently, a summary of the influence of the SF on domestic systems was included in the 2016 DG Regio Strategic Plan, which identified seven areas of change induced by Cohesion policy, namely: (i) financial investment for smart, sustainable and inclusive growth; (ii) concentration of resources on regions that are most in need; (iii) generation of innovative solutions to regional and local development; (iv) mobilisation of actors from all levels of governance towards the achievement of common goals; (v) support to structural reform processes; (vi) increased efficiency and quality of public expenditure; and, (vii) enhancement of institutional and administrative capacity (see Box 1).


### Figure 1: The added value of Cohesion policy

<table>
<thead>
<tr>
<th>Cohesion</th>
<th>Policy</th>
<th>Implementation</th>
<th>Learning</th>
<th>Visibility</th>
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<tbody>
<tr>
<td>• Reduction of disparities</td>
<td>• Expenditure additionality</td>
<td>• Partnership arrangements</td>
<td>• Exchange of experience</td>
<td>• Enhanced participation of local actors, businesses, civil society</td>
</tr>
<tr>
<td>• Macroecon. impact in largest beneficiaries</td>
<td>• Private sector leverage</td>
<td>• Project generation, appraisal, selection</td>
<td>• Networking</td>
<td></td>
</tr>
<tr>
<td>• Job Creation/Safeguard</td>
<td>• Stable medium-term framework</td>
<td>• Monitoring systems</td>
<td>• Good practice dissemination</td>
<td></td>
</tr>
<tr>
<td>• Accessibility (TENs)</td>
<td>• Higher profile of regional policy</td>
<td>• Evaluation culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improved environmental quality</td>
<td>• Strategic coherence</td>
<td>• Financial control and audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Business start-ups</td>
<td>• Innovation in policy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Higher education attainments</td>
<td>• Resource allocation processes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Research/IT Capability</td>
<td>• Horizontal themes</td>
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Box 1: Dimensions of SF added value – DG Regio

Investment in all regions to support the goals and headline of the Europe 2020 Strategy for smart, sustainable and inclusive growth, supporting the delivery of EU priorities and the targeted provision of European public goods in areas such as research and innovation, information and communication technologies, small and medium-sized enterprise (SME) development and the low-carbon economy.

Concentration of resources on the poorest regions, enhancing the potential for jobs and growth and supporting the development of the Single Market, with additional spillover effects from less-developed regions to the rest of Europe, via increased trade flows.

Innovative solutions to regional and local development (often with spillovers to national policies) in research and development, climate change, energy, environment and transport, through the development of strategies, financial instruments, dedicated support platforms and exchange of experience, particularly across borders and in macro-regions.

Linkages between European, national and subnational actors in pursuing EU goals, through shared management and partnership mechanisms.

Concrete support for structural reforms through Country Specific Recommendations in the framework of the European Semester.

Increased efficiency and quality of public expenditure through an enhanced use of financial instruments, encouraging synergies between ESI Funds and with other EU funding instruments, addressing the preconditions for effective expenditure through ex-ante conditionalities, and requiring result orientation and the application of performance frameworks.

Enhancement of administrative and institutional capacity, inducing institutional and administrative change, promoting long-term planning, mobilising a wide range of partners, diffusing a culture of evaluation and monitoring of public policies, and reinforcing control and audit capacities.


Further contributions to the debate on the added value have been provided over the past decade in both the policy and academic literatures. Collectively, these contributions point to five main ways through which the SF have influenced policy and practice in regional and local development in the Member States (see Figure 2).

2.1 Financial leverage

The first area of policy influence is associated with the leverage of additional public and private resources for regional economic development.
The Structural Funds as ‘Agents of Change’: New Forms of Learning and Implementation

- **Safeguarding or increasing expenditure** - There is evidence that the Funds have increased or safeguarded the level of domestic regional development spending, particularly at the local level.\(^{11}\)

- **Changing the balance of priorities in government spending** - For much of the past three decades, EU regulations have required EU funding to be additional to domestic support for economic development. In this way, in the largest recipient countries, EU funds have contributed to changing the balance of priorities on governments’ development agendas.\(^{12}\)

- **Producing financial leverage** - The availability of SF has been found to have encouraged ‘financial pooling’, mobilising resources from private partners and influencing the level of domestic public spending on regional development. This leverage effect on private investment has been noted in the past in Austria, Germany and the Netherlands, amongst others.\(^{13}\)

- **Making more efficient use of resources** - The increasing use of financial instruments in Cohesion policy programmes has created a new and more efficient source of finance for certain types of development policy investment in many regions and also helped develop the local financial market in this direction.\(^{14}\) The Commission has argued that the impact of Cohesion policy support has increased ‘given the leverage effect of financial instruments’.\(^{15}\)

- **Exploring synergies with other EU and domestic policies** - The pursuit of synergies between Cohesion policy and other policies is increasingly seen as an important way by which the investment resources available for regional policy have been increased via the SF programmes.\(^{16}\)

- **Maintaining public investment and safeguarding jobs during economic downturns** - The SF have also acted as an important ‘buffer’ during economic recession, allowing national authorities to fund investment where constrained domestic budgets were not able to support, to the same scale or as promptly (for example in Southern Europe).\(^{17}\) As already noted

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\(^{13}\) ÖIR (2007) *The leverage effect of the European cohesion policy under the SF*, Final Report, commissioned by the Committee of the Regions.


elsewhere, according to the European Commission, during 2011–2013 Cohesion Policy expenditure represented almost two-thirds of total public investments in Portugal and about 23 per cent of total public investments in Greece.

2.2 Influencing the allocation of spending

The implementation of SF programmes has an impact on domestic regional development objectives and activities. This influence has been evident since the 1988 reform of the SF but has been further reinforced in subsequent programme periods, through the following.

- **Focus on new, ‘horizontal priorities’** - In the 1990s and early 2000s, SF programmes ensured broad application of the so-called ‘horizontal’ priorities: environmental sustainability, gender equality and the Information Society. This has resulted in the important roles of the SF as drivers and catalysts of change in a range of environmental domains, leveraging additional efforts from a range of stakeholders.

- **Enhanced concentration on SME competitiveness and innovation, alongside the new themes such as low-carbon and poverty reduction** - From the mid-2000 onwards, the SF promoted a focus on measures to foster competitiveness, entrepreneurship and innovation in line with the priorities set out in the EU’s Lisbon Agenda. More recently, the thematic concentration requirements further emphasised innovation and SME competitiveness, and also expenditure on transition to a low-carbon economy (energy, climate change) and on social inclusion and poverty relief measures. In doing so, SF programmes shifted national policy interventions away from the traditional narrow focus on infrastructure and business aid and broadening the regional policy agenda. This has been particularly apparent in some

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less developed regions and countries, but also in some more developed regions and Member States too.

- **New priorities to tackle incipient emergencies** - Cohesion policy has funded investments to tackle the migration/refugee and youth unemployment crises. Seven national OPs (Austria, Finland, France, Hungary, Luxembourg, Spain and Sweden) and almost all ESF German ROPs include investment for migrants and refugee related issues; while a dedicated initiative, the Youth Guarantee Initiative and the ESF more widely are supporting the provision of apprenticships, traineeships, job placements and further education for young people not in employment, education or training.

### 2.3 Increasing the profile and approach to regional policy

The implementation of Cohesion policy has raised the profile of regional policy. It has encouraged the articulation or formalisation of regional development policies and strategies at national level (e.g. in Austria) and institutionalised a more explicit commitment to regional development among politicians and civil servants.

Cohesion policy has also influenced the design, management and implementation of regional and local development policies.

- **Multi-annual strategic programming** - the organisation of funding in 7-year programme periods provides a stable policy environment, allowing longer-term planning. As a result, SF programmes have promoted a more strategic, long-term conceptualisation of regional development.

- **Modernisation of public policy frameworks** - The application of specific EU legal requirements in the implementation of Cohesion policy programmes has, in some cases, mobilised Member States to improve policy frameworks which serve not only the EU Funds

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but also other sources of public investment (e.g. concerning public procurement systems, environmental impact assessments etc.).

- **Increased accountability and transparency** - Policy monitoring and evaluation approaches developed in response to SF obligations have led to increased accountability and transparency, and better policymaking, as well as to have influenced evaluation approaches to national policies in many Member States.

- **Increased ‘interaction and cooperation between policy actors’ at different governmental scales** - The implementation of SF according to the subsidiarity principle has fostered in some cases collaborative practices between public authorities at different territorial scales. This has been the case for example in Poland and Croatia where, even at the pre-accession stage, the ‘internalization of EU practices has been seen to produce a number of collaborative initiatives at subnational level’.

### 2.4 Capacity building

While evaluation reports and literature sources have focussed on the variation of available institutional and administrative capacities as an explanatory factor for Cohesion policy performance, there is also increasing evidence that the implementation of Cohesion policy programmes has itself encouraged the development of institutional and technical capacities.

One area is the **strengthening of capacities within the government administrations** (especially at regional and local levels) to design and implement economic development interventions and


projects.\footnote{Pellegrin, J. et al. (2009) An analysis of the Added Value of European Structural Funding, study requested by the European Parliament's Committee on Regional Development; European Commission (2016) Strategic Plan 2016-2020, DG Regional and Urban Policy, May 2016, Brussels.} In some cases, for example in the South of Italy, not all of the improvements realised over subsequent programme periods were maintained, but over the longer term the trend has been broadly positive.\footnote{Polverari, L. and Tagle, L. (2013) Evaluation of the main achievements of Cohesion Policy Programmes and Projects over the Longer Term in 15 selected regions (from 1989-1993 programming period to the present). Case Study Campania, September 2013, p. 82.} This has not been restricted to MAs and Intermediate Bodies. The implementation of SF programmes has also improved capacities in non-State actors, such as employer organisations and technical professions in Greece,\footnote{Andreou, G. (2010) 'The domestic effects of EU cohesion policy in Greece: Islands of Europeanization in a sea of traditional practices', Southeast European and Black Sea Studies, 10(1): 13-27.} and the evaluation community in countries which lacked an evaluation tradition, such as Italy.

A specific area of capacity building has been the introduction of technical expertise. This has not been restricted to less development countries and regions: in Denmark, for example, the SF have enhanced the administrative competence to deal with State aid issues, attributable to the need to check project compliance with State aid rules ahead of funding approval.\footnote{IQ-Net country research, Spring 2017.} Research has also found evidence of improvements to technical skills and management capabilities within urban policy by introducing new ideas or approaches and encouraging experiments with new forms of governance.\footnote{Ramsden, P. and Colini, L. (2013) Urban Development in the EU: 50 projects supported by the European Regional Development Fund during the 2007-13 period, Draft final report, March 2013, \url{http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/50_projects/urban_dev_erd50.pdf}}

### 2.5 Participation in regional development

Cohesion policy has strengthened participation of different actors in regional policy, opening the field to a range of sectors and private and voluntary spheres. This is most notable in the involvement of regional and local authorities in regional development – albeit with variable impact in terms of actual influence on decision-making.\footnote{Yanakiev, A. (2010) 'The Europeanization of Bulgarian regional policy: A case of strengthened centralization', Southeast European and Black Sea Studies, 10(1): 45-57; Dobre, A.M. (2010) 'Europeanization and new patterns of multi-level governance in Romania', Southeast European and Black Sea Studies, 10(1): 59-70.}

have been found in the development of integrated plans for urban development, based on the active participation of local communities to identify the major needs, and in the establishment of strategic innovation partnerships to support stakeholders in the R&D and innovation process.

A summary overview of these areas of influence of EU Cohesion policy on domestic actors' cultures, systems and practices, is provided in Figure 2 below.

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Figure 2: Five areas of influence of SF on domestic systems

**Financial leverage**
- Safeguarding or increasing spend for regional development
- Changing balance of priorities
- Financial leverage
- More efficient use of resources
- Synergies with other EU policies
- Safeguarding public investments during economic downturns

**Influencing allocation of spending**
- 'Horizontal Priorities' - gender, environment, information society
- Entrepreneurship, competitiveness, innovation
- Low-carbon, social agenda
- New emergencies: migrants/refugees, youth unemployment

**Increasing profile & approach to regional policy**
- Multi-annual strategic planning
- Modernisation of public policy
- Accountability and transparency
- Interaction and cooperation between policy actors at different territorial scales

**Capacity building**
- Capacities within administrations
- Technical expertise in administrations in high QoG settings
- Technical skills at urban level
- Improved capacities within professional and non-governmental actors

**Participation in regional development**
- Different forms of mobilisation among local governments and local stakeholders

*Source: Authors.*
2.6 Questions about the validity of ‘added value’

While there are clearly many evidence-based examples of different influences of SF, there are also questions concerning the identification of the influence and of the change induced by the experience of implementing Cohesion policy, and the demonstration of causality: how can one establish that the change that has taken place is directly attributable to Cohesion policy? In the past, there has been criticism of ‘sweeping vindications’ of the ‘added value’ of Cohesion policy that lacked sufficient rigour to justify policy choices.51 Academic analyses often explicitly note other co-occurring, most often domestic, intervening factors.

Further, whether the ‘influence’ exerted by Cohesion policy is considered to be beneficial is also open to interpretation and there are differing views and experiences across Member States. Some countries have identified significant positive impacts while emphasising different dimensions of change derived from Cohesion policy. By contrast, other Member States have found little positive change in comparison to domestic initiatives.52 Indeed, some countries have highlighted instances where management and implementation of Cohesion policy have prompted policy changes with negative outcomes. These are often associated with the complexity and cost of programming, financial management and auditing, the challenges of which are reflected in the ongoing pressure for ‘simplification’ from national and regional actors in all programme periods.53

Moreover, the changes resulting from the influence of the culture, practice and content of Cohesion policy can be the result of ‘shallow’ adaptation.54 Some influences have been described as ‘thin’ and strategic’, rather than ‘thick’ and transformative’ (and thus durable) learning.55 The literature presents a nuanced picture of divergent trajectories of reforms influenced or catalysed by EU Cohesion policy, resulting from the great variety of domestic institutional, policy and cultural contexts’.56

There is also conflicting evidence concerning the role of different factors influencing the potential for SF to affect domestic cultures, practices and regional development policies. Key points of debate concern the following.

- The importance of Cohesion policy programmes relative to domestic policy interventions. It may be assumed that the influence of Cohesion policy is likely to be greater where programmes are well resourced in comparison to domestic regional policy interventions, and where Cohesion policy funding accounts for a major share of public investment. However, evaluations have found evidence in more developed regions of EU

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support also playing an important role, for example as a test-bed for innovative measures, rather than replicating traditional domestic schemes. This ‘piloting’ approach means that ESIF may be influential even where the level of EU funding is limited.  

- **The scope for SF programmes and how the capacity to prompt policy change is conditioned by existing administrative capacities.** As already noted, evaluations have found evidence that Cohesion policy has triggered capacity-building and modernisation of administrative procedures in regional and local authorities, encouraging the spread of standards of ‘good governance’ in the form of practices such as partnership building and place-based policies. Equally, there is a danger that capacity-building through Cohesion policy often focused on procedural or operational processes, especially financial management and control rather than processes related to strategic development and policy learning. Evaluations from Less-Developed Regions have been critical of programmes implemented with a focus on financial absorption but with a lack of strategic coherence and little evidence of new policy thinking.

- **How the maturity of programming experience conditions the scope for change.** The experience of Member States with long-term involvement in Cohesion policy shows that the scope for Cohesion policy to stimulate beneficial change was highest in the second or third phases of funding: once stakeholders were experienced in the management and implementation of the policy, and at the same time, well prepared to use the funds to promote innovation and different ways of responding to regional and local development challenges. Although the impact of implementing Cohesion policy on policy systems is often most visible in the establishment of new structures and processes in the first phase of funding, the potential for organisational principles or themes associated with programmes to become embedded increases the longer programmes have been in operation.

2.7 **Understanding the current influence of Structural Funds**

Drawing on this review, the remainder of the paper turns to current experiences of the influence of SF on change, based on the experiences of IQ-Net Member States and regions. The framework for analysis uses the three dimensions of Cohesion policy influence noted in the introduction (see Figure 3). A key question concerns the different forms of influence that the SF could have, divided into three categories.

- **Influence on culture / mind-sets.** One potential effect is on the way that politicians, practitioners and stakeholders think about policy and how it should be implemented, such as a different understanding of the role of civil society in shaping and implementing policy, a shift from competitive to collaborative attitudes among the actors involved in policy delivery, a different perception of the role of the public sector in policy design and delivery, intended as a

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58 Ibid.
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‘facilitator’ which requires and utilises the inputs from the private, third and civil society sectors.

- **Influence on the design of interventions and projects in terms of focus and content.** A second category of effects relates to what the policy does – its rationale, objectives and interventions. Possible examples include the introduction of new objectives (e.g. regional innovation, energy, creative industries etc.); a shift of the focus of instruments in terms of eligibility, target groups, spatial targeting and selection criteria; the introduction of new types of instruments (e.g. financial Instruments of different kinds); the provision of finance to implement measures or schemes that domestic budget could not or would not support.

- **Influence on implementation practice.** Another possible effect is on how the policy and its interventions/projects are implemented. These changes can be ‘structural’ (i.e. creation or adaptation of new institutions) and ‘procedural’ (new or adapted processes), and can also relate to the generation of new capabilities. For example, changes could relate to the introduction of different responsibilities and approaches to the selection and delivery of projects, with more active involvement of stakeholders; new approaches to monitoring and evaluation which maximise the input from partners and stakeholders; new emphasis on communicating the policy and its outcomes to stakeholders, so as to enhance understanding and buy-in.

**Figure 3: Three dimensions of SF influence**

![Three dimensions of SF influence](Image)

- **Mind-sets**
  - The way politicians, practitioners and stakeholders think about policy

- **Policy**
  - Rationale, objectives and measures (eligibility, sectoral focus, target groups, spatial targeting)

- **Practices**
  - The way policy, interventions and projects are implemented

**Source:** Authors.
The focus of the paper is on practical examples of policy influence and their effects, such as strengthening civil society, creation of ‘space’ for more experimental projects, establishment of collaborative attitudes between and within organisations, generation of new capabilities etc.).

A second question for the paper is how the influences take place - the drivers, modalities and embeddedness of change, along the model illustrated in the diagram below (Figure 4). In appraising the drivers of change, and drawing from the literature on policy learning and transfer,\(^{61}\) the paper highlights four modes of change, hierarchically organised from passive to proactive: coercion, emulation, learning and entrepreneurship. These different modes are often the result of an evolution from passive abidance with regulations and minimal adaptation, to proactive embracing of SF approaches as a means to introduce beneficial innovations (once the necessary capacities to enable this shift from passivity to proactivity have been built).

**Figure 4: How can SF act as ‘agents of change’?**

[Diagram showing the four modes of change: Coercion, Emulation, Learning, Entrepreneurship, and their influence on outcomes such as Mind-set, Policy, Practice.]

Source: Authors.

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3. HOW DO THE STRUCTURAL FUNDS ACT AS ‘AGENTS OF CHANGE’?

Drawing from the typology of change presented in Section 2.7, the following sections discuss examples of different changes in mind-sets, policy content and implementation practices, induced by the SF in IQ-Net countries and regions.

3.1 Changes in mind-set: a culture of collaboration

A first example of SF influence policy on mind-sets can be found in the shift towards collaborative approaches to regional policy design and delivery. As noted above, the regulatory requirements have required or encouraged systematic stakeholder involvement, collaboration, and cross-sectoral planning. While these trends are most obvious in the institutional arrangements established to manage these processes, they may also embody a change in culture involving greater openness, trust, innovative thinking and broader or longer term perspectives (see Figure 5).

Figure 5: SF as agents for a shift from competitive to collaborative approaches

Source: Authors.
3.1.1 A shift from individualistic to collaborative attitudes among stakeholders

A first illustration of the cultural change is evidence that SF have contributed to a shift towards more collaborative attitudes among different types of stakeholders. A prominent feature of contemporary regional policy is the development of networks and partnerships of stakeholders (such as local employers, private agencies, the not-for-profit sector and civic society etc.) in order to develop place-based and tailored approaches to specific local challenges. In some cases, the SF have acted as a catalyst for the evolution of such collaborative attitudes. They have provided the key stimulus for the mobilisation of stakeholders and potential beneficiaries to build networks, improve communication and find consensus on the focus, rationale and type of interventions to address an area’s needs. In these cases, SF represented an irreplaceable incentive for mobilisation: the commitment of different stakeholders to negotiate trade-offs, synergies and necessary sacrifices depended on the opportunities offered by the financial resources made available to implement projects. Initially, these collaborative arrangements related solely to specific SF projects. However, in several instances, once the network of relevant stakeholders was formed and links strengthened, mobilisation has intensified and institutionalised, inducing a fundamental change in the way actors within the region, municipality or locality contribute to local development.

Within the IQ-Net countries and regions, tangible examples of SF-induced enhancement of collaborative attitudes among stakeholders are found in the Czech Republic, Portugal, Slovenia and Poland.

One example is the creation of Local Action Groups (LAGs) in rural areas in the Czech Republic which has fostered new forms of local identification and cooperation among local bodies. Prior to EU accession there were voluntary unions of municipalities. However, the requirement to create LAGs, to set the ground for cooperation in the design and delivery of projects under the LEADER initiative, introduced a marked change in the organisation and intensity of cooperation between actors. Initially, this initiative was essentially a requirement for the effective implementation of the 2004-06 Rural Development OP and, subsequently, of the 2007-13 Integrated OP and 2014-20 Integrated ROP. However, in some areas, the activities of the LAGs have exceeded the borders set in the programmes and spilled over onto other policies, including domestic, non-co-financed ones. Although the process has not been uniform, in many areas, self-sustaining groupings have emerged, allowing stakeholders and partners to continue to debate ideas and collaborate to attract finance from different sources (e.g. municipal budgets, regional authorities budgets, national grants, private donors and even international funding bodies). An illustrative case of this is the LAG Posázaví, which has developed projects implemented outside the SF programmes, such as the ‘Sázava river clean-up’, a project for the systematic removal of waste from the river surface, banks and surrounding areas, which was conceptualised locally and funded by donors and voluntary contributions from individuals, firms, municipalities, schools and local associations (Figure 6). The project has also fostered identity, becoming in this way much more than an environmental and community project.

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The evolution of a more cooperative culture among stakeholders is also visible in Portugal, as a result of the Programme for the Economic Enhancement of Endogenous Resources (PROVERE). PROVERE was introduced in 2009, based on the recognition that areas in the interior of the country had become depopulated and left with a very narrow economic base. The programme targets low-density areas (in terms of population, business resources, human capital, relational capital and urban size), with the objective of promoting competitiveness by developing the economic potential of territorial assets – natural, historical, cultural etc. Crucially, it has no financial endowment of its own: once a group of projects is recognised as a ‘PROVERE Collective Efficiency Strategy’ (as the result of a tender), they receive funding under existing sources, most notably the SF programmes.\textsuperscript{64} Implementation relies on integrated development plans and actions formulated and managed through a partnership of businesses, local authorities, business associations, higher education units and development agencies. This implementation model has been found to have generated significant impact in terms of establishing collaborative practices through formal and informal networks, and a significant reinforcement of relations between local actors. These strengthened cooperation links are considered as sustainable and are regarded as one of the most important impacts of the programme.\textsuperscript{65}

A shift from competitive to collaborative attitudes between stakeholder groups is also visible in Slovenia,\textsuperscript{66} as an outcome of the development of the country’s Smart Specialisation Strategy. A key


\textsuperscript{65} Sociedade Portuguesa de Inovação (2013) Estudo de Avaliação da Estratégia e do Processo de Implementação das EEC - Tipologia de Programas de Valorização Económica de Recursos Endógenos (PROVERE), Relatório Final.

element has been the inclusion of civil society both in the design of the of the Strategy, especially in relation to themes related to education and human resource development, and in the ‘National innovation platform’, a platform that sits in-between the State and the Partnerships charged with the delivery of the various thematic strands of the Slovenian Smart Specialisation Strategy, the so-called Strategic Research and Innovation Partnerships (SRIPs). The structured and targeted debates, based on specific strategic themes, provided an unprecedented opportunity for open and detailed dialogue between actors involved in the given fields, opening up a space for new collaborative work. Feedback from the process indicates that a crucial effect was the changing mind-set of private sector actors, the public sector and the research community. The change within the private sector is particularly notable: while acknowledging that there are inevitably areas of the innovation process where the actors involved competed with each other, firms and research institutions became more open to the idea of collaborating with each other up to certain stages of technological development, to achieve economies of scale and save costs.  

A crucial factor enabling these developments has been the approach of the national ministry leading the process, which from the start made a conscious effort towards linking stakeholders amongst each other and creating the open atmosphere of collaboration with a clear idea of what do ‘we’, together, want to achieve (Figure 7). The time and opportunities for discussion put in place by the government as part of the entrepreneurial discovery process discuss the strategic vision for the Smart Specialisation Strategy, represented a space which allowed actors to better appreciate reciprocal needs, create trust and open the path for previously unexplored collaboration opportunities. This change of mind-sets is considered by national government officials to have been very beneficial and, as a result, a wider application of this model, beyond ESIF, is now being considered. The role of Cohesion policy, through the ‘external pressure for change’ it exerted and through the long-term financial commitment provided by the SF, is considered to have been essential in enabling this change.

**Figure 7: Key benefits of the entrepreneurial development process for the design of the Slovenian Smart Specialisation Strategy**

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Lastly, in **Pomorskie**, Cohesion policy has provided the stimulus for greater collaborative behaviour among stakeholders, especially local authorities, through the introduction of a **model of strategic project development that combines bottom-up and top-down dimensions**. This has sought to overcome the risk of inefficient competition and duplication among local authorities and to bridge gaps in service provision between public, private and third sector organisations. The top-down/bottom-up negotiated model involves launching competitions that require different sets of stakeholders to come together to develop integrated strategic applications under different themes. It relies on the implementation of an iterative process of consultation and refinement involving the MA, external experts and the stakeholders before a final selection of strategic projects is approved. This model has been used in the Pomorskie RIS strategy\(^7\) and also in the field of Vocational Education and Training (see example below Box 2 Pomorskie ROP). This approach would not have been possible without the incentives provided by EU funding, though it realised the ambition of the regional administration of developing more concerted and focussed, collaborative projects, to attain longer-lasting growth in the region.

Box 2: Supporting collaborative behaviour with the top-down/bottom-up negotiated model in Pomorskie’s ROP: the example of Vocational and Educational Training measures

Cohesion policy in Pomorskie has acted as stimulus for greater collaborative behaviour and a change in mind-set among stakeholders, especially local authorities, through the introduction of a model of strategic project development that combines bottom-up and top-down dimensions. This model has been used to reorient approaches to vocational and educational training in Pomorskie, with the cooperation of regional stakeholders and beneficiaries. The MA decided to launch a competitive procedure that included a negotiated element in the regional OP 2014-20. This covered all organisations involved in vocational training, including local authorities, schools, business associations and representatives of sectors identified as crucial for the regional economy. To participate in the competition, district authorities and stakeholders had to form a network to develop a strategy specific to their territory – identifying the most important needs to match training provision with labour market needs and detailing their plans to meet this objective. The development of such a strategy was a condition for participating in the competition. Strategies covered infrastructure needs, content of training, student and teacher capacities and governance arrangements. A commission comprising representatives of employers and labour market institutions assessed these plans. At this stage, substantial changes were made to the plans, reflecting a changing mind-set. Different networks engaged in comprehensive discussions, overcoming competitive instincts and developing cooperative approaches.

Crucial to incentivising this intensive effort was the prospect of accessing ROP funding. For the MA, this approach has risks. It would have been straightforward and efficient in terms of implementation process to allocate funding in a more ‘top-down’ manner, according to different criteria. By taking the negotiated, competitive approach and looking for integrated, strategic proposals, the MA took on more work at the start of the programme period with the hope that this effort will pay dividends in the longer term. Already, they see value in a change in mind-set from competitive to cooperative thinking between ROP beneficiaries from both private and public sectors. Moreover, this approach means that the regional government has become more directly involved in career advice and training issues, something that it did not engage in directly before and has no formal competence for. Again this could be important in the context of government recentralisation initiatives which include plans to draw regional labour market offices back to central level – this approach consolidates some regional-level input into labour market initiatives. 23 were approved for ROP funding.

Source: IQ-Net Country research.

3.1.2 Strategic thinking and collaborative approaches between different administrations at sub-national levels

The empirical research conducted in IQ-Net countries and regions has also highlighted the role of SF as catalysts for more collaboration not only between stakeholders, but also across different regions and territorial units at sub-regional level. This corroborates similar findings from earlier research, as discussed in Section 2.71 In these instances, the allocation of tasks for the management and implementation of the funds across different parts of public administration has acted to cement links between public administrations at sub-national levels that otherwise had little incentive to work together strategically and systematically. In 2014-20, a specific element of this is the emphasis on the urban dimension. Again, the resources provided by the SF, accompanied by

requirements in terms of partnership and subsidiarity, represent the stimulus for actors to work together, providing the ‘glue’\(^72\) that strengthens and maintains links. The beneficial changes this shift has produced are perceived by policymakers not just in terms of the quality and relevance of SF strategies but in the overall willingness of sub-national public authorities to engage in collaborative policymaking. Examples of this cultural shift induced by SF were found in Denmark, Finland and the UK.

In **Denmark**, the SF have been fundamental in creating regional partnerships and collaboration between Regional Councils. The Regional Councils engage in SF programming through the Regional Growth Fora, bodies that include the private sector, knowledge and higher education institutions, labour market policy organisations, social partners and elected officials from the municipalities. Although the Fora were established largely as part of domestic government reforms (in 2006), the SF are considered to have brought in a different mentality whereby actors come together to decide what the focus of the policy should be and bring to the table ideas of what should be funded by the policy. As a result of this practice, Regional Councils now cooperate with each other more systematically. Rather than competing for investment projects, either EU or non-EU funded, regions tend to cooperate much more and to liaise with each other, to develop cross-regional projects.

In **Finland**, the implementation of Cohesion policy has increased cooperation between Finnish Counties. One factor in this is the evolution of the Regional Management Committees (Maakunnan Yhteistyöryhmä, RMCs). These are domestic statutory bodies that bring together relevant public, private and third sector actors in the 18 Finnish counties to discuss regional development. Although RMCs existed in Finnish counties before the introduction of SF, their role and status has grown as participation in SF implementation because it has made their involvement in planning and managing regional development more systematic and structured. For instance, the RMCs approve the Regional Development Strategies (the main document guiding the economic development strategies of the counties) and their Implementation Plans (TOTSU), where domestic and SF budgets and development objectives are aligned. The RMCs meet multiple times a year and discuss and approve all strategically important SF and national development projects. Another SF-related factor that has introduced positive changes in County-level coordination is the operational models adopted for the delivery of SF, known as the ‘coordinating-county’ model. This entails the appointment of one selected Council within each region as Implementing Body responsible for launching and managing ERDF calls, in dialogue with the other Counties in the region, and for assisting the national-level MA with reporting obligations and similar tasks. These operational structures are viewed by policymakers as a positive change induced by the SF programmes in the way regional development policy is delivered and to have led to more trust and collaboration between the Finnish Counties.

Lastly, the SF have had an important role in fostering collaboration between cities, thanks in part to the new ITI/SUD instruments. Examples of this can be found in a number of countries, including England, Scotland and Slovenia. In **England**, four Implementing Bodies have been designated to manage Sustainable Urban Strategies: the combined authorities/city-regions of Leeds, Nottingham, Birmingham (all SUD only) and Greater Manchester (mainstream ERDF plus SUD). More are likely to follow (e.g. Cornwall and Liverpool, which will involve both ERDF and ESF). In this sphere, the ‘direction of travel’ under the ESIF SUD is considered to be reinforcing the devolution of responsibilities and funding, and wider institutional developments, such as the creation of Metro-

\(^72\) Interview with national level official.
Box 3: The Scottish Cities Alliance

The Alliance was established in 2011 to jointly promote economic development and develop a long-term investment promotion strategy, in a bid to attract capital investment to Scotland’s cities. By working together, Alliance partners share knowledge and create projects of scale which offer greater investment prospects. The Alliance has played a key role in the development of the Scottish Government’s refreshed Agenda for Cities and International Trade and Investment Strategy. A ‘Pitch Book’ has been developed to showcase £7.5 billion (c. € 8.5 billion) of investment opportunities across the seven cities, as well as a ‘City Key Facts’ document, to promote the strengths of each city and wider activity. The Alliance partners are progressing collaboratively.

The Alliance secured £10 million (€ 11.3 million) of ERDF funding for a flagship Smart Cities Scotland project ‘Scotland’s 8th City – The Smart City’, which including match funding will create a £24 million (€ 27.2 million) programme to take forward co-designed technology and data opportunities that will help achieve the cities’ ambitions to be global hi-tech hubs. Glasgow City Council is the Lead Partner for the Smart Cities Strategic Intervention, and will be working in partnership with the Scottish Government, Scottish Cities Alliance and all seven of Scotland’s cities – Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling.

The project aims to:

- Reduce CO₂ emissions through the innovative use of ICT;
- Alleviate traffic congestion through smart mobility planning;
- Increase citizen engagement through the increased use of mobile technology and social media;
- Reduce energy use through smart metering and smart grids; and
- Promote better care through new telecare and telehealth technology services.

Operations to be supported within this initiative include:

- Smart Infrastructure – Intelligent Street Lighting: The aim of the operation will be to develop and trial fully integrated Intelligent Street Lighting (ISL) networks within the cities of Aberdeen, Glasgow and Perth.
- Open data: to create data publication platforms for the cities with the introduction of data analytics in order to allow the cities to make evidence based decisions in order to improve services and delivery.
- Smart Services – waste: A collaborative approach, involving all Scottish cities, in relation to the improved and enhanced delivery of waste management services. The proposed activity will involve cities taking a lead on different elements within a range of Smart Waste initiatives.
- Smart Infrastructure – water management: Introduction of intelligent surface water solutions to support regeneration.
- Smart Cities – Health: To enable cities to share insight and learning, and accelerate the use of tele-healthcare across a trial area within one of the city regions.

Source: [https://www.scottishcities.org.uk/](https://www.scottishcities.org.uk/)

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73 Exchange rates utilised are those of the Bank of England at the time the present report was finalised post-conference (14 June 2017, € against GBP at 1.1338).
Mayors, which were already taking place domestically. In this context, the SF have contributed and enabled, rather than driven change. In Scotland, the desire to attract ERDF funding has been a key driver for the establishment of the ‘Scottish Cities Alliance’, which is an institutionalised collaboration between Scotland’s seven cities – Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling – and the Scottish Government, working together to promote the economic potential of the country (Box 3). In both these English and Scottish examples, the operational and institutional arrangements described have fostered a sense of understanding of reciprocal needs and preferences, and provided fertile ground for a new collaborative attitude between different cities.

3.1.3 Breaking down administrative barriers: overcoming the ‘silo’ mentality

Recent literature, evaluation evidence and policy debates on Cohesion policy implementation have raised the problem of existing ‘silo mentalities’ within domestic administrations, identifying this as a factor constraining performance and implementation efficiency. What the empirical research in IQ-Net countries and regions has uncovered, however, is that the SF have actually provided the room for developing administrative practices that have in some cases broken down barriers and introduced a cross-sectoral approach to policymaking. This is one of the aspects of ‘added value’ that has for a long time been attributed to the Funds but it continues to be a relevant aspect also of the current policy cycle, particularly in Austria, Portugal, Slovenia and Wales.

In Austria, the introduction SF programmes in 1995 required to increase coordination of sectoral policies, between different ministries (economy, labour, transport etc.) and between levels of government. This was necessary as the OPs covered a broad range of topics. In recent programme periods, programmes have become more concentrated, but the creation of a National Strategic Reference Framework, in 2007-13, and of a Partnership Agreement, in 2014-20, increased further the need for cross-sectoral coordination. This is especially so for the current PA since it goes beyond SF and includes rural development, too (i.e. all ESI Funds). The efforts to integrate all Funds in a single national strategy have resulted in a more established culture of cross-sectoral and multi-level policymaking in the country, which goes beyond the specific remit of the ESIF programmes.

Similarly in Wales, the MA of the SF programme has been uniquely placed to develop non-silo based thinking and working, thanks to the necessity to integrate in a comprehensive and coherent strategic and operational framework all ESI Funds and the respective domestic strands of funding. The Welsh Government has traditionally operated along strict sectoral lines; however, regional development, employment and skills, and rural development are now brought together more closely under ESIF (e.g. the monitoring committee covers all ERDF, ESF and EAFRD).

Evidence of cross-sectoral strategic thinking being introduced via SF can also be found in Portugal, a country that had no tradition of long-term strategic planning prior to the introduction of Cohesion policy and that has traditionally operated in a largely centralised manner, dominated by sectoral line ministries. In the current Partnership Agreement, a new strategy is PEDU, a Strategic Plan for Urban Development (Plano Estratégico de Desenvolvimento Urbano). This can be seen as the first effort towards a truly integrated strategic framework for tackling diverse dimensions of urban development in a comprehensive manner, covering the physical, economic, social and environmental aspects of urban development, thus accommodating multi-sectoral needs and priorities.

Previous programming efforts did not reach a similar degree of comprehensiveness and integration. Municipal departments responsible for different policy areas traditionally worked in a largely isolated manner, inter-departmental communication often being reduced to minimum. The work on the PEDU, linked to the SF regulatory requirement to integrate different investment priorities under a single umbrella strategy, encouraged the departments responsible for the relevant domains to talk to each other and work together. The development plans of the cities of Cascais and Porto are examples of the impact of this work, showing that the requirement to elaborate PEDU has acted as an incentive in fostering cross-sectoral dialogue and planning.

3.1.4 Longer-term strategic thinking

As discussed in Section 2, the SF have been instrumental to the introduction of long-term strategic planning, ensuring that support is provided over a longer timeframe than is often the case for domestic support, safeguarding programmes against political changes in short-term preferences and providing potential beneficiaries with increased predictability on resource availability and project requirements. This is a long-term feature of Cohesion policy, which dates back to at least 1988. In some cases, this approach has led to spillovers onto domestic practices: for instance, in France, the domestic planning instruments ‘Contrats de Plan Etat-Régions’ adopted the same multi-annual time-frame as SF programmes.

Despite being a long-standing feature of SF programming, it is viewed as equally significant today in a number of IQ-Net countries, such as Austria, Denmark, Finland, Greece, Sweden, Wales. This shift in mind-set is also considered to be the most significant element of added value of the SF in Croatia, where the approach to regional development planning was changed significantly as a result of the rules and practices introduced by Cohesion policy.\textsuperscript{76}

In some cases, as in Austria, Croatia and Denmark, multi-annual programming would not have been utilised without the impetus of Cohesion policy. In Denmark, where the financial contribution of Cohesion policy is minor relative to domestic funding sources, the approach has also remained confined to the SF sphere and there are thus doubts about the sustainability of the approach in the eventuality of a discontinuation of Cohesion policy. In Austria, domestic instruments, for instance the ERP Regional Programme, are usually implemented with budgets apportioned annually. The multi-annual programming promoted by Cohesion policy has been very welcomed by policymakers who work with the SF, as longer-term financial commitment of the funding bodies (EU, national, Länder) allows planning expenditure with a longer-term strategic vision in mind. This strategic, long-term attitude has however not been internalised, beyond the restricted group of actors that operate with the ESI Funds. The situation is similar in Denmark, where it is felt that were the SF to cease, the long-term perspective of regional development policy, which is indeed viewed as beneficial, would probably become lost.

In other cases, however, the practice of multi-annual programming introduced by SF has activated a more generalised shift in mentality about the relevance and utility of planning long-term, linked to a shift in focus in the programming activities from starting with the use to be made of resources (what to spend resources on), to the appreciation of the needs to be addressed and the results to be achieved to address such needs. In some cases, this reversal of perspective has led to a more generalised internalisation of the long-term mind-set which is implicit in the SF approach.

In Greece, for example, some R&D interventions, such as the measures for aquaculture and industrial materials that emerged from the Entrepreneurial Discovery Process realised for the Greek Smart Specialisation Strategy, exceed the time horizon of the Cohesion policy programmes because they were planned starting from the appreciation of the development needs to be tackled. The aquaculture intervention, for instance, operates until 2030 based on a thorough assessment of current needs within the sector. They cannot be addressed in a seven-year timeframe.

This shift in mind-set is also leading to more ambition in the strategies pursued. For example, in Sweden, the multi-annual programming introduced by the SF has been internalised by the regions. It is felt that the regions now do not just look at what needs to be done ‘to survive’ or ‘to cover the basics’\textsuperscript{77}. Instead, they take a wider view and longer-term perspective on development issues. In this sense there has been a change in the mind-set of those involved and in the focus of policy: interviewees felt that without the SF there would be more, smaller scale, potentially duplicative interventions with a purely single-region focus, while now the perspective is wider (cross-regional) and longer-term.

\textsuperscript{76} Another important mind-set change introduced by the SF is the idea that target areas should be selected through objective criteria, which has resulted in the introduction in the new Regional Development Law (Law no. 174/2014) of a ‘development index’ to this purpose. Based on the index, regional and local government units are classified based on need.

\textsuperscript{77} Interviews with national level officials.
It should be noted that this change in mind-set has only manifested in the approach to strategy design and objective setting, and the outcomes of this conceptual shift is more evident at programme rather than project level: while the resulting long-term planning at programme level enhances predictability for potential beneficiaries, it does not necessarily translate in an improved ability for beneficiary organisations to plan longer-term. In Finland, for example, while Cohesion policy has increased the long-term nature of regional development policy, but beneficiary organisations continue to feel constrained in their ability to plan long-term by the short-term horizon of the projects funded.

3.2 Changes in focus and content: better targeted strategies and instruments through stakeholder involvement

As discussed in Section 2, the experience of managing and implementing SF has prompted changes in the focus and content of regional policy in Member States. The impact of so-called ‘horizontal themes’ of gender equality, environmental sustainability on the treatment of these issues in the domestic policies of some Member States has been noted in many cases. The influence of the Lisbon Strategy and subsequently Europe 2020 in strengthening the focus of regional policy on issues of competitiveness, innovation, low-carbon and social inclusion has also been noted. Figure 8, below, shows the distribution of resources in each Member State across the 11 thematic priorities associated with the Europe 2020 strategy, showing, for example, the importance of investments in low-carbon and climate change in a number of countries (Thematic Objectives 4 and 5) and of combating poverty and social exclusion and discrimination in various others (Thematic Objective 9).

Figure 8: Distribution of resources to Thematic Objectives by Member State 2014-20

This process continues as new themes and issues, such as energy security, migration and youth unemployment, are being given increasing emphasis in Cohesion policy – which is in all effects one of

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the few real financial levers available to the EU to pursue EU-wide objectives. Beyond this, it is possible to observe changes in policy focus and content emerging from the increasing emphasis placed in SF on the development of specific policy interventions, tailored to particular regional and local needs. In several instances, Cohesion policy creates the space for policymakers to introduce and test new, innovative approaches, instruments and themes that have the scope to prompt change. All of these changes are linked to and are driven (in part at least) by the increased mobilisation of stakeholders in the processes of strategy, instruments and project design, as will be discussed in the remainder of this Section.

Figure 9: SF as agents for better targeted strategies and instruments

![Figure 9: SF as agents for better targeted strategies and instruments](image)

**3.2.1 Strategies more focussed on needs**

The mobilisation of regional and sub-regional actors in SF has allowed to incorporate more bottom-up input into development strategies and interventions, strengthening the preference for policy tools and instruments tailored to the needs of specific territories over the provision of generic support, and facilitating a better appreciation of the specific needs of local stakeholders. This provides space for particular objectives that sharpen the policy content, for instance through strengthened sectoral specialisation or improved targeting on specific territories or groups of beneficiaries.

Among the IQ-Net networks, tangible examples of strengthened strategic focus through stakeholder involvement are found in Sweden and Portugal.

In **Sweden**, the strategies of current SF programmes are considered to be much more specialised and focussed on the need of regions. The key driver has been changes in the implementation of SF programmes introduced at the beginning of the current period, shifting greater strategic responsibilities to the regional, NUTS II level.80 Project proposals in each region are appraised by ‘**Structurfondspartnerskap**’ (SF partnerships), introduced in 2014 with the tasks of taking decisions on prioritising the applications that come in. These groups involve universities, local authorities, where relevant, the Sami parliament, private sector and voluntary organisations, drawing them into the active management and administration of the funds. This has introduced more regional specialisation and strategic focus. For example, interventions in the West of Sweden have developed a strong focus on maritime development, innovation and research. In Stockholm, there has been a focus on research and development in areas such as life sciences and health. Working at the NUTS II level demands cooperation of stakeholders within the larger region and through this it is possible to identify key issues, and avoid duplications in the interventions and sectors supported across the territory. It is worth noting that this change has been particularly notable in the northern programmes where issues of strategic fragmentation and duplication are exacerbated by the scattered settlement structures, and the engagement of stakeholders through the aforementioned partnerships has helped a sparsely populated area to build critical mass.

In **Portugal**, participatory practices developed under the SF were adopted as an opportunity to experiment with new methods, with understanding and experiences having expanded over time, across programme periods. More recently, stakeholder inclusion has been promoted especially through the new territorial tools (ITIs and SUD), smart specialisation strategies, and cluster policies, but the attitude of considering stakeholder involvement a useful part of policy design and implementation can now be considered to be internalised. As a result, the strategies of 2014-20 programmes are more closely aligned to local needs than they had been in the past.

### 3.2.2 Stakeholder mobilisation leading to new themes, instruments, project types

In more practical terms, the mobilisation and inclusion of stakeholders in SF design and delivery has stimulated – alongside other aspects of the SF regulations and guidelines (such as the thematic concentration required by the CPR) – the development of new themes, instruments and project types that are in part changing the substance of regional policy in Member States.

A number of examples can be cited in these respects:

- **Climate change and low-carbon interventions have acquired increased significance in a number of programmes across the EU** and SF have played a part in this. Even where the scale of funding involved is comparatively limited, SF can be used to develop and pilot approaches that take into account new issues or themes. This has been the case in **Scotland**, for example. Although in Scotland SF do not drive policy to any great extent (representing £828 million (c. €

80 There are now a national OP and eight regional ERDF OPs, corresponding to each NUTS II region: Stockholm, East Central Sweden, Småland and the Islands, Skåne and Blekinge, West Sweden, North Central Sweden, Central Norrland and Upper Norrland.
938 million) versus £30 billion (c. € 34 billion) of domestic economic development expenditure), the SF are being used to build a set of novel interventions in the context of low-carbon initiatives. A similar trend can be observed in England, where the SF have raised the importance of environmental protection and combatting climate change.

- **The ESF has provided the opportunity to introduce stakeholder-informed tailored support to long-term unemployed and target in innovative ways harder-to-reach beneficiary groups.** In some cases, SF partnership-based project models have been crucial in introducing or mainstreaming innovative policy instruments. In Scotland, SF support has been fundamental in the development of a partnership-based approach to addressing those unemployed people who were furthest from the labour market, many of whom would require a range of locally-provided services and support to bring them through into sustainable employment. Support from ESF has been crucial in the rolling out of ‘employability pipelines’ that aim to create a structured approach to the organisation and delivery of services to unemployed people and to developing a more strategic approach to employability at local authority levels (see Box 4).

- **More risky or complex projects can sometimes be funded under the SF which would not find approval under domestic budget lines.** In Wales, the ESF has given policymakers the scope to design initiatives which the cost-benefit calculations required by domestic schemes would not have allowed. This has entailed supporting more complex or risky types of interventions, such as early stage interventions, for example, specific tailored early interventions addressing the requirements of the 16-18 year old cohort who are NEET, particularly those pre-16, who are at greatest risk of becoming NEET, and the targeting of specific, groups of beneficiaries that are otherwise difficult to reach. These types of investments, initially trialled thanks to the support of the SF, are in turn feeding in to wider Welsh Government policy and its shift in ‘focus on quality rather than quantity’. Similarly, in Vlaanderen, the SF provide room for experimentation for projects that may not otherwise receive funding, or bring together different stakeholders that would not otherwise join forces.

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82 Interview with Welsh official.
Box 4: The Employability Pipeline Approach in Scotland

The development of employability pipelines in some Scottish local authorities can be traced back to around 2006 linked to domestic reforms. The underlying rationale for the approach is to introduce a system that would allow both capturing and responding to diverse needs in a tailored manner, as well as providing the desired value for money, via a more strategic approach, reducing the fragmentation in many small projects. The pipeline is made up of five key stages, whereby the needs of the individual are considered in relation to existing soft skills, employability skills, and skills requiring development, namely:

- Stage 1 – Referral and engagement
- Stage 2 – Needs assessment
- Stage 3 – Vocational activity
- Stage 4 – Employer engagement and job matching
- Stage 5 – In-work support

32 local employability partnerships were formed (including local authorities, national skills agencies and government departments, local colleges and third sector representatives) and 28 have taken up the option of developing employability pipelines. The support from the ESF, since 2007, has been crucial in rolling out this model. According to surveys of the Scottish Local Employability Partnerships, a key driver for adoption of the pipeline was the introduction of Strategic Skills Pipeline as the mechanism for allocating ESF 2007-13 Priority 5 funds and further access to ESF funding in 2014-20 in Scotland.

Research has found that the employability pipeline approach has enabled local partnerships to develop a more strategic approach, in particular towards partnership working, improving outcomes and leading to a more ‘client-centred’ approach. The model has been found by a recent evaluation to present a number of advantages, including:

- greater clarity on the services needed by the different types of unemployed individuals;
- more rational consideration of the resources needed to support employability;
- clearer overview of all the services provided in a single area;
- more structured thinking on the delivery of employability services, and
- value in the early identification of bottlenecks, and the analysis of what works.


- Lastly, different types of financial instruments are becoming more commonplace across the board also in contexts where there was no prior substantial experience of this type of support, e.g. in Greece and Pomorskie (Box 5). Also where there was already significant experience of FIs, such as in the England, the SF programmes have allowed expanding their range, thus funding a wider range of projects and beneficiaries.
In September 2016, Pomorskie Regional Board signed an agreement with Bank Gospodarstwa Krajowego (BGK) to establish a Pomeranian Development Fund under the auspices of the regional OP 2014-20. Under this agreement, around €100 million is earmarked for investments by micro, small and medium-sized companies in the form of credits, loans, guarantees and equity investments. Pomorskie is the first self-government in Poland, which signed an agreement with BGK for the management of this type of funds within the 2014-20 programme period. This builds on the region’s establishment of an Urban Development Fund in the 2007-13 period, with a budget of ca. €60 million and implemented under the Pomorskie ROP 2007-13. The use of such financial instruments represents a significant change in the region. These instruments are seen as a potentially crucial aspect of regional development policy. This should be seen in the context of limited and uncertain availability of regional governments’ ‘own funding’ in Poland and the need to identify long-term sources of regional development investment.


3.3 Changes in practice: new structures, processes and capabilities

It is important to assess the influence played by the SF in changing institutional settings and developing the capacities in place for regional policy implementation. As discussed in Section 2, much of the literature and evaluation sources so far have tended to focus on the topic of capacity as a factor that can constrain the ability of SF programmes to reach their intended goals. There is, however, increasing acknowledgement that implementing SF programmes has itself encouraged the development of institutional and technical capacities within national and regional administrations, local authorities, stakeholder groups and professional bodies/actors involved in the policy (evaluators, technical assistance consultants).[^85]

The empirical analysis carried out for this paper supports these findings. It shows that in several Member States and regions, the establishment of structures and systems to implement SF and the mobilisation of stakeholders have been accompanied by broader institutionalisation of these approaches in regional development policy and a tangible empowerment of different actors, as well as by enhanced visibility of the policy within the public (see Figure 10).

3.3.1 New/adapted institutional arrangements to enhance stakeholder input

The management and implementation of SF has changed the institutional landscape for regional policy in most Member States. **New structures and processes dedicated to SF have been established or existing arrangements adapted to support collaborative attitudes.** To varying extents, this process has prompted broader changes in the governance of policy.

There are cases, often in older EU15 Member States, where existing institutional arrangements have been adapted rather than introduced *ex novo*. In these cases, the **role and status of domestic structures in enhancing stakeholder input have been boosted by exercising SF-related tasks.** Prominent examples are the already discussed Regional Growth Fora in Denmark and the Regional Management Committees (RMCs) in **Finland**. The Danish Growth Fora are partnership-based institutions introduced in 2006 as part of domestic territorial governance reform, but whose operation and role in terms of stakeholder mobilisation has been enhanced significantly due to their role in deciding how SF resources are spent. The Finnish RMCs (also discussed in Section 3.1.2), though statutory domestic organisations, have similarly acquired important functions in mobilising and coordinating stakeholders as a result of SF-related responsibilities. Clearly, institutional developments are often the result of the interplay between SF implementation and domestic reforms. In **England**, for
instance, a recent innovation has been the new ‘localist’ agenda, which has had an impact on domestic regional policy. This has entailed the involvement of ‘Local Enterprise Partnerships’ (LEPs) in ESIF programmes, including via the apportionment of notional allocations of funding, and their role in making recommendations for project approvals, which in turn has helped mobilise local actors and increased their expectations about future consultation, involvement and control over funding. However, in a number of cases, it has been the introduction of new structures and processes, created ad hoc for the specific purpose of implementing SF programmes that has played a fundamental role in facilitating the input of stakeholders into policy. This applies most obviously, but not exclusively, to ‘Cohesion countries’ and newer Member States where traditions of stakeholder mobilisation and coordination are limited, especially at sub-national levels. Within IQ-Net countries, examples of enhancement of stakeholder inputs through institutional arrangements could be found in Portugal, Slovakia and in the UK (Wales). They are discussed below.

In Portugal, the requirement to coordinate, monitor and evaluate the SF programmes has led to introducing a number of thematic / functional networks (Figure 10). Within these, relevant stakeholders discuss and coordinate their activities, to achieve the objectives declared in the Partnership Agreement. Through the networks, actors work towards a greater sharing of information and practices, increased harmonisation of implementation methodologies, and to combine initially segregated objectives ‘into a sum that is larger than the individual parts’.

Figure 10: The thematic networks established under the 2014-20 Portuguese PA

![Diagram of thematic networks](image)

**Source:** Authors, based on PT 2020.

Similar networks are also in place in Spain, both at national (introduced mostly in 2007-13 – see Box 6) and at regional level (e.g. for R&D&I and Smart Specialisation in the Basque Country).

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86 It should be noted that under ESIF, local partners cannot be involved in decision-making on projects unless they have been designated as an Intermediate Body, as project appraisal and approval remain responsibilities of the MA through the Growth Development Teams. However, the role of the local partners has increased on the whole and under any future domestic programme, the LEPs are likely to seek to be able to approve their own projects.

87 Written feedback from national level official.
Box 6: Enhanced multi-level and horizontal actors’ cooperation through Thematic Networks in Spain

Four new national sectoral networks were established in 2007-13 in Spain covering: 1) urban initiatives; 2) innovation; 3) R&D; 4) Social inclusion. Networks on the environment and gender equality had been set up in earlier periods. All of these networks, seven in total, are still in operation in the current 2014-20 period.

The networks respond to the principles of coordination, partnership and multilevel governance and are charged with:

- Coordination of Cohesion policy funds management between different actors and instruments in order to eliminate duplication, enhance integrated approaches between the Funds, foster synergies and facilitate coordination.

- Analysis of the contribution of the ESIF to sectoral developments and coordination with other EU and national policies.

- Provide exchange of experience and dissemination of good practice in their fields.

- Analysis of technical problems raised by the application of Community and national law on ESIF funded interventions.

- Issues related to the management of the Funds.

The networks include permanent representation from the Commission, central and regional governments, as well as other actors relevant to the specific network (e.g. local authorities for urban initiatives and NGO’s for social inclusion). Other experts or observers may also be invited to participate. They meet at least once a year, supported by a permanent secretariat with responsibilities for the diffusion of information to its members and the organisation of meetings.

In 2014-20, the thematic networks will reinforce their role in coordination between the ESIF and other expenditure headings. For instance, the RTDI network in its 2014 plenary established a commitment to coordination among the various funds and Horizon 2020. The environmental authorities network has targeted those responsible for the programming of ESIF in order to promote, from the start of the programming, integrated LIFE projects funded by the ESIF. The Network of Urban Initiatives has been reformed incorporating the participation of external experts to define integrated urban strategies and coordinated participation of public administration bodies and Funds including the ESF.

Source: IQ-Net Country research.

In Slovakia, a pilot project was recently launched relating to the establishment of Information advisory centres (IACs), to enhance the involvement of and cooperation between stakeholders in the regions in the implementation of regional development policy. It is too soon to assess the degree to which these bodies have managed to achieve greater stakeholder mobilisation in the delivery of SF programmes, but an evaluation will be carried out at the end of the project in 2018, providing the basis for the extension (or indeed termination) of the experience. Box 7, below, provides more detailed information on the anticipated outcomes of the project, in terms of generating stronger involvement in programme delivery of local stakeholders within each region, and on its implementation so far.
Box 7: Mobilising and supporting local stakeholders through Information Advisory Centres in Slovakia

The IACs were set up within a project called *Creation and operation of integrated network of information advisory centres*, funded by the Technical Assistance OP 2014-20 with the explicit task of enhancing the involvement of private sector and civil society actors in the delivery of SF programmes. The aim is to **boost the awareness of stakeholders of the opportunities to become involved in development initiatives at the regional level** and expected results include generating: (i) higher levels of awareness and involvement of regional stakeholders in the calls funded by the ESIF programmes, and (ii) improved stakeholder perception of ESIFs, which the Centres are supposed to boost by disseminating good practice examples. The IACs’ activity is carried out in accordance with guidelines formulated by the Slovak Central Coordinating Body, which acts as the project coordinator. Six IACs were created in 2016 within the structures of the regional self-governments (Trnava, Trenčín, Nitra, Žilina, Košice, Prešov). The project will run until the end of 2018 and, if successful, it will be extended. Even before the realisation of the project’s evaluation in 2018, some bottlenecks in the operation of the IACs already emerged during their first months of operation, including: weak communication with the MA; inconsistent approaches taken to the advisory, promotional and other activities realised; limited collaboration between IACs. This led to the formulation of recommendations for improvement, which include:

- providing potential applicants the opportunity to comment on the conditions of calls;
- utilising common tools for communication and knowledge sharing within and between IACs and for the monitoring of activities;
- creation of a common project logo; and
- improved training activities to support applicants to respond to the calls launched by the MAs, linked to earlier notification to the IACs of forthcoming calls.

Despite the improvements needed, in their initial period of activity – from July to December 2016, the IACs have already facilitated almost 800 consultations and delivered education programmes for almost 600 individuals, as illustrated in the figures below.

**Number of consultations facilitated by IACs on SF OPs in the period July-December 2016**
It is important to emphasise that the scope for SF arrangements for stakeholder mobilisation to introduce significant change is not limited to newer Member States. In Wales, Regional Engagement Teams set up to improve the delivery of SF in 2014-20 are seen as important components of ongoing reforms and the potential decentralisation of some Welsh government responsibilities. They are considered to have strengthened the input of regional stakeholders in the delivery of the SF programme (see Box 8).

Box 8: Enhancing regional input and cross-sectorality through dedicated ‘Regional Engagement Teams’ in Wales

In Wales, the mobilisation of stakeholders was very active during the policy development period, in 2012-13, and there was considerable buy in at the time. In terms of delivery, stakeholder involvement has tended to focus on the Programme Monitoring Committee. However, the use of new Regional Engagement Teams from the outset of the 2014-20 programme period by the MA has supported the move towards a regional approach, which is now the default way of working for all policy across Welsh Government.

Four Regional Engagement Teams were set up to help improve the delivery and management of the SF 2014-20 programmes, based in North Wales, Mid Wales, Swansea Bay and South East Wales. They are intended to add value to the MA’s delivery and management of the programmes by ensuring the regional integration of delivery. They also contribute to the move towards a more strategic delivery model with a clearer framework for economic prioritisation by ensuring regional alignment and coherence of operations.

One of the key functions of the teams is facilitating the regional proofing of proposed operations in order to provide a regional view to the MA on the regional strategic fit of all proposed operations with relevant strategies and wider interventions and activities, and, on occasion, to facilitate the regional prioritisation of some proposed operations as requested by the MA.
The teams also work with the Regional Skills Partnerships in relation to regionally proofing and engagement on ESF operations, thus contributing to a more cross-sectoral approach to policy design and delivery.

While the current impact of the Regional Engagement Teams is still unfolding, it is anticipated that they may represent a model for wider regionalisation of some Welsh Government functions in future, as part of wider local government reform which is currently ongoing. The newly emerging regions are expected to become a key component of future governance arrangements. The SF have supported strategic, cross-sectoral thinking at regional level, and the MA’s involvement, notably through the Regional Engagement Teams, has helped this development and supported the regions in this.

Source: IQ-Net Country research.

3.3.2 Capacity-building and actor empowerment

The empirical findings across IQ-Net countries and regions, confirm the conclusions of a recent paper by DG Regio, of the ex-post evaluation of 2007-13 ESF programmes, and other recent studies\textsuperscript{88} that the SF support the creation of institutional capacities, particularly at regional and local levels in a number of countries. This can relate to the empowerment of public authorities and strengthening of basic capacities for regional policy management and implementation in countries with limited traditions of sub-national involvement in these functions (e.g. in Poland, Portugal, Slovakia). In other cases, it relates to the development of capacities for specific aspects of policy, such as State aid, in contexts where institutional capacities were already strong prior to the implementation of SF (e.g. in Denmark). Such strengthening of institutional and technical capacities also applies to different stakeholder groups that otherwise would have had little experience in regional policymaking, including third sector organisations, NGOs and community groups. This is resulting, for example in Slovakia, in a virtuous circle of stronger transparency and accountability, empowered actors and better cooperation between them.

Across the IQ-Net countries and regions, the role of SF in building institutional capacities and empowering different sets of actors in policymaking appears clearest in the newer Member States. Following accession, the SF provided new regulatory frameworks and investment funding to build capacities. In many of these cases, regional and local development strategies were already being developed but the availability of SF funding was vital in providing the financial resources to drive such efforts forward. In Poland, for example, the process of regional government capacity-building was particularly noticeable in 2007-13 when regional governments became MAs for their own ROPs and where the share of SF allocated to ROPs increased.

Crucially, this capacity-building influence of the SF applies to regional policy stakeholders also outside of public administration. In line with findings discussed in Section 2,\textsuperscript{89} also within the IQ-Net countries and regions the SF, with their emphasis on stakeholder involvement in policymaking processes, have been instrumental to the mobilisation of a wider range of actors than would


have been the case under domestic policies. This is especially so for third sector actors, such as NGOs working on environmental and social fields (e.g. in Greece, Slovakia and Finland). In Finland, the third sector is now a partner of equal status to the public and private sectors, and participates in policy planning and project implementation alongside other partners. In Slovakia, NGOs have become very active players in regional policy, not least thanks to the institution of a new Government Council for Non-Governmental Organisations which has contributed to foster their role. In this country, the increased involvement of regional and local stakeholders in SF implementation has gone hand in hand with a tangible empowerment of these actors, facilitated by their participation not only in the stages of programme design and monitoring (as participants in Programme Monitoring Committee meetings), but also in the design of calls for tenders, in the aforementioned Council, and in working groups where partners and stakeholders can bring their own knowledge, ideas, suggestions and methods.

Similarly, a recent evaluation carried out in the framework of the Portuguese 2007-13 NSRF, found that, thanks to the SF, ‘the capacity-building of local grassroots organisations and interest groups is contributing to more useful, effective and efficient interventions, while also allowing future gains in the generation of sustainable and inclusive dynamics in problematic urban areas’.90 It also remarked the important role of the SF in supporting capacity-building in local organisations and the aggregation of actors in associations, as such contributing to the strengthening of civil society, developing partnerships, and creating new participated projects and networks of local solidarity.

Thanks to the partnership obligations introduced by the SF regulations, and to the capacity building and empowerment that these obligations carried in practice, even in those countries which lack a tradition of partnership and stakeholder inclusion in policy processes, inclusive and participative decision-making approaches are now no longer perceived as a necessary requirement but as something that is genuinely useful. A visible shift can be witnessed in the Czech Republic, for example: whereas only less than a decade ago partners’ input was considered as a nuisance,91 it is now viewed as valuable.

As already highlighted in previous studies, the sustainability and durability of these processes of capacity-building and empowerment are open to question. First, the involvement of regional authorities, partners and stakeholders in policymaking is often still not fully embedded. The involvement of regional governments or partnerships as MAs can be terminated as a result of changes in programme architecture across programme periods – as has happened in Scotland at the outset of the 2007-13 period,92 in the Czech Republic during this programming cycle or as may happen in future in Poland, where incipient re-centralisation trends may take away some of the policy responsibilities currently assigned to the regions in future, despite the noticeable acquisition of competences and skills at this level. Lastly, the involvement of stakeholders may be superficial or

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limited to implementation rather than key programme design or resource allocation stages or, indeed, may be terminated as a result of strategic and eligibility changes within programmes.

**3.3.3 Engaging with stakeholders to increase public awareness through innovative communication practices**

The SF have also had an impact on the communication practices of IQ-Net partners, strengthening this, often neglected, aspect of regional development which is crucial to retain buy-in and develop accountability. Examples of innovative practices introduced in this sphere come from the Basque Country (Bizkaia province) and Nordrhein-Westfalen.

In Bizkaia, the SF led to a significant enhancement of the institutional communication realised on the ERDF-funded interventions, with a view of mobilising stakeholders and especially the public by increasing the visibility of EU Funds and projects. The main communication tools are the website and a two-weekly electronic bulletin. Changes to the website were introduced including technical upgrades to: (i) make the EU funds’ pages more visible by requiring users to go through fewer links to reach the main page; and (ii) raise the profile of co-funded projects (rather than the programme) through a specific page identifying emblematic projects that the public can identify with (e.g. metro, conference centre etc.) but may not be aware of the EU dimension in terms of ERDF co-funding. These changes were driven by the communication plan but were also the result of a genuine believe of the Bizkaia administration staff working on EU Funds of the importance of making Europe more visible and encourage citizens to identify daily experiences that have been co-funded with the EU and the SF contribution to their lives (including to counter-balance the negative association that beneficiaries have with the administrative burden of the Funds).

A particularly proactive and innovative approach to communication was recently introduced in Nordrhein-Westfalen, where the ERDF OP MA arranged a project visit to a range of projects which have supported economic growth and quality of life in the Ruhr area, which has undergone considerable industrial restructuring since the 1970s.

**Box 9: Communicating SF in the Ruhr area**

The Nordrhein-Westfalen ERDF OP MA arranged a project visit for c. 100 citizens to a range of projects which have supported economic growth and quality of life in the Ruhr area. The trip took place on Sunday 22 January 2017 on two buses, each with a travel guide with considerable experience in regional economic development who was able to contextualise the projects for participants in relation to their relevance for the area’s economic and social development, as well as illustrated in detail the aims and achievements of the projects visited.

The study visit was publicised by Nordrhein-Westfalen ERDF OP MA by handing out leaflets in local areas, sending invitations to local universities and schools, providing information on the OP web page, and asking MA staff and staff in other Land ministries to spread the word.

The study visit entailed stop-overs in a large number of projects, with no more than 10 minutes’ drive between each stop. The projects visited included:

- The **MST-factory** Dortmund, which provides space, modern machinery and a professional environment to new businesses in the field of micro- and nano-technology. It opened in April 2005 and is seen to have contributed to the creation of a new entrepreneurial milieu in Dortmund.
The MST-factory is part of the wider Phoenix Project, which aims to develop an old industrial site into a future-oriented technology location.

- The Dortmunder-U, which opened in 2010 as part of the European City of Culture, RUHR.2010, and is seen as an important symbol of Dortmund’s structural change. The building is home to art and culture, and is also a space for education, science and research.
- The Cultural Colliery (Künstlerzeche) in Herne, which is a space used for art and for cultural exchange, and aims to enliven the area and improve quality of life.
- The Biomedical Centre at the University of Bochum, which provides modern office and laboratory facilities at favourable conditions to new businesses.

Source: IQ-Net Country research.

In both cases, however, the above described work is not having any significant impact, or spillover, onto domestic practices and is largely remaining confined to the SF programme.
4. UNDERSTANDING HOW INFLUENCE OCCURS: ACTORS, MOTIVES AND PATH DEPENDENCE

Having identified the role of the SF in mobilising stakeholders and beneficiaries and prompting change, this section considers how the influence of Funds occurs in more detail. What drives change and how does it happen? These are important questions, not just to aid understanding of the experience of implementing SF but also in the context of SF reform debates. In assessing the drivers or motivations behind the mobilisation of stakeholders and beneficiaries and the stimulation of policy change the literature identifies different paths. A broad distinction can be made between ‘passive’ and ‘active’ approaches with two different dimensions under each (see Figure 10).  

**Figure 10: Paths to policy change**

<table>
<thead>
<tr>
<th>Passive</th>
<th>Actively</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change introduced</td>
<td>Following Regulations / Guidelines</td>
</tr>
<tr>
<td>Passively</td>
<td>Copying others</td>
</tr>
<tr>
<td></td>
<td>Adapting others’ experiences</td>
</tr>
<tr>
<td></td>
<td>Adapting own experience</td>
</tr>
</tbody>
</table>

**Source:** Authors.

- **‘Passive’ responses:** these consist of adopting practices that are conformant with mandatory regulatory requirements, in abidance with regulations and conditions associated with access to support, in a passive, compliance-driven way, based on coercion; or, reproducing practices and modus operandi experimented successfully elsewhere, because these are perceived as conforming with the normative environment, i.e. standard policy practice and ‘how things are done’ (emulation).

- **‘Active’ strategies:** these cover drawing the lessons from successful experiences elsewhere and adapting them to specific circumstances (learning) or creatively re-elaborating own experiences in the light of the new requirements and opportunities (entrepreneurship).

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4.1 Change through passive responses

4.1.1 Compliance with SF regulations: change through coercion

The necessity to comply with SF regulatory requirements in order to access the funds has been an important driver for change. EU rules have represented the stimulus to introducing new practices and ways of working, towards mobilising stakeholders in more systematic and widespread ways. In many IQ-Net regions and countries, the developments described in Section 3 (i.e. novel approaches in the domestic contexts) were often described as driven by: compliance; necessity; and ‘pressure from above’. These developments are essentially passive, in that they meet ‘top-down’ requirements, and are especially apparent as programme authorities establish managing and implementing systems for SF for the first time. Although the formal establishment of structures and processes to engage stakeholders and beneficiaries can be regarded as an important achievement, stakeholder input into policymaking is not guaranteed. This has often been the experience in Central and Eastern European Member States where traditions of participative or collaborative policymaking are limited, the capacities of stakeholders are often weak linked to the legacy of the communist past and experience of implementing SF is comparatively short.

- As discussed in Section 2.4 on capacity building, working groups were set up in Slovakia, involving partner organisations and stakeholders, to feed into the preparation of individual calls for projects; further, national OPs’ monitoring committees, in which partners also participate, were tasked with discussing the outlines of projects, with a view of leading to the emergence of possible synergies and collaborations between different actors. These new practices are considered to have been beneficial by Slovak authorities. However, the process has only become partly institutionalised: being introduced top-down, these practices have not yet had the time to permeate the policy system more widely.

- In Slovenia where, in the context of the preparation of the national Smart Specialisation Strategy, significant effort was dedicated to mobilising a wide range of stakeholders (including schools and students, for example), the overall number of actors mobilised has remained limited and largely similar in composition to the groups that had already engaged in similar discussions in previous programming rounds (though their involvement has been more structured, systematic, intense and targeted, as part of the methodology deployed for the entrepreneurial discovery process required by the Smart Specialisation approach).

4.1.2 Conforming with the normative environment: change through emulation

Another mechanism for change is imitation or ‘emulation’. This highlights the ways Member States or regions emulate existing SF institutions or approaches from elsewhere in the EU, essentially ‘ordering from the menu’. This approach is often identified with recently acceded Member States with limited regional policy traditions which quickly need to establish structures, norms and processes for SF implementation. In doing this, they look to the experience of more established

Member States: based on the assumption that there are standard EU practices ('how things are done'), how do you conform to the normative environment? In the past, this path to policy change has been noted for the adoption of evaluation practices (e.g. in Austria), but it also concerns the development of structures and systems for stakeholder mobilisation, particularly at sub-national levels.\textsuperscript{96}

4.2 Change through active strategies

4.2.1 Adapting the experiences of others: change through learning

In some cases, actors proactively look to learn lessons from elsewhere. Rather than replicating the experiences of others, the aim is to exchange experience, learn what does and does not work in different contexts and identify the key lessons for their own cases.

This has been the case in the Czech Republic, Slovakia and Poland, via exchanges part of the activities of the Visegrád 4+4 group. Such arenas are valued as a means of publicising and drawing positive lessons and good practice. For instance, dissemination of the Hungarian experience of developing support for stakeholders and beneficiaries through information and advisory centres was one of the valuable outputs of this process for other countries.

4.2.2 Adapting own experiences: change through entrepreneurship

There is evidence that significant change has been driven by the conviction, among individuals and groups of actors, that mobilising stakeholders and involving partners and civil society in policymaking processes produces beneficial policy change and that SF offer opportunity structures to actively pursue this. A further driver, thus, has been the active role of leading actors in stimulating change. The role of ‘policy entrepreneurs’ as special actors that are crucial for driving policy change has been extensively discussed, including in assessments of changing approaches to regional policy governance through SF implementation.\textsuperscript{97} These actors mobilise stakeholders, invest time and resources and discover structures of opportunities offered by SF that lead to policy change.

- Across the UK, SF have developed different configurations of partnership-working in different programme periods in distinctive ways in England, Scotland and Wales. Indeed, during the 1990s, the three countries had some of the most advanced examples of collaborative working across and between levels of government. Although the number of programmes has been rationalised and centralised to a significant degree, there are continuing examples such as Local Enterprise Partnerships in England.


Similarly, in the regions of newer Member States, such as Pomorskie, regional policymakers and stakeholders have identified SF as providing the vital ‘fuel’ to implement innovative ideas that were emerging at the regional level but were impossible to roll out in the domestic context alone. Policymakers in Pomorskie have used SF to drive on a set of regional development ideas and strategies and, in conjunction with key stakeholders, strengthened the emerging ‘bottom-up’ model for the development of regionally-tailored interventions noted in this paper. Employability pipelines in Scotland are another example of SF resources providing the momentum for implementing reforms that were closely aligned with domestic priorities (see case study in Section 3).

In assessing these processes of policy compliance and policy leadership, it is important to note some caveats.

First, processes of genuine change take time: initially passive approaches to change can become active approaches as experience builds. Putting in place structures and systems to mobilise stakeholders is relatively straightforward. Attaining more widespread cultural shift takes time. The process of strengthening the involvement of partners, stakeholders and civil society in the design and implementation of SF programmes and projects requires changing the mentality of all those involved. The changes in mind-sets described in the previous section only seldom embrace all sectors of society, beyond the group of policymakers directly involved in the processes of policy implementation.

Nevertheless, in some cases it is possible to see a sequence of processes where the development of SF structures and systems for stakeholder mobilisation though initially driven by regulatory requirements, have subsequently been actively taken up by policymakers and stakeholders as valued elements. Interviewees almost unanimously emphasised the incremental, and often organic, nature of change, sometimes highlighting the creation of virtuous circles, whereby changes introduced to respond to compliance imperatives became gradually more accepted, and therefore more actively pursued, once those involved started to perceive the benefits deriving from them (e.g. in the Czech Republic, Slovakia and Portugal).

- This is evident in the case of LAGs in the Czech Republic (already noted). Here cooperation was initiated in response to SF regulations to access financial support in 2004-06 but over the next programme periods these demonstrated their value and developed in some regions to spill over to the themes and actions not funded by SF. In this instance, stakeholder mobilisation was one of the most prominent aims of the LAG initiatives but this does not have to be the case.

- Evaluation evidence in Portugal suggests that even where SF instruments have other goals than the prioritisation of this type of mobilisation, they can still produce change through demonstrating the benefits. This was reflected in moves in local networks to integrate instruments for the education of children and young people, for example.

Second, it should also be emphasised that the role and sequencing of these processes varies across Member States, depending on existing domestic approaches to policy delivery, the relative scale of SF and the length of experience authorities have in implementing the funds. Processes of change, driven by compliance or policy entrepreneurship, are inherently affected by path dependency,
as pre-existing traditions of civil society engagement in the public sphere and public policy approaches, and the simple or compound nature of domestic polities tend to define the scope and speed of adaptation to new norms. In some Central and Eastern European countries, for example, the willingness of stakeholders to engage in policy is conditioned by legacies from the past; in Southern Europe, adverse attitudes and lack of trust in government and organised interests may have a similar effect. In other contexts, the long-term establishment of active partnership arrangements and stakeholder involvement (e.g. in Flanders, Finland, Nordrhein-Westfalen) meant that stakeholder inclusion in policymaking was already routine practice in regional development before EU rules came into play, and are thus more embedded in SF systems, or explains why in some contexts, e.g. Austria or Denmark, EU-driven developments could more easily take hold than in others.

Lastly, in contexts characterised by stable policy frameworks and marginality of SF compared to the wider regional development/public policy context, there is a generalised perception that, on the one hand, the innovative force represented by the SF has now ran its course and, on the other hand, any residual positive change introduced by the SF is now overshadowed by the negative aspects of Cohesion policy implementation (high administrative burden, emphasis on controls and audits, reporting and monitoring requirements, rigidity or certain rules etc.). This can have a negative repercussion in the attitudes of stakeholders and their willingness to engage. In Austria, for example, the outlooks of stakeholders changed from ‘euphoria’, in the initial period (1995-99), to contentedness, in the following period (2000-06), to acceptance (2007-13) and, latterly, scepticism and prudence. Thus, achieving real simplification in the next round of reforms appears once again as an imperative.

4.3 Embedding change: Lessons learnt

Stimulating policy change through the engagement of stakeholders and beneficiaries depends on successful mobilisation. This is not a straightforward task: the administrative resources and time commitments involved in the process are recognised. Moreover, the benefits of this process for policy are not guaranteed: under-engagement or superficial engagement of actors will not stimulate meaningful change. Over-representation of actors can be counter-productive as the involvement of more partners of different types increases the administrative burden, bureaucratic complexity and scope for conflict in policymaking. Given this, it is important to assess how the efficient mobilisation of actors can be facilitated. A number of insights emerge from a review of IQ-Net Member States and regions. These showed a strong degree of convergence, focusing on seven headings (Figure 11).

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The Structural Funds as ‘Agents of Change’: New Forms of Learning and Implementation

Figure 11: Effective stakeholder involvement: Lessons learnt

- **Including stakeholders at key stages and from the very start** - The regular inclusion of stakeholders at key stages in the lifetime of the programme, from inception to completion was emphasised. Programme authorities stressed the need to engage with and consult stakeholders early. In **England**, for example, engaging with stakeholders (as part of the Partnership Working Review) and listening to their concerns is considered to have been essential in the successful implementation of the England ERDF OP. Local stakeholders have appreciated being consulted regularly and projects are based on local stakeholder priorities, which is enhancing the speed of implementation and minimising problems. In **Wales**, one of the lessons learnt from 2007-13 was the importance to mobilise stakeholders early on. This time around, Technical Assistance resources were utilised to set up regional partnerships across Wales, whose contribution to the design of programmes has been substantial. Over time, this is enhancing the programme’s ownership and the trust in the work of WEFO, demonstrating that it does ‘listen’. Authorities in other IQ-Net Member States and regions also emphasised that to allow stakeholders to make meaningful inputs, they must be mobilised at an early stage, not when decisions have already been taken. This can contribute administrative pressures facing programme authorities at the start of programme periods and requires thus adequate planning and human resources. Stakeholders also need to be given sufficient time to engage with the issues, bearing in mind that their contribution is voluntary and takes place amidst other activities.
• **Ensuring commitment of stakeholders** - Programme authorities also highlighted the need to convince stakeholders that their involvement is needed and that it makes a difference. For the participation of stakeholders in programming and implementation processes to be fruitful, stakeholders need to be convinced that their involvement is significant. Public authorities need to invest time and effort to show stakeholders that this is the case. In practice, this requires:
  
  o **Clarity on respective roles** - Ultimately key decisions are taken by programme authorities but the role of stakeholders in this varies, from broad consultation processes to more specific engagement in thematic or territorial programme structures. From the outset, the input of stakeholders into resource allocation decisions must be made transparent.
  
  o **Precision about the scope of the input sought** - stakeholders must be clear about what they are asked and what is expected of them. MAs and other public actors seeking their involvement should make concrete, clear proposals and formulate clear questions. The risk, otherwise, is that meetings generate wish-lists and unrealistic proposals which, in turn, risks alienating stakeholders once it becomes clear that their suggestions cannot be followed through.

• **Building and retaining trust: keeping promises** - Key to the ongoing engagement of stakeholders is the transparent demonstration that their input makes a difference. For this, programme authorities have to follow through on their commitments. Once stakeholders have been involved in programming and implementation processes, and their input has been accepted, the public actor has to ensure that this input is reflected in outcomes. ‘what you promise, you have to deliver’. Engagement is a two-way process and trust gained can be lost.

• **Understanding value: accepting and planning for costs** - Programme authorities accept that involving partners and stakeholders is inevitably a time-consuming and thus costly process. However, it is important that the value this effort brings in terms of overall outcomes is recognised and that there is a commitment among staff to this approach.

• **The need for flexibility and support** - Programme authorities stressed the importance of adapting mechanisms for the mobilisation of stakeholders according to different types. There are different types of stakeholders, with different resources and institutional roles. Mobilising them may require different approaches and even support. A key constraining factor for stakeholders, especially small-scale voluntary organisations, is represented by the complexity of SF requirements. While achieving simplification is in large part beyond the scope of action of programme authorities, they can engage with stakeholders to understand what potential changes would improve the delivery process and how they can support them to comply with existing rules (this was done and found beneficial in **England**, for example).

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99 Interview with national level official.
- **Fostering a strategic view** - Finally, programme authorities recognise that there are different incentives that can mobilise stakeholders in SF implementation. A fundamental incentive is financial: potential access to funding is often key to involving stakeholders in the process. Dependency on funding reduces the space for stakeholders to be proactive. Rather than shape the agenda to find solutions to their needs, actors will seek to bend their requests in order to match what is on offer. Nevertheless, to maximise the scope for this process to spark meaningful change, it is crucial for public authorities to work to raise awareness of the strategic value of this inclusive, integrated approach, the ultimate goals of programmes (achieving regional development) and the relevance of those goals for stakeholders.
5. CONCLUSIONS

This paper has explored the role of SF in stimulating beneficial changes to regional and local development policy, especially through the mobilisation of partners and beneficiaries. This assessment has produced some key themes and insights that are worthy of reflection.

5.1 Types, paths and timing of change

The influence of SF can be categorised according the effects on mind-set, policy content and practice. These three categories are not mutually exclusive and, indeed, they can be mutually reinforcing. In appraising the drivers of change, the paper highlights four modes, hierarchically organised from passive to proactive: coercion, emulation, learning and entrepreneurship.

A first important issue is the potential sequencing of change: passive abidance with regulations and minimal adaptation can progressively transform into proactive embracing of SF approaches as a means to introduce beneficial innovations. This upward trend however is not guaranteed. Key factors to enable it are ownership and embeddedness. The experience of IQ-Net partners shows that the SF, through the networks, structures and procedures established to comply with the partnership principle and with the operational requirements foreseen by the regulations (e.g. the Entrepreneurial Development Process associated to the ex ante conditionality on smart specialisation) can act as a powerful stimulus to creating such ownership and embeddedness. They do so both with regards to stakeholders, by reinforcing trust and ‘a feeling of unity, with all aiming at the same goal’\(^{100}\), and with regards to administration, insofar as staff ‘exposed’ to the SF moves on to sectoral departments, making ‘Cohesion policy a school for a new way of thinking about how to solve challenging problems’.

A second important, and related, conclusion is that, after a certain point, the ‘innovative push’ of SF can diminish, due to the internalisation of rules over time. In this sense, it is considered essential that the SF retain their role of stimulus of innovation, experimentalism and risk-taking. An essential condition for this is the achievement of a more suitable balance between a focus on compliance (financial accounting, control and audit procedures) and attention paid to the societal ‘change’ that the SF, through the projects that they fund, intend to deliver. Only with a systematic focus on the latter can the innovative push of the SF approach be nurtured and retained longer term.

5.2 Tailored approaches for different stakeholder types

Specifically with regards to stakeholder involvement, a key issue emerging from the research is that different types of actors may require different modes of mobilisation and support if they are to contribute to change. However, regulatory rigidity and focus on compliance can act as a deterrent for stakeholders and potential beneficiaries to engage with the policy, as well as undermine innovation, leading actors to replicate the same types of projects from the past for the sake of compliance ‘safety’.

5.3 The sustainability or embeddedness of change

Discontinuity of SF support is a certainty (UK) or a possibility for a number of IQ-Net countries. It is possible, for example, that the reform debates on the MFF and future Cohesion policy may return a much more streamlined approach to cohesion, with funding targeted only to less developed countries,

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\(^{100}\) Workshop participant.
repatriating competences in this area for a number of more developed Member States. Where the SF experience is discontinued, a key challenge will be to maintain the gains discussed in the paper, i.e. the beneficial changes in mind-sets, policy focus and implementation practices. The research has shown that there are at least three ways to support this process:

- first, institutionalisation through legislation. For example, stabilising ITI and S3 networks through legislation can help ensure their longer-term viability;

- second, an important lever to retain and build upon the successful approaches and practices introduced by the SF is the communication of their benefits. These are often long-term and they can be hardly visible to those involved (who only perceive the short-term ‘costs’ entailed); and

- lastly, involving and building of capacities amongst the widest possible group of actors – at all levels (project, OP, regional, national) – can also be a powerful tool for sustainability. Experience of SF implementation shows that where there has been the largest involvement of stakeholders this has led a more convinced adhesion to the policy and, also, to more effective communication about its benefits. It can also guarantee the survival of approaches and practices to changes in political leadership and staff turnover.

5.4 What lessons for post-2020 reform debate?

Looking to the future, much of the debate concerns the contribution of Cohesion policy to overall EU objectives, its performance and efficiency, and whether SF represent good value for money. Debates tend to focus on the problems faced and on the areas that need improvement. This is understandable at the end of a policy phase. However, recent European Commission documents – e.g. the White Paper on the Future of the EU and the recent MFF Review – have framed Cohesion policy negatively, in a way that goes beyond the evidence from past lessons.\textsuperscript{101} Thus any criticism about what does not work in the policy should be placed into context, to prevent possible instrumental uses. For example, while it is recognised that compliance-orientation and administrative complexity hamper the SF’s value for money and continuing innovation potential, and that there is a need for flexibility and simplification, it is also acknowledged that the shared management model has proven valuable, allowing better strategic planning and project implementation, and that the participative approaches inbuilt in the new instruments (such as the ITIs and S3), albeit administratively burdensome, by encouraging the involvement of different policymakers and stakeholders and the creation of networks of actors, do reinforce the aforementioned sense of ownership that is so essential to make improvements last.

\textsuperscript{101} The White Paper mentions Cohesion policy in passing under Scenario 4 (Doing less more efficiently), where it includes regional development as an example of a domain where the EU ‘is perceived as having more limited added value, or as being unable to deliver on promises’, while the MFF Review compares unfavourably Cohesion policy to EU Competitiveness Funding (Horizon 2020, COSME, EFSI, CEF), but while Cohesion policy is assessed based on certified expenditure, the latter are evaluated based on committed funding. See Bachtler and Polverari (2017) Op. Cit.
6. REFERENCES


The Structural Funds as 'Agents of Change': New Forms of Learning and Implementation


The Structural Funds as ‘Agents of Change’: New Forms of Learning and Implementation


The Structural Funds as ‘Agents of Change’: New Forms of Learning and Implementation


### 7. ANNEX I – LIST OF INTERVIEWEES

<table>
<thead>
<tr>
<th>IQ-Net country (region)</th>
<th>Organisation</th>
<th>Date</th>
<th>Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Secretariat of the Austrian Conference on Spatial Planning (ÖROK) (x2)</td>
<td>15 March 2017</td>
<td>Face-to-face</td>
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<tr>
<td>Belgium (Flanders)</td>
<td>Enterprise Flanders Agency (x2)</td>
<td>16 March 2017</td>
<td>Face-to-face</td>
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<td>Croatia</td>
<td>Ministry of Regional Development &amp; EU Funds (x4)</td>
<td>30 March 2017</td>
<td>Written</td>
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<td>Czech Republic</td>
<td>Managing Authority of the Integrated ROP, Ministry of Regional Development</td>
<td>23 March 2017</td>
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<td>National Coordination Authority, Division of managing Partnership Agreement, Ministry of Regional Development</td>
<td>31 March 2017</td>
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<td></td>
<td>National Coordination Authority, Division of managing and coordination of the EU funds, Ministry of Regional Development</td>
<td>31 March 2017</td>
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<td>Denmark</td>
<td>Danish Business Authority (x4)</td>
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<td>Ministry of Employment and the Economy</td>
<td>3 April 2017</td>
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<td>Regional Council of Pirkanmaa</td>
<td>4 April 2017</td>
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<td>Germany (Nordrhein-Westfalen)</td>
<td>Ministry for Business, Energy, Industry, SMEs &amp; the Craft Sector (x2)</td>
<td>28 March 2017</td>
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<td>Greece</td>
<td>Planning and Development Department, Management and Organisation Unit of Development Programmes</td>
<td>16 March 2017</td>
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<td>Strategy and Policies Unit, Special Service for Strategy, Planning and Evaluation (EYSSA), National Coordination Authority for PA (x2)</td>
<td>4 and 5 April 2017</td>
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<td>General Secretariat of Research and Technology (GSRT), Ministry of Education, Research and Religious Affairs (x2)</td>
<td>20 April 2017</td>
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