

SMART-IST

Institutional Capacity for Territorial Development

Targeted Analysis 2013/2/16

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A Executive summary

1 Analytical part including key messages and findings

At the beginning of the SMART-IST project, two main questions were said to be worth answering: a) how Capacity Building Policies (CBPs) influence Institutional Capacity (IC); b) how path dependent conditions influence CBPs, IC and the process of change in IC. To answer these questions a fine job of conceptualization was required in the first place, aiming at providing workable definitions for the main variables considered. Afterwards, relations among these variables were investigated, focussing on the ones that could be tackled in a meaningful way using the SMART-IST empirical data.

The result of such effort is a capacity framework in which – assuming territorial development as the ultimate dependent variable – two relations appear central: the one between structural variables and IC, analyzed through the institutional thickness (IT) theory; and the one between CBPs and IC. In this respect, IC is the central dependent variable and the one more explicitly addressed in the framework.

The SMART-IST framework conceptualizes structural variables as path-dependent conditions in a co-evolution relationship with institutional capacity, and partly equal to the ultimate dependent variable, that is territorial development. We reviewed different development and growth theory frameworks and identified a set of indicators for measuring structural variables: demographic, territorial, economic and labour accounts, education, science and technology. The unsurprising result is that SMART-IST regions can be reasonably divided into two homogeneous groups, overlapping with convergence and competitiveness regions: in the first there are the Southern Italian and Polish regions, in the other Toscana and the French regions. If the structural characterization of the regions in the project can be considered a first result, *the main conclusion raised by field research is that the importance of such variables is limited: CBP and IC more generally result in fact largely independent on the level of development.*

For this reason, the need to go more in depth in uncovering contextual conditions suggested the use of the IT framework. *This part produced two main results: it gives an operative definition of IT – ready applicable to our case studies – and it presents main elements of IT in the SMART-IST regions which can help to better uncover path-dependent processes characterizing IC.* Institutional Thickness aims in fact at identifying key-factors which appear to provide certain regional and urban spaces with more possibilities to enhance local development in the climate of globalization. According to the framework, the IT approach was used to describe the relation between structural variables and IC, as a frame of reference and as a process. In particular, the case studies outlines five analytical dimensions of IT:

- *Consistency through time of strategies, structures and organizations.* If institutions and formal and informal traditions have a massive effect in shaping development policies, their consistency through time is key;

- *Coherence with broader existing framework(s)*. The level of coherence of existing frameworks and EU policy through structural funds is fundamental;
- *Governance*. This is key, but highly diverse across the cases considered and with variable effects: French regions and Toscana have more solid governance structures; the Polish regions are in an experimental post-devolution phase; Puglia and Sicilia are more based on technical devices and agreements conceived on purpose for implementing EU policy ;
- *Adaptation to organizational and cultural changes*. Adaptation to changes can be seen in two main trends: on the one hand, regions with a strong institutional system that select those components of EU management culture and strategies needed in their context (e.g. Toscana or the French); on the other, regions needing to improve the performance of their organizations and structures so to meet the request of the EU;
- *Resistance* represents the possibility that institutions oppose closure to changes: within SMART-IST, there appears a general trend to focus resisting efforts towards central governments, rather than towards the EU. Resistance to more permanent changes can also be envisaged (e.g. in the case of the Evaluation Unit in Puglia).

Within the SMART-IST framework IC is investigated as a key variable able to contribute to the explanation of the quality of territorial development policies, directly influenced by CBPs, within the context of the structural features of different territories. *This part conveys two main results: it provides a workable definition of IC, able to investigate capacity effects in a broad sense; it analyzes case studies against this conceptualization, and reveals clues on how it unfolds empirically.* Three possible declinations of IC have been identified:

- Type one IC: the ability to come to terms with EU rules and procedures, that is to say the complexity of the management dimension of EU funds and the ability to combine them with the national and/or regional rules and procedures. Evidence of such type one IC was present across all SMART-IST cases, even if with different modes, temporal dynamics and depending both on the initial level of capacity present in the region and the relative experience in managing EU funded policies. *This latter appears to be an important variable in understanding type one capacity processes, no matter the level of development in the region.*
- Type two IC: the capacity to use EU funds and procedures to bring forth and implement projects and strategies, which local actors already had in mind or which they develop on purpose. Such capacity to integrate thematic areas, implementation tools and devices and funding sources towards a strategic objective is especially found in the French regions and in Toscana: *such type two IC is in fact strictly linked with the initial maturity of administrative and*

institutional contexts and with the strength of their territorial agenda, and it is possibly the least widespread of the three.

- Type three IC: the capacity to use the competences built through the use of EU funding in order to improve the overall quality of administrative action, by the mainstreaming of four main policy principles: partnerships, sustainability, evaluations, equal opportunities. Such type three IC is a goal in itself and it can directly influence the final outcomes of territorial development policies, beyond Cohesion Policy interventions. In the SMART-IST cases, we find evidence concerning mainly the diffusion of the partnership principle and of evaluation procedures (e.g. the Evaluation Unit in Puglia).

Capacity building policies (CBPs) refer to actions aimed at strengthening the capability of government officials to manage their programmes, to provide services to their constituents, or to manage their overall jurisdictional or inter-jurisdictional responsibilities. *This part gives a broad definition of CBPs (staffing, training, networking, procedural arrangements, institutional and organizational innovations), analyzes empirical evidence and reveals three possible risks in CBPs implementation: limited long-term effects, intra-institutional conflicts and lack of integration, inappropriate tailoring or ineffective design.* Main results are summarized as follows:

- Staffing is quite typical when administrations are relatively new to managing the EU cohesion policy or the specific task at hand: recruitment is then aimed at plugging general capacity gaps (as in the Polish regions), but also subsequent to increased or more specialized workload (as in Puglia). Staffing is provided in variable forms of stability: less stable forms may entail problems for long-term capacity building.
- Training is certainly the most widespread of CBPs, but its importance and nature varies significantly, in particular for what concerns the tailoring of the implemented initiatives: these go from very wide-ranging training programmes (e.g. in the Polish administrations), to very focused and specialized interventions (as in the French regions or in Sicilia).
- Networking is extensively practiced in all regions: some networks mainly focus on practice sharing among administrators (the most explicit is the one set up for the Evaluation Units in Italy); others are more open and see the participation of a wider set of actors. Implicit networking effects characterize most CBPs.
- Procedural arrangements may be explicitly designed for enhancing the quality of policy formulation and implementation: they can be a good way for governing at arm's length, maintaining the necessary freedom for implementers while ensuring the demanded results (as in the case of selection procedures in Toscana).

- Institutional and organizational innovations are set up anytime the regional administration is also the managing authority for the ROP, but they get particular relevance when EU policy and regional development policy are both relatively new: this is so for instance the case of the two Polish regions, where EU units progressively evolved into independent departments.

For what concerns the relation between CBPs and IC, *the main result of the analysis is that CBPs can be drivers for breaking path dependency and improve capacity, no matter the level of development.* CBPs actions and effectiveness vary according to the type of capacity considered:

- *Type one IC* is the one more easily tackled: virtually all kinds of CBPs can improve that capacity and several initiatives across the SMART-IST regions were perceived as successful. Among the tools used for enhancing type one capacity, networks are at the same time the less intrusive for administrations and the ones able to address more complex type one issues.
- *Type two IC* entails an existent planning capacity to be used before CBPs are activated and delivered, so that a complete understanding of type two improvements will only be observable in a future planning round. Notwithstanding, drawing on the experience of Toscana, Sicilia and Dolnoslaskie, the analysis shows that: while it is reasonable that other CBPs – in particular staffing and training – may have a good potential for fostering type two IC in the future, procedural CBPs may have a significant potential for activating this kind of IC with effects immediately observable in the short run.
- CBPs effects on *type three IC* still present a problem of observation, but nonetheless, the analysis showed that this type of capacity may be enhanced controlling for two characteristics of CBPs: their ability to get integrated into the wider administration and their time frame of action. In this respect, the case of the Evaluation Unit in Puglia shows not only how a permanent institutional change may be a good hub for the diffusion of the evaluation culture, but also that such innovations need time to reach a wider internal public and eventually to get fully integrated within the administration.

Impinging on the analytical categories introduced so far, the report then summarises the *main lessons which can be learned from the nine case studies object of the empirical analysis.* Even in the difference of structural backgrounds and specific arrangements, there are some significant relationships which can be identified between results achieved in each programme or policy analysed and the settings in terms of institutional capacity and capacity building policies put in place. These can be seen as empirical generalisations, while as far as the theoretical aspects are concerned, we will propose to focus on social mechanisms theory.

The SMART-IST project provides in fact a final important result: it applies a method of analysis based on causal mechanisms, able to improve the process of successful transfer of CBPs smart practices from a source to a target case. Mechanisms are context-specific regularities uncovering causal chains between phenomena: even though they have not the same level of generality of law-like propositions, they reach a level of abstraction able to isolate the relations working in successful capacity processes. The SMART-IST project provides both a list of basic mechanisms generally useful for policy analysis and a classification of such mechanisms based on four classes: incentives; reputation; coordination, defence. Finally, empirical data collected in the case studies allowed the isolation of main mechanisms active in the SMART-IST regions.

2 Options for policy development

In section 2 of the report, attention is focused on how institutional capacity has been the object of increasing interest in the European Union (EU) debate in the last years. Within the regulation document of the ESF, for instance, the concept of “capacity” is linked to the attention to be given to the development of strategies and competences to maximise the opportunities for policy implementation, a perspective within which the SMART-IST project moved from the beginning. In fact, regulations for both ESF and ERDF and prospective new regulation proposals for the 2014-20 programming period contain provisions for the strengthening of institutional and administrative capacity as a key element.

In defining more in detail the ex ante conditionality referred to in *Enhancing Institutional Capacity and Efficient Public Administration* (art. 9(11) of the general regulation proposal), the Commission states that the basic point is "*the existence of a strategy for reinforcing the Member States' administrative efficiency including public administration reform*" and that implies the fact that such strategy should be already *in place and in the process of being implemented*: impinging on the results of the SMART-IST project we are in the position of making a certain number of suggestions about how to articulate this proposal as regards in particular to: 1) the different types of Institutional Capacity and 2) the diagnosis and the strategic planning.

As far as the different IC types are concerned, even if it is somewhat natural that the European Commission (EC) is particularly worried about the ability of the different MAs to efficiently manage Cohesion Policy, it would be wrong to identify effectiveness only with financial management (type one IC). In fact, the real test of effective implementation is that the goals of the Lisbon strategy are attained and this implies the smooth integration between European Cohesion Policy and domestic policies (type two IC): the fieldwork has in fact shown that the risks of administrative and policy fragmentation are present and dangerous across most of the regions considered (but particularly so for convergence regions).

For what concerns the second point mentioned above – the diagnosis and strategic plan – any improvement action should be specifically tailored to the single administrations coping with capacity gaps. A first possibility in this direction is to use some common indicators like the ones proposed in chapter 3, and define individual targets to be attained across the different areas of IC.

A second, more general proposal, is that each MA would conduct a self-assessment of its level of IC, evaluating its current level and setting the most tailored targets and improvement actions possible. This can be done by *the use of the CAF – Common Assessment Framework*, a methodology for assessing the organizational factors relevant for public administrations.

The ex-ante conditionality would then be to require a homogeneous self-assessment by the use of a CAF specifically designed for MAs (on the tailoring of CAF see §5 and part 3 of this summary) which will consider all three types of IC and CBPs. The strategic plan mentioned above would then be the improvement plan prescribed by the CAF methodology and will be the result of a process of self-assessment involving the whole of the administration managing EU policy.

In section 3 we propose some general recommendations and some more specific analytical tools in order to help measuring Institutional Capacity. In the first place, any evaluation effort should accomplish two main goals: A) assessing the readiness of an institutional setting (in particular MAs) in managing EU Cohesion Policy; and B) assessing the progress made through the implementation of CBPs. Secondly, all CBPs should be designed as *result oriented policies*, so that measurement will be considered in managing the policy. Finally, a general remark is worth mentioning. IC has an inherent complexity, which is hardly captured by numerical indicators: in fact, even if they can help, evaluation exercises will be the best way of tackling all relevant features influencing IC.

Nonetheless, the Report proposes a first set of possible indicators for all three definitions of IC, which are listed here below:

Type one IC as *the ability to come to terms with EU rules and procedures*:

1. Amount of decommitment at the end of the programme;
2. Procedural delays, measured as average extra time needed;
3. Proportion of executive personnel able to use English fluently;
4. Capacity to retain new hired or highly trained staff.

Type two as the *capacity to use EU funds and programmes to bring forth and implement projects*:

5. Level of co-financing of Operational Programmes;
6. Level of complexity, density and centrality of the network(s);
7. Evaluation of the effectiveness of the relevant CBPs (i.e. organisational and procedural innovations).

Type three IC as the capacity to *use the competences built through the use of EU funding in order to improve the overall quality of administrative action*:

8. Number of organisational units that have systematically adopted the institutional features of the EU programmes;
9. Evaluation of the relevant CBPs (i.e. institutional innovations).

3 Need for further analysis and research

Two possible steps forward can be made in order to deepen our understanding of institutional capacity, capacity gaps and capacity building processes:

1. The first would be to use the theory of causal mechanisms to better tackle causality and generalization on how CBPs impact on IC, with the final result of *building a database of smart practice in capacity building*. Users would start with their problems in implementing CBPs and enhancing IC more generally (maintaining engagement; improving coordination; decreasing the role of an actor; etc.) and the database would provide possible solutions implemented elsewhere with case histories elaborated by extrapolating the causal mechanisms explaining success. Such elaboration would overcome descriptive narratives, facilitating the understanding of success factors and making the replication of the practice easier. In order to complete the database further research is needed: this could be done partly by enlarging the fieldwork with additional case studies and partly by using secondary sources (literature, existing databases, etc.).
2. A second possible extension of the SMART-IST research regards *the use of CAF as a tool for assessing and improving the institutional capacity of MAs* (see §2). The main activity would be to elaborate a specific CAF tailored for MAs and regional administrations managing ERDF and Cohesion Policy. In order to do this, an experimental working group should be formed with officials coming from different MAs in different countries: the group would analyze the model and experimentally apply the CAF in their administrations. This would make them come out with possible problems, compare available solutions, adapt the examples in the standard form and proposing specific indicators regarding the implementation of Cohesion Policy. The final product will be a version of CAF for MAs, as an effective tool readily usable by all MAs.

1 Main results, trends, impacts

1.a. Research questions and conceptual scheme

The SMART-IST project is based on a capacity framework (see the figure below) in which – assuming territorial development as the ultimate dependent variable – two main relations have been investigated: the first one between structural variables (SV) and institutional capacity (IC) based on the theory of institutional thickness (IT); the second between capacity building policies (CBPs) and IC. In this respect, IC is the main dependent variable of this research and the one explicitly addressed in the framework.

Structural variables and institutional thickness both describe contextual initial conditions in which capacity processes occur. Structural variables (§1.b.1) are conceived as path-dependent conditions: they are related to the level of institutional capacity and they partly overlap with the level of development (then the dotted line in the figure). In the case studies, the elaboration on structural indicators is quite extensive and makes use of different sources of data: the present report refers only to a limited set of indicators, both for reasons of comparability and because field research significantly downplayed the importance of such variables for the capacity framework.

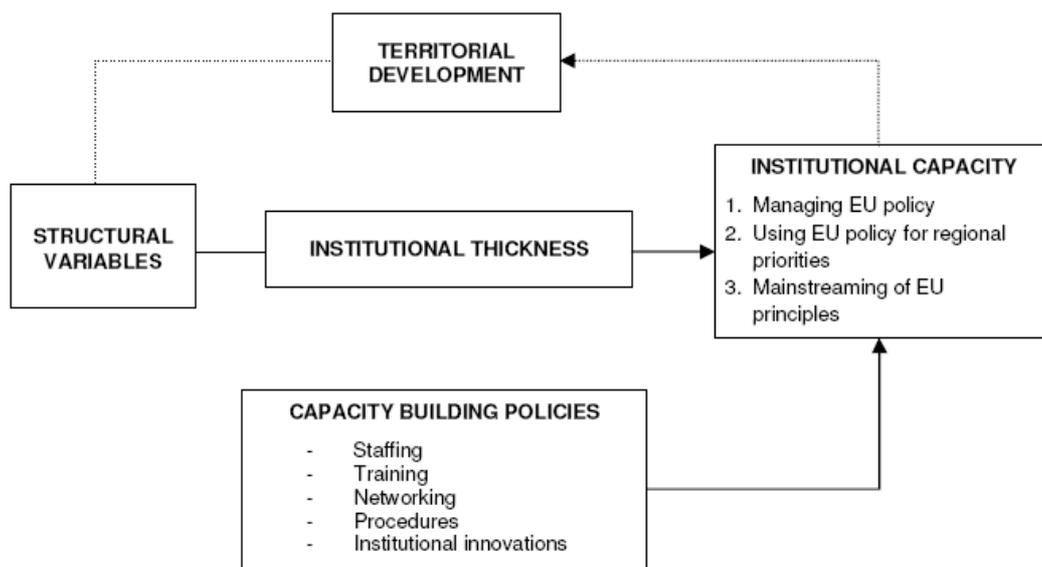


Figure 1 The SMART-IST Conceptual Framework

Institutional thickness (§ 1.b.2) aims at identifying key-factors which increase the possibility for certain regional and urban spaces to improve local (economic) development in the climate of globalization. Institutional thickness outlines the role of places to territorially embed global processes. From the fieldwork, five analytical dimensions appear important across SMART-IST regions: 1) consistency through time of strategies, structures and organizations; 2) coherence with broader existing frameworks; 3) governance; 4) adaptation to organizational and cultural change; 5) resistance.

In paragraph 1.b.3. the SMART-IST project provides an operative definition of institutional capacity organized along three main types: 1) the ability to come to terms with EU rules and procedures, that is to say the complexity of the management dimension of EU funds and the ability to combine them with the national and/or regional rules and procedures; 2) the capacity to use EU funds and procedures to bring forth and implement projects and strategies, which local actors already had in mind or which they develop on purpose; 3) the capacity to use the competences built through the use of EU funding in order to improve the overall quality of administrative action. The SMART-IST definition of capacity implies then an active role of regions in making the most of the management of ERDF, entailing a wide conception of the possible outcomes of EU policy on administrative capacity. Also, Chapter 3 of the present report develops a first set of measurable indicators for IC, suggesting baselines and targets.

Capacity building policies (§ 1.b.4.) are the main drivers for intervening directly on the level of capacity possessed by regional administrations (the solid arrow in the figure). Five different types of CBPs are described across the case studies: staffing, training, networking, procedural arrangements, institutional and organizational innovations. They proved diverse levels of effectiveness and this makes generalizations hard: nonetheless, Table 5 summarizes findings from case studies and gives some clues on how different CBPs may help improving a certain type of capacity (§1.b.5).

Such relation is particularly relevant in the framework and it is the object of the main theoretical proposal of the present research, that is to study capacity processes using a social mechanisms approach. Mechanisms – context-specific regularities uncovering causal chains between phenomena – allow to reach a level of abstraction useful for isolating and transferring the basic elements of a process of change and do not necessarily need costly fieldworks to be identified. Paragraph 1.b.6 reveals the main mechanisms activated across SMART-IST regions.

1.b. Linking the main concepts and variables

1.b.1. Structural Variables

The SMART-IST framework conceptualized structural variables in a complex way: they were considered as path-dependent conditions in a co-evolution relationship with institutional capacity, having a direct influence on CBPs and partly overlapping with the ultimate dependent variable of the capacity framework, that is territorial development. Field research significantly downplayed the importance of such variables: in particular, CBPs result largely independent on the level of development and this latter can be convincingly related to IC through the help of the IT framework (see below).

Nonetheless, being path-dependent and regarding non-mobile factors, initial endowments need to be controlled for, in order to better understand the way in which capacity interventions may impact on the quality of development policies and – ultimately – on the level of development. In this effort, the first step has been theoretical; we reviewed different development and growth theory frameworks (neoclassical models, endogenous growth theory, new economic geography) and identified a set of indicators for measuring the level of development in the SMART-IST regions: demographic, territorial, economic and labour accounts, education, science and technology. A summary view of the indicators considered is presented in Table 1. Measures for the chosen indicators show a high variance across SMART-IST regions. They in fact differ markedly on some very hard structural indicators (total population, population density, population change, ageing, total land and land use and cover), but also for their level of GDP, labour and education accounts and their degree of innovation.

Notwithstanding the obvious difficulty in finding a common pattern with such a high number of indicators, the possibility to refer to structural variables in the SMART-IST framework depends on an exercise of simplification. To this aim, SMART-IST regions can be reasonably divided into two homogeneous groups, approximately below or above the EU GDP average: in the first there are the Southern Italian and Polish regions, in the other Toscana and the French regions. It is no surprise that the two groups overlap with convergence and competitiveness regions: the former with GDP below the EU average, problematic unemployment rates, low migration and natural population change, a greater importance of agricultural activities and very low levels of registered patents yearly; the latter with GDP above the EU average, positive rates of population change, more limited unemployment and higher degrees of innovation. Notice that such classification is not perfect: some of the indicators are less variant between the two groups (like for instance the rate of employment or the level of long term unemployment) whereas others do not vary consistently between them (this is for example the case for education measures or employment in high technology sectors).

	Alsace	Aquitaine	Rhône-Alpes	Toscana	Puglia	Sicilia	Lubelskie	Dolnoslaskie
REGIONAL DEMOGRAPHY								
Population 2010	1.851.443	3.231.860	6.222.045	3.730.130	4.084.035	5.042.992	2.157.202	2.876.627
Population Density 2008	222,5	72	140,5	163	212,5	198,1	86,1	144,3
Total population Change 2009	4,54	7,99	7,75	6	1,1	1	-2,1	-0,2
Natural population Change 2009	4,12	1,18	5,46	-2,6	0,6	-0,1	-0,3	-0,4
Net migration 2009	0,42	6,81	2,28	8,6	0,4	1,1	-1,8	0,2
Old Age Dependency Ratio 2009	23,36	30,41	24,75	36,24	27,29	27,77	20,5	18,54
THE REGIONAL SPACE								
Total Area 2008 (km2)	8.280,20	41.308,40	43.698,20	22.993,50	19.357,90	25.711,40	25.121	19.948
Land Cover: Croplands 2009	29,78	21,28	16,23	25,39	64,35	45,83	48,4	42,63
L.C.: Forestry 2009	35,66	39,94	22,39	37,9	1,99	1,74	24,91	21,64
Land Use: Agriculture 2009	44,55	39,95	41,63	39,29	83,51	72,89	62,93	50,49
L.U.: Services, Residential 2009	10,37	10,51	11,31	6,35	9,09	12,15	3,66	9,11
GDP and LABOUR								
GDP per inh. in pps as EU% 2000	115	103	117	127	77	73	34	50
GDP per inh. in pps EU% 2008	99	96	107	114	67	66	39	60
Employment Rate 20-64 2010	72,2	70,40	71,1	67,8	48,2	46,6	65	62,6
Unemployment (over 25) 2010	7,00	7	7,1	5,1	11,3	12,1	8,4	9,8
Female Unemployment (over 25)	7,6	7,90	7,8	6,7	14,2	14,4	7,8	10,1
Unemployment (15-24) 2010	18,3	24,40	19,9	23,1	34,6	41,3	26	23,7
Long term unemployment 2010	2,84	3,03	3,02	2,88	6,93	8,19	3,15	3,57
EDUCATION								
Students aged 17 as % of corresponding age population 2009	87,8	89,1	90,4	86,9	82,6	78,8	97,1	95,7
Students in tertiary education as % of the population aged 20-24 years at regional level 2009	53,5	53,8	57,5	88,2	48,5	53,8	61,9	83,2
Persons aged 25-64 with tertiary education 2010	30,7	29,1	28,7	15,3	11,6	12,3	21,8	21,6
Participation of adults 25-64 in education and training 2010	6,4	5	5,3	7,2	5,2	4,7	5,9	5,6
SCIENCE AND TECHNOLOGY								
R&D Expenditures as % of GDP 2008 (Italy 2007)	1,67	1,29	2,5	1,01	0,79	0,83	0,48	0,44
Researchers (FTE), % of active population 2009	0,59	0,52	1	0,48	0,26	0,26	0,25	0,41
% of total employment in High Technology sectors 2009	3,98	3,07	3,89	2,31	1,43	1,82	1,03	3,89

Table 1 Indicators for measuring regional development

Source: Eurostat

1.b.2. Institutional thickness as a relationship between structural variables and institutional capacity

Structural variables (§ 1.b1) can be considered as path-dependent conditions, which are in a co-evolution relationship with institutional capacity (IC) and have a direct effect both on capacity building policies (CBPs) and territorial development. As such, structural variables set the stage in which the relation between independent and dependent variables occurs. They provide the framework of preconditions for the development process to take place, but they do not seem to relate convincingly with IC when the latter is considered as a territorialized process and not just a normative and transferable one. In other words, in analyzing territorial development processes it seems that IC and CBPs can be used to analyze and explain the process but not the conditions that have allowed it to start.

To this extent, we may refer to the Institutional Thickness (IT) framework as part of the growing attention of academic and policy-makers to identify the key-factors which appear to provide certain regional and urban spaces with more possibilities to enhance local economic development in the climate of globalization. IT is based on Amin and Thrift's basic ideas (1994, 1995) that: (i) regions and places are, and continue to be, different; (ii) not all regions and places are able to embed global processes; (iii) if and where this happens, processes of development can be "linked" to the local level and (iv) so, regions and places are not simply containers of development processes, but *agents* of their own development. IT outlines the role of *places* to pin down or territorially embed global processes, and accordingly it is *a process more than a product*. To this extent, a close relation between IT and IC should be outlined (Hassink and Lagendijk, 2001), but we may accept that "the main difference [between IT and IC] might be in the hybrid origin of the notion of IC that clearly developed first as a normative and operational notion rather than as an analytical notion" (SMART-IST INSTED Inception Report, 2011; pp. 25). The debate on IT, though, has not been developed into a structured methodology. Studies that have referred to the concept have broadly debated on some local conditions (i.e. strong institutional presence, interaction between organizations, mutual awareness of a common enterprise, domination and/or coalition patterns) that seem to favor economic growth (cf. MacLeod, 1997; Raco, 1998; Coulson and Ferrario, 2007). However, IT has been very difficult to grasp, always swinging between lists of preconditions for the implementation of a development process (thus resembling a listing of structural variables) and a different way of considering IC in the same processes.

That said, quite recently the Barca Report (2009) has stressed the role of capacity building to improve the effectiveness of local institutions in development strategies. This means that is at the EU level that a major effort is required to be able to address and monitor local institutions, with EU as a provider of methodology and as a reference point with sound expertise, but it is at the local level that development processes should be territorialized. IT, then, should be seen as a set of elements

(preconditions) that allow the implementation of territorial development processes in which the territorialized nature of institutional relations is combined with wider dynamics, thus contributing to the degree of competitiveness of regions. This approach, furthermore, outlines the role of regions as major geographical arenas for a wide range of institutional changes, regulatory experiments and political struggles and as actors in development processes (cf. the international debate on the so called 'regional renaissance': Storper, 1997; Allen et al., 1998; Agnew, 2000; Mac Leod, 2001; Paasi, 2004; Amin, 2004; and on new regionalism:: Jones, 2001; Brenner, 2003).

The IT framework would help:

- to grasp the role of non-economic factors to explain the more or less dynamic behaviour of some regions and to promote local and regional development processes (Hadjimichalis, 2006);
- to overcome the idea that just by identifying a set of local features (social, economical, territorial) we are able to assure the success of local and regional development processes.

Within local and regional development processes, the role of IT is twofold: it «both establishes legitimacy and nourishes relations of trust which continues to stimulate entrepreneurship and consolidate the local embeddedness of industry» (Amin and Thrift, 1995, p. 102). Nevertheless, as the authors outline, IT can also have negative effects, it can determine the 'lock-in' to change and closure, also because institutions are extremely resilient to change.

According to this framework, we have used IT approach to describe the relation between structural variables and IC as a frame of reference – and not as a recipe – and as a process. In particular, the case studies outline five analytical dimensions of IT (see also Table 2):

- **Consistency through time of strategies, structures and organizations.** It has become clear, in the nine case studies, that the role that institutions and formal and informal traditions play have a massive effect in shaping development policies, but it is the consistency of their role during the process that makes the difference. In Alsace the regional administration has played (if not promoted) an important role in demanding competencies in terms of direct management of EU structural funds, but this applies to the 2000-2006 programming period because in the following (2007-2013) only the ERDF has been left to the regional administration (the rest recalled back at the national level). Consistency, in this case, seems to show that the Alsace case, which may at first sight seem a success (and unique) story in the French panorama of regional decentralization as regards management of structural funds, needs instead a reframing and retelling at the national level. A different story is told by the case of Toscana, where consistency can be observed – in the relationship of the regional administration with EU and public funds in general – well before the 2000-2006 programming

period and into the current one. Time, thus, helps us to read IT through different phases, different models of organizations and allows us to reframe – and rethink at – processes. In general, consistency and also coherence (below) seem to have suffered from the change of EU strategies in the 2000-2006 and 2007-2013 programming periods, shifting from a wider and comprehensive development strategies to definition of specific areas of intervention (e.g. innovation). Naturally there is a low degree of consistency when the analyzed experiences refer to an innovation (as in both cases in Puglia) or when the regionalization process is too recent (Poland);

- **Coherence with broader existing framework(s).** IT is a combination of factors and relations, including inter-institutional interaction and synergy, collective representations, common economic purposes and shared norms and values that are usually combined in strategies and visions for the development of a certain territory (Hassing and Lagendijk, 2001). The degree of coherence of such existing frameworks for the action to what has been proposed for the use of EU structural funds is fundamental. To this extent, the role of very strong institutional systems is crucial in readdressing the EU agenda, as in the case of the three French regions in which the policy-definition process that regards both regional and national levels is so structured that EU strategies enter as just one more tool for territorial policies. The same can be said for Toscana, which has a tradition on its own in the Italian panorama of policy-making in terms of programming capacity. In different ways, instead, the Polish and Puglia cases represent a weak degree of coherence because on one hand the role played by EU funds is of greater importance for the regional development, on the other hand there is a stronger need to adopt policies that are said to modernize the existing framework. In Sicilia there is also a weak degree of coherence, even if the Integrated Territorial Projects should be considered as enhancer of coherence with other interventions and policies: this is mostly due to the discrepancy between what should have been done and what actually have been realized, that is more than “integrated” the projects were “generic”;
- **Governance.** Four key elements are constitutive of IT: strong local institutional presence, high levels of interaction between local organizations, mutual awareness of being involved in a common enterprise, structures of domination and/or patterns of coalition (Mac Leod and Goodwin, 1999). As regards governance, there is a very diversified scene in the nine cases. The French case, in general terms, are characterized by the benefits to cooperation that *contractualisation* brings: relationship among different institutional levels and among public and private actors is mediated by the contract that is signed to start the implementation of almost any intervention in France, even – as in the Rhône-Alpes – where there is a high degree of conflict among territorial institutions. Toscana, again, has its peculiar model of policy concertation and partnership that provides a stable and effective framework for policy definition and implementation.

The Polish cases show a complex relationship between the national and regional levels, but this is strictly due to the recent regionalization process and to the presence of central state representatives at the regional level (quite similar to the French relation between *préfets* and presidents of the region). In the two cases of Puglia and in Sicilia, the issue of governance is mainly related to technical devices and agreements needed to implement the different activities;

- **Adaptation to organizational and cultural changes.** Efficient institutions are context specific, and identical formal institutions may yield very different outcomes in different contexts. The effectiveness of such institutions changes with time, and tailor made institutions are better than 'one size fits all' solution (Rodriguez-Pose, 2010). Furthermore, IT is characterized by «the institutionalizing processes that both underpin and stimulate a diffused entrepreneurship – a recognized set of codes of conduct, supports, and practices» (Amin and Thrift, 1995, pp. 103). In this case IT drives directly to IC (see following paragraphs), and we can witness in several cases how institutional “preconditions”, which shape the thickness of a context, have favored CBPs. Adaptation to changes can be broadly seen in two main trends in the analyzed case studies: on one hand there are those regions in which there is a strong institutional system that select those components of EU management culture and strategies that are needed in their context (e.g. Toscana implementing its already powerful concertation mechanism or French regions using EU to increase their degree of autonomy from the central state); on the other hand, other regions need to improve the performance of their organizations and structures so to meet the request of the EU, that is a technical adaptation which may not be fully coherent with a review of the existing mechanisms;
- **Resistance.** This dimension represents the possibility that institutions oppose closure to changes or try to limit or modify external inputs. This closure could, in fact, be explicit or partial, and the latter is interesting case to analyze. Partial resistance to changes could happen when a high degree of IT is present, that is when institutions are able and willing to contrast external inputs because there is a very strong territorial agenda. This is a process in which IT preserves the local agenda against a globalized attempt to export the same development recipe for all the territories (Pile and Keith, 1997). As regards resistance, there is a general trend to focus resisting efforts towards the central government, rather than towards the EU (which is often considered as an help to gain autonomy; this happens in the French and Polish cases), as there is also resistance to permanent changes (e.g. in the case of the Evaluation Unit in Puglia, where the possibility to be assessed and then to have to modify/adapt any action according to the assessment is “disturbing” to a certain degree). Sometimes, besides, resistance is not clearly shown, but poor results in some fields may highlight a widespread opposition to a certain strategy or agenda (e.g. in the case of the Integrated Territorial Projects in Sicilia).

Table 2 Evidences of Institutional Thickness

	Consistency through time	Coherence with broader existing framework(s)	Governance	Adaptation to organizational and cultural changes	Resistance
Alsace	Marked difference in devolved competencies in the two programming periods	Decentralization of management of OP allowed a programming that reflected regional targets and objectives (at least in the first programming period)	Long political stability and smaller size of the region, plus political alignment with the national level provide good conditions for a well oiled multi-level governance	Transfer of competences to the regional level have promoted the rise of a “European culture” within the regional council (adaptation to the EU context)	Sort of passive resistance to central State interventions, due to the uniqueness of the regional situation in terms of structural funds management (that depends on the devolution of competencies from the central state itself)
Aquitaine	High degree of consistency due to the rather strong political leadership of the Region	The regional administration is recognized as effective in designing and implementing territorial policies, and as such the use of EU funds is adjusted to fit the regional development strategies	Territorial institutions are not characterized by high degrees of voluntary cooperation, but there is a high level of contractualized interaction (due to the specificities of the French state) in which all the important and necessary public and private actors are present	As is written in the case study “the adaptation to new tasks and to the new framework occurred without evident problems or hesitations, in particular because of the high IT capacity stock that characterizes French systems”	Resistance to the central government. Choice to internalize – at the regional level – all the necessary competences needed to manage the different tasks related to the use of EU funds, to contrast the national level
Dolnoslaskie	Very weak consistency due to the national centralized system (situation that has changed only for the current programming period)	Weak coherence with broader frameworks, at the regional and national level, because of the readdressing of the territorial policies to adjust to EU requests. Another problem is related to political changes at the regional level that brought to abandon previously defined strategies	Complex relationship between the central government (both at the national level and at the regional level) and the regional administration, especially because of the latter recent institution. Involvement of other relevant actors during the process (to prepare the regional development strategy) has been successful but the strategy itself has been put aside to focus on the ROP	High degree of adaptation to a whole new set of rules and norms that have substantially modified the political culture in order to adapt to the EU system	Almost no resistance to changes and a consequent reshaping of regional strategies, agenda, organization. This is due to the sometimes contrasting forces of the EU and the national government
Lubelskie	Very weak consistency due to the national centralized system (situation that has changed only for the current programming)	Weak coherence with broader frameworks, at the regional and national level, because of the readdressing of the territorial	Complex relationship between the central government (both at the national level and at the regional level) and the regional	High degree of adaptation to a whole new set of rules and norms that have substantially modified the political culture in	Almost no resistance to changes and a consequent reshaping of regional strategies, agenda, organization. This is

	period)	policies to adjust to EU requests	administration, especially because of the latter recent institution	order to adapt to the EU system	due to the sometimes contrasting forces of the EU and the national government
Puglia (Evaluation Unit)	Innovative intervention that is scarcely related to previous experience	Intervention implemented to improve the coherence of the different frameworks in the region	Technical governance needed to design and strengthen the evaluation unit through the different programming periods	The evaluation unit in itself is a tool to maximize adaptation to changes. The unit is mainly composed of external experts, which may cast some shadows on its long-term effects	Light resistance, especially since the change of political leadership at the regional level in 2005 has strengthened the role of the Unit. Resistance is mainly due to the potential role that could be played by the Unit in terms of assessing policies and outcomes
Puglia (Waste and water)	Innovative intervention that is scarcely related to previous experience	Attempt to create a coherent framework for different territorial policies	Technical governance involving all the institutions and organizations that are expected to coordinate their actions	Creation of a new set of normative frameworks to which different actors must conform	A certain degree of opposition to the implemented activities is due to the complexity of the tasks, coupled with different levels of institutional capacity to adapt to changes
Rhône-Alpes	Very formalized programming from the national to the local level, so that consistency seem granted by the French system of government	Integration of existing plans and policies in the EU ERDF strategy for 2007-2013	Difficult relationship among territorial actors (region, <i>départements</i> , large cities), lack of significant political stability, but strong legitimacy of public intervention	European intervention as a device to strengthen decentralization and the role of the regional administration	Resisting seems more important towards the influence of the central State
Sicilia	Integrated Territorial Projects followed many other development projects and programmes promoted at EU or national level for urban and rural areas	Weak coherence with other regional and local strategies, notwithstanding the nature of the integrated projects. The TIP being promoted by the central government for all Ob. 1 areas in the country	Governance has been technically assured by continuous relationships among the different institutional levels involved. Most of the projects, though, worked by putting together – rather than integrating – municipalities agendas	Technical adaptation granted in order to fulfill to the management issue requests. A certain degree of cultural change may be witnessed because of the need to follow EU procedures of feed-back and monitoring	Apparently no resistance to changes. The low medium level of spending, the almost complete coverage of the region's municipalities (388 out of 390) and the poor level of outcomes from the qualitative point of view may be sign of a weakly territorialized experience
Toscana	Well defined agenda through different phases. EU agenda adapting to the territorial one	The region prepared the OP 2007-2013 in full coherence with the Regional Development Plan (approved in 2006) and with several territorial policies	Region characterized by a model of social partnership and policy concertation. The culture of planning and programming is deeply rooted in Toscana	Concertation practices were influenced by EU models, as was with the selection/assessment procedure to rank projects	Strong IT that positively relate with external inputs and stimuli

1.b.3. Institutional Capacity

Institutional Capacity (IC) is investigated within the SMART-IST framework as a key variable able to contribute to the explanation of the quality of territorial development policies, in connection with Capacity Building Policies (CBPs) and in the context of the structural features of different territories.

We started our research summarizing different approaches derived both from literature and from policy, able to propose convincing and workable definitions of IC, within the framework of EU policies and beyond, with the awareness that in the literature it developed first as a normative and operational concept rather than as an analytical notion. If we look at the Cohesion Policy framework, in particular, the Barca Report proposes a workable definition of IC as “the capacity of public and private local institutions to govern and coordinate collective decision-making”.¹

Starting from this definition, and deriving the main inputs from the review of the nine case studies, *three possible declinations* of the concept of *institutional capacity* have been identified. Our hypotheses are strictly linked with the policy area examined in this study and it is therefore possible to test them in different regional contexts. Even if they are partly overlapping at the empirical level, the three declinations can be distinguished from an analytical point of view, and can thus be very useful in a policy development perspective, in particular as far as the debate over conditionalities is concerned.

A first possible declination has to do with *the ability to come to terms with EU rules and procedures*, that is to say the complexity of the management dimension of EU funds, and the ability to combine them with the national and/or regional rules and procedures. We find evidence of such type one IC across all SMART-IST cases, even if with different modes and temporal dynamics, depending on the initial level of capacity present in the region, but also the length of the period in which regions have been involved in EU funded policies: here, differences between regions managing since a lot of time European Structural Funds and newcomers are significant.

In this sense, it seems that the Italian cases can be contrasted with the French and the Polish ones, but also that there are considerable differences between regions with a significant initial level of institutional capacity and weaker ones. If we look at the Italian regions, we can certainly say that the long experience in managing EU Structural Funds has meant an overall capacity to come to terms with such procedures, even if, since in most cases the administrative structures of the target regions were considerably weak and characterised by low levels of administrative and institutional capacity, the results have not been the expected ones. As we will see in the part on CBPs, how frequently technical assistance policies from the central

¹ F. Barca, *AN AGENDA FOR A REFORMED COHESION POLICY. A place-based approach to meeting European Union challenges and expectations*, April 2009, p. 22

government level have substituted local actors, without properly contributing to an overall increase in capacity. This has been for instance the case for the management of waste and water policies in the Puglia case.

On the other hand, in Sicilia, a Region with a long experience in managing Structural Funds, the huge amount of local development programmes promoted through TIPs and their related projects overloaded the regional bureaucracy and increased the level of conflict between centre and periphery, with a resulting low degree of effectiveness of the local development policy.

In the French cases, on the contrary, there is a widespread capacity of managing complex territorial development processes, and the only gap to be filled in is the one between the French national system of rules and procedures and the EU one. In this sense, the case of decentralization of competences in Alsace shows that together with the transfer of specialised staff from the State administration, there is a significant investment in human resources after the decentralization started. Similarly, the Aquitaine case shows a growing institutional capacity of this first type, and this brings forth the general acknowledgement that the Region is the right actor to deal with this process.

In the two Polish cases, introducing Cohesion Policy for the first time implied a significant effort in coming to terms and complying with new systems of rules and procedures, both at the national and local level: in this respect, the choice made by the National Government to proceed through a sort of 'delayed decentralisation' strategy, even if it overloaded regional actors with very complex procedures, proved effective to a certain extent. Probably the on-the-ground training implemented through pre-accession procedures and the 2004-06 programming period had not been able to build the institutional and administrative capacity which was in fact needed for the 2006-13 programmes. Thus, the complex institutional arrangements put in place between the Voivodship and the Marshal Office both in Dolnoslaskie and Lubelskie may be considered part of this institutional and administrative capacity building process.

In particular, despite its very recent institution, the Dolnoslaskievoivodship presented a good level of institutional capacity at the outset of the analyzed intervention, in terms of good quality, highly educated civil servants, organizational characteristics and interdepartmental relations, even if the high degree of personnel turnover has put some strain on the effectiveness of the administrative units involved. As for the Lubelskievoivodship, despite the overall structural socio-economic conditions, the analysis showed how the level of institutional capacity seems to have been growing throughout the time schedule of the observed phenomena (with a significant role played by the skills and competences of the administrative personnel, both those gained before entering the regional offices, and those gained afterwards).

A second declination is *the capacity to use EU funds and procedures to bring forth and implement projects and strategies, which local actors already had in mind, or*

which they develop on purpose. While very frequently the availability of EU funding triggers opportunistic behaviour on the part of local or regional actors, in some cases actors have shown their ability to use funding in order to implement strategic and coherent projects or programmes which they already deemed necessary. In other words, local actors show the capacity of implementing integrated policies, which means that they are able to integrate different sectorial policy issues by pooling different tools and different funding streams (public and private, regional, national, EU from different Structural Funds). This capacity to integrate thematic areas, implementation tools and devices and funding sources towards a strategic objective is to be found, within our cases, especially in the French cases and in Toscana, because this typology of institutional capacity does not specifically depend on the experience in managing EU rules and procedures, but is strictly linked with the initial maturity of administrative and institutional contexts, and it is possibly the least diffused of the three typologies.

We can find for instance this capacity in the Rhône-Alpes case, where a complex multi-regional regeneration programme used EU funding along with national and regional funding, through the reconfiguration of the original scope, from a quite sectoral to a more comprehensive and strategic one: the Plan Rhône is in fact interesting because it is representative of a habit of French actors involved in regional policies to expand the scope and resources of existing partnerships and inter-institutional cooperation devices through structural funds. From another point of view, in the Aquitaine case the ability to show competence both at content and at process level played in favour of the legitimation of the role of the Regional Government for the design and management of the programme. At the process level, the long acquaintance with experiences of *contractualisation* actors, be they internal or external to the administrative structure, played a significant role, while from a content point of view, the experience in promoting, designing and managing policies towards innovation has significantly contributed to the overall capacity of this second type.

Probably the most interesting case in which such type two IC is found is the case of Toscana. Here, the opportunity of using Cohesion Policy funds on Axis 5 was matched with the emerging need of innovating the strategies and tools for urban regeneration at the local level. The regional structures showed here a significant capacity of matching the needs and attention towards urban regeneration with a more general policy perspective, which recognises urban contexts as significant hubs for territorial development in Toscana, and with the appropriate funding sources.

The third declination is *the capacity to use the competences built through the use of EU funding in order to improve the overall quality of administrative action*, i.e. the increase in the quality of the intervention due to the diffusion and mainstreaming of the partnership principle, the sustainability framework, the use of monitoring and evaluation, the emphasis on multilevel governance, etc. In this declination, institutional capacity is a goal in itself and it can influence the final results in terms of

territorial development, because its effects can improve the quality of administrative action beyond the Cohesion Policy interventions. More precisely, the principles deriving from the diffusion of EU policies can be summarised in four main elements:

- the *partnership principle*, i.e. the ability to understand in which occasions it is appropriate or necessary to strengthen public/private or public/public cooperation and densify networks in a governance perspective;
- the ability to internalise the *environmental sustainability* dimension (through the introduction of tools such as SEA)
- the introduction of *evaluation procedures* in different phases of the policy cycle, along with the NPM framework and again in a governance perspective;
- the *equal opportunities* approach (in particular in the ESF funded policies and projects).

In the SMART-IST cases, we find evidence concerning mainly the diffusion of the partnership principle and of evaluation procedures, even if for instance in the Puglia waste, water and soil case, there is some evidence that the environmental competences built for the specific project may have had positive impacts on the regional structures more in general.

The NUVAL Puglia case is very clear from this point of view: the Evaluation Unit has been a tool for the improvement of the capacity to plan, select and evaluate projects, especially but not only in the framework of the ROP: in terms of improving planning capacities, the Evaluation Unit had not a relevant impact in the 2000-2006 programming period as it was not involved in the programming phase, while its involvement in the elaboration of the 2007-2013 ROP contributed to the adoption of a different programming vision based on the use of specific methodologies, greater policy integration, the enhancement of participation. This means that the set-up of the Evaluation Unit, which can be considered to a certain extent a CB policy in itself, has promoted the mainstreaming and diffusion of evaluation across all the policy areas controlled by the Region, starting from the EU funded ones to encompass the others.

Toscana is another interesting case: here ISUDP (Integrated Sustainable Urban Development Projects), the delivery mechanism of the policies drawn in Axis 5 of the ROP 2007-2013, focuses on cities, as a fundamental part of a development strategy. ISUDP is a coordinated and systematic set of public and private actions aimed at enhancing sustainability and combining a better urban and environmental quality with a higher economic competitiveness, that has been implemented through a competitive mechanism and with a significant role played by the strengthening of partnerships at different levels. This is the other relevant element of institutional capacity in the Tuscan case: the implementation of the ISUDP policy enhanced networking and partnerships both along the vertical axis (multilevel governance) and along the horizontal one (different cases of inter-municipal cooperation). In this case, the increase in capacity has been one of the objectives of the regional actor, which

enhanced its diffusion from the regional to the local level, in particular with the adoption of the competitive mechanism.

Also in the Aquitaine case, which focused on the process of establishment of an effective collaboration between the Managing authority of the Operational Program, the Préfet de Région, and the Regional Authority with particular attention to innovation, the analysis shows that collaboration is particularly relevant since it concerns the field of innovation and research, where the regional authority holds a strong leadership and technical capabilities. The new partnership sets real challenges both at regional and state level, with regard to two main aspects: the establishment of new patterns of collaboration and the integration of the new European guidelines and in particular of the innovation issue.

From the review so far, it seems that different types of capacity are present in different combinations: while in the French cases we find evidence of type two IC and some elements of type three IC, while the first type is also intervening; Toscana offers a good example of type one and type three; in both Puglia cases again the emerging dimensions seem to be the first and the third one; in the Polish cases the first dimension appears paramount, and the same happens for very different reasons in Sicilia.

The following table tries to summarise these results.

SMART-IST Regional Cases	Institutional Capacity		
	Type 1	Type 2	Type 3
Alsace	Filling the gap between French and EU procedures		
Aquitaine	Filling the gap between French and EU procedures; legitimizing the role of the Region	Already defined regional projects in the area of innovation	Partnership along the vertical axis (State-Region)
Rhône-Alpes	Filling the gap between French and EU procedures	Already defined regional project on the Rhône basin	
Toscana		Using the Structural Funds opportunity to intervene on urban regeneration, considered a crucial area for local development	Partnership along the vertical axis (Region-Local Authorities)
Puglia (Evaluation Unit)			Itself a policy for the mainstreaming of evaluation within the Regional administration
Puglia (Waste, Water and Soil)	Enhanced through technical assistance		Some evidence of spillover effects of environmental field competences
Sicilia	Long experimented capacity in structural funds management		
Lubelskie	Significant part of the institutional capacity building process		
Dolnoslaskie	Significant part of the institutional capacity building process		

Table 3 IC in the SMART-IST Regions

1.b.4. Capacity Building Policies

Capacity building policies (CBPs) refer to actions aimed at strengthening the capability of government officials to manage their programmes, to provide services to their constituents, or to manage their overall jurisdictional or inter-jurisdictional responsibilities. CBPs refer, therefore, on the one hand to improving managerial practices (along New Public Management theories), such as management, strategic and operational planning or evaluation; and on the other, to transforming power and institutional relations (i.e. governance) and producing learning and innovative governing arrangements.

Five main types of CBPs can be identified: staffing, training, networking, procedural arrangements, institutional and organizational innovations. A summary view of CBPs implemented in the SMART-IST case studies is given in Table 4.

Permanent *staffing* is present in a significant measure in five cases: Alsace – where it results by transfers of staff from the former managing authority –; Aquitaine – where all people managing ERDF were newly recruited –; Lubelskie and Dolnoslaskie – where EU departments were created and significantly equipped with qualified human resources; the Puglia task forces for managing waste, water and soil. Hiring is then quite typical when administrations are relatively new to managing the EU cohesion policy or the specific task at hand: in this respect recruitment is not only aimed at plugging capacity gaps, but it is part of a natural restructuring due to increased or more specialized workload. Less stable forms of staffing are also used: they have the advantage of quickly providing high-skilled workers, but long-term capacity building may get harder. This latter was quite a significant policy in the case of Sicilia, where the elaboration of the development projects for the TIPs saw the participation of experts temporarily collaborating with local authorities and where the different CB programmes implemented provided some technical support in the form of staffing. Also, though more limited in its dimension and with a median level of stability, the case of the Evaluation Unit in Puglia is where recruitment had the most precisely targeted professional profiles.

Training is certainly the most widespread of CBPs, but its importance and nature varies significantly, in particular in the tailoring of the implemented initiatives. Training in the Polish regions covered a very wide range of competences: from basic skills (like languages or computer skills), to EU management procedures (technical, accounting, procedural training), and mainstream topics (like sustainable development). The case of Lubelskie is also worth noting because a significant amount of training programmes were dedicated to possible beneficiaries of EU policy, in so giving publicity to the ROP: they mostly dealt with the possibilities of applying for the funds, how to fill the application forms, implementation, public procurement, etc. Sicilian TIPs profited from more focused activities, organized at different jurisdictional scales by public and private actors and covering again a wide range of technical features related to TIP management (EU procedures, labour

issues, etc.). In the case of Puglia, the novelty of both performance measures for the waste and water services and the Evaluation Unit were associated to training activities aimed at setting up the new systems. Particularly interesting it is the case of the initiatives organized as part of the PON ATAS, which focused on highly specialized topics and aimed at creating a new class of technical administrators. Finally, the case of Aquitaine is worth mentioning, mostly because of the ways in which training was designed: activities were in fact co-conceived and co-directed by State and Regional actors.

A third type of CBPs regards *networking* activities. Maybe the most explicit networking was implemented during the setting up of the Evaluation Units in Italy. Here, the Network of the Evaluation Units was created in 1999 and became operative in 2003, designed mainly as the leading coordinating structure of a community of practice: nonetheless, its success was limited and informal contacts bypassed its formal structure. Together with the Network, the Italian Department for Cohesion Policy set up the NUVAL initiative, a technical assistance and training programme that indirectly became a relevant opportunity for networking. The same networking effect was produced by the National Evaluation System, a set of support and orientation actions for the improvement and valorization of evaluation activities.

Other regions had more open networks, seeing the participation of a wider set of actors: one was certainly the network of innovation policy in Alsace (even though it had not a particularly long reach outside the normal network of the local innovation agency), the other the so called “Concertation Conference”, a required step of participatory design for the ISUDP in Toscana.

Other experiences in the SMART-IST cases had more implicit networking effects. A good example is given by the several training programmes benefiting the Sicilian TIPs, and the same can be said for the elaboration of Regional Action Plans for the management of waste and water in Puglia: these were required by the national administration and resulted in a better coordination of the different actors and tools in the governance of the waste and water service. Finally, Rhône-Alpes – a region which was experimenting interesting networking activities for its urban projects – did not follow this experience for the Rhône basin: here, only a coordinating table at DATAR was set up and worked lightly as a networking device.

A fourth type of capacity building policy is related to the use of *procedural arrangements* aimed at enhancing the quality of policy formulation and implementation. A first example is that of Aquitaine, where a work of homogenization of procedures was carried out in order to smooth the collaboration of State and Regional officials. Still in the Aquitaine region, the shared responsibility for the EU budget among the different units involved made spending a better tackled issue across the wider regional organization, not something limited to ERDF coordinators only. Another interesting device was set up in Sicilia, where the region established PuntoPIT, an internet platform for holding track of the implementation process of the Sicilian TIPs.

SMART-IST Regions	Implemented CBPs				
	Staffing	Training	Networking	Procedural Arrangements	Institutional and organizational innovations
Alsace	– Transfer of staff from the former managing authority		– Innovation network		– Agence régional de l'innovation – Delegation on Urban Development to Mulhouse and Strasbourg
Aquitaine	– Recruitment of full-time ERDF employees – Outsourcing of service certification	– State-Region Co-organized activities		– State-region procedural homogenization – Shared budget responsibility	
Rhône-Alpes		– Initiatives on managing European Projects	– DATAR Interregional working group – Network PUI 20 (for urban projects)		
Toscana			– Concertation Conference” – “Artimino Meetings”	– ISUDP selection procedures – “Concertation Conference” – Memorandum of Understanding – Evaluations	– “Participation Authority”
Puglia (E.U.)	– Highly skilled Unit members	– Nuval Initiatives	– Network of the Evaluation Units – National Evaluation system and Uval		– Evaluation Unit
Puglia (Waste, Water and Soil)	– Recruitment of new trained staff in Water, Waste, and Soil Regional Departments	– One year residential training for the environment and other initiatives	– Reform processes implementation shared by Central Administration and Regions – Regional Action Plans	– Performance Measurement for the service – Performance reserve – Implementation of reform processes in Water, Waste and Environment sector	– New Governance of Water, Waste and Environment sector
Sicilia	– Temporary Staffing linked to networking and training programmes	– Programmes: – Rap 100 – SPRINT – PIT-AGORA – POSTIT – PIT Lavoro (less so)	– Programmes: – Rap 100 – SPRINT – PIT-AGORA – POSTIT – PIT Lavoro	– Platform PuntoPIT to monitor implementation	– TIP Supervisory Committees – Negotiating and Discussion Table – TIP Office in the Leader Municipality
Lubelskie	– Permanent full time employees – Staff selection criteria (higher education, foreign languages, ICT skills)	– wide ranging (for employees) – Training initiatives for beneficiaries on a various array of topics		– Evaluation initiatives – Communication initiatives (communication campaign)	– Subdivision of the Department staff in sub-units focusing on specific tasks (at first informally, then formally) – New department for managing the ROP
Dolnoslaskie	– Staff selection criteria (higher education, foreign languages, ICT skills)	– wide ranging	– Web-sharing of information and material; – Online procedure for consultation & feedbacks – Working groups for the VDS	– Evaluation initiatives for the ROP and the Development strategy	– New department for managing the ROP

Table 4 CBPs Implemented in the SMART-IST regions

Procedural arrangements can also be a good way for governing at arm's length: setting standards maintains in fact the necessary freedom for implementers while ensuring the demanded results. In the case of Toscana, the region set up a framework to structure the elaboration of the plans and some selection standards, which were going to improve institutional capacity and ultimately the quality of development interventions. The very same mechanism characterized the introduction of performance measures for waste and water services in Puglia, which – even if not completely successful in terms of service improvement – stimulated some advancement in sectorial planning and intervention monitoring. In this latter case, the performance reserve linked to a set of national requirements resulted in a successful incentive for the modernization of the regional administration in Puglia. Finally, the establishment of ongoing evaluations is a good learning exercise – and when results are made public and used – it can be an important CBP for managing EU policies: similar initiatives are reported in the case of the Polish regions and – more indirectly – in Toscana.

Finally, a fifth type of CBP entails *institutional and organizational innovations*. The establishment of special administrative units for ERDF is present anytime the regional administration is also the managing authority: this is particularly significant in the case of the two Polish regions, where EU units progressively evolved into independent departments. The case of Sicilia witnessed the creation of several administrative arrangements to encourage a smooth implementation process for the projects: supervisory committees, negotiating tables, special issue units and – probably the most important innovation – a TIP Office in the Leader Municipality with powers of coordination and – in a limited number of cases – with procurement function for infrastructural projects. Finally, a significant case is that of the Evaluation Unit in Puglia: embodying the idea that change management requires some form of institutionalization, the unit can be considered an innovation successfully matching high quality staffing and the introduction and diffusion of the evaluation culture in the administration at large.

Besides their type, CBPs can be classified according to the actors involved and their relations, the timing of the interventions and their results and main constraints.

As it is apparent, the nature of the *actors* involved is diverse. Different jurisdictional levels enter such programmes and may play alternatively different roles. While both coordinators and receivers of CBPs are public administrations, a slightly greater diversity may characterize capacity givers, who may well be private consultancies, external experts or other types of institutions (as for instance universities). Notwithstanding, CBPs appear to be heavily dominated by public-public interactions, with limited cases of greater openness (such as the already mentioned case of innovation management in Aquitaine or the “Concertation Conference” for the ISUDP). CBPs always entail a multi-actor structure and apparently this never generated significant problems, even when relations were complex and network dense or multilevel: both innovation management in Aquitaine as the environment, soil and water reform in Puglia shows fruitful interactions among national and regional actors.

Another feature of interest in CBPs is the *timing* of capacity interventions, which means not only their duration, but more significantly their evolution over time. For what concerns the first, this is highly dependent on the type, goals and results of the initiatives: even if they are generally conceived as temporary interventions, their ability to fulfill their goals may enhance their long-term duration (this is absolutely key in the case of networking, whose effective functioning is completely dependent on successful exchange). For what concerns dynamics over time, institutionalization is

particularly important for all organizational innovations: it is less so for temporary structures like special units for technical assistance (which are due to disappear at the end of the projects), but it is instead particularly relevant for more permanent innovations. For the latter, two main challenges are worth mentioning: the capacity to acquire legitimacy and effective power within the new administration and the fruitful integration between new and old structures. For the first one, the Evaluation Unit in Puglia successfully evolved, progressively increasing its status and reputation within the regional administration. For the second instead, it is unclear how much the Unit – composed by external experts – is really perceived as part of the regional administration and not instead as an external evaluator. Integration was also a delicate issue in the Polish regions, where the evolution of the regional EU managing departments risked to create a completely separated administrative body focused on EU policy.

A final dimension worth investigating regards *results and constraints* characterizing CBPs working. Perception on their effectiveness is mixed. CBPs are judged positively when receiving administrations recognize an existent capacity gap: this happens not only when experimenting major change (as it is in the case of Poland), but more generally when the activity is finely targeted (as in the case of the Sicilian TIPs), or when the administration is new to the task (the Evaluation Unit in Puglia) or to EU policy procedures (the French regions). Nonetheless, regions with more experience in local development may well perceive such initiatives as a spending duty, or actually may not find an interest in the implementation of CBPs (as partly in France or Toscana).

Even though results are quite diverse across regions and type of CBPs (more information can be found in the specific sections of the case studies contained in the Scientific Report) some general risks may be mentioned: limited long-term effects, intra-institutional conflicts and lack of integration, inappropriate tailoring or ineffective design.

For the first one – limited long term effects – we have already mentioned that the use of temporary external experts may quickly deliver positive results, but with no enduring capacity gains for the administrations involved. This problem can be more widespread and may characterize all kind of “on demand” CBPs – like for example when training is focused on highly specific tasks or when technical assistance actually support implementing administrations without significant learning effects on the part of the latter.

For what concerns intra-institutional integration, major injections of new staff and administrative restructuring need to be managed carefully in order to avoid the creation of administrative “silos”: these may hinder the diffusion of capacity benefits across the administration as a whole, and hamper coordination with existent regional policies. This was a problem reported in the case of the Polish regions, but – even though to a lesser extent – for the Evaluation Unit in Puglia: successful integration is not only the product of specific organizational arrangements, but also of the legitimacy of the new structures, perceived as an effective gain for the administration as a whole.

Finally, the problem of inappropriate design and tailoring is typical for training, and even more so in the case of general wide-ranging training programmes. Such flaw characterized training initiatives within the Network of the Evaluation Units – too general for expert senior civil servants as Unit members were –, while training activities were generally successful in Sicilia and the Polish regions. In this latter case nonetheless, it is reported how the traditional way of delivery affected

participation, with distant locations discouraging applicants: the importance of such organizational features should not be underestimated.

1.b.5. Capacity Building Policies and Institutional Capacity

In the SMART-IST framework *CBPs are conceived as intervening variables in-between SV and IC*. This means that within the relation envisaged in the framework between SV and IC, CBPs can be drivers for breaking path dependency and improve capacity, no matter the level of development.

This pivotal power is partly confirmed by field research, which shows how the initial level of development is a very weak predictor for the way in which CBPs are designed and implemented. Notwithstanding, the fieldwork showed some evidence that their effectiveness may be partly influenced by structural values in the region, and this is clearly more so the less CBPs are confined within the boundaries of the public administrations involved. In this respect, the example of networks is quite telling: networks specifically devoted to practice sharing across communities of implementers work fine no matter the development context (the National Evaluation System initiatives in Puglia or the programmes for the Sicilian TIPs); the effectiveness of networks aiming at activating local actors on a common development objective (as the innovation network in Aquitaine) depends instead crucially on the wider level of development in the region. An opposite case is reported for training and staffing in Lubelskie, where – in a quite depressed area – the possibility of the administrations to get and retain high-skilled workers is increased by a stagnating labour market.

With no intention to underestimate such results, the relation between CBPs and IC remains central to the present analysis. Nonetheless, before elaborating further, one caution is needed. Capacity interventions are part of the wider development policy to be implemented in a region, and they are not merely instrumental for its effective working: ideally, they should certainly be a tool for tackling forthcoming or ongoing EU programmes, but they should also constitute a long term investment for improving administrative effectiveness and regional development policies more generally. In this respect, they are not only related to the level of capacity already present in the region – different capacity gaps ask for different CBPs – but also to the wider development intervention designed for that region – a certain kind of development policy requires a certain type of CBPs. Such relations are complex and differ widely across regions, across types of initiatives and also within the same type: hence, the aim of this section is not to give an account of CBPs results – which are extensively described in the case studies – but to conduct a more general reasoning on CBPs appropriateness, that is their potentials for improving IC within managing administrations.

Type one IC is the one more easily tackled: virtually all kinds of CBPs can improve that capacity and several initiatives across SMART-IST regions were considered successful. Generally, technical assistance is typically directed to solving type one capacity puzzles: whether it is organized with help desks, training initiatives or discussion tables, the focus is always on how to manage EU projects and policies. Staffing, organizational innovations, training and networking are all good ways of enhancing type one capacity gaps. Notice that they are listed in descending order for what concerns the impact they have on the receiving administrations (from the hardest to the softest measure) and in ascending order for their level of specificity in solving type one capacity gaps.

In this respect staffing and organizational restructuring are strictly related, since – depending on its size – staffing normally has organizational consequences: this is proved by massive staffing (and the subsequent establishment of new departments) in the Polish regions; the more limited staffing measures for the EU units in the French regions; or the highly specialized staffing experienced in Puglia both for recruiting the members of the Evaluation Units as for managing waste, water and soil. If the size of the capacity intervention is largely determined by the starting level of capacity, what is common is that the novelty of the task is dealt with the injection of new human resources into the administration. On the contrary, outsourcing is not extensively used: across SMART-IST regions, the only case reported is service certification in Aquitaine, which was considered a time-consuming and non-strategic activity, preferably dealt with outside the administration.

Training is another powerful tool, and – even if sometimes very basic topics are treated – it normally deals with specific technical aspects of the management of EU policies. As said, this is the most widespread of CBPs and one can envisage three main ways in which training may address type one capacity gaps, depending on the starting level of capacity and the experience with EU policy. Regions with powerful administrations but no experience (the French ones) organize training initiatives which are strictly focused on how to manage EU projects and are sometimes dominated by learning EU procedures: here, technical assistance is limited and generally not perceived as essential. Secondly, regions with experience in EU policy, but no effective administrations overall – as it is the case for Sicilia – profited both from strictly managing training and from initiatives more connected to project design and implementation: notice that here municipalities had to elaborate local plans, playing in a procedural framework set by the EU experienced Sicilian region. Thirdly, when the administration have no experience and low starting levels of capacity, training is more wide-ranging, covering all possible topics – from technical to substantive – considered necessary for managing EU policy: this is clearly the case of the Polish regions. Finally, it is no coincidence that the experienced and capable Toscana did not make use of training initiatives and saw a limited importance of CBPs more generally.

Among the tools used for enhancing type one capacity, networks are at the same time the less intrusive for administrations and the ones able to address more complex type one issues. In implementing EU policy, administrations are continually called to face unforeseen situations in which ready-made solutions are rare: anytime EU policy needs to be adjusted to local rules or idiosyncratic situations, networks can be the best way of finding the good solution (copying what works in other administrations) and of legitimizing administrative actions (doing something partner administrations do in the same situation). Following this reasoning, the utility of networking initiatives should be directly related to the level of innovation of the task at hand. With this in mind, the failure of the Network of the Evaluation Units as a CBP in Puglia may be connected to the specific way in which its activities were organized, and not so much to the appropriateness of the initiative in itself: it is in fact no coincidence that informal connections were ongoing and that the National Evaluation System initiatives were considered important also for their networking effects.

Such kind of networks are present across most SMART-IST regions, but the importance of sharing practices for type one capacity is so great that this effect is present in many CBPs which are not networks in the first place: training, procedural arrangements and institutional innovations often have in fact a byproduct networking effect. It is for example the case of the several programmes of technical assistance for the TIPs, which regarded Sicilia as well as other Italian regions and –

besides discussing a specific topic or delivering a specific training – served as a way of creating contacts among implementers. The same can be said for the intensive training delivered as part of the OP Environment in the case of Italy: the one year residential training programme created a strongly connected community of experts, who was to be in close contacts once distributed between the central and the regional task forces.

The case of *type two IC* is more difficult to evaluate, since CBPs effects are less easily observable: type two IC entails in fact an existent planning capacity to be used before CBPs are activated and delivered, so that possible type two improvements will only be observable in a future planning round. Both Rhône-Alpes and Aquitaine effectively managed to use EU funds for their own priorities (the Rhône basin and the innovation sector respectively), but the implemented CBPs were by no means the drivers of such capacity.

The emerging answer to this puzzle is suggested by three quite different cases: Toscana, Sicilia and Dolnoslaskie. In the first, a strong regional administration set an institutional framework for the selection and formulation of ISUDP projects that – while ensuring the respect of preset quality standards – activated a bottom-up process which integrated the needs of the cities involved. Among this the so called “Concertation Conference” – mandatory meetings for collecting needs and ideas of stakeholders in the elaboration of the plans – could be considered a good procedural CBP to improve the matching of local needs with EU funds: what is important is that this is a transferable procedure, possibly working even in contexts less advanced in terms of capacity. A similar case is that of Sicilia: here, an experienced administration set up a procedural framework for municipalities participating in the plans. Even though using a very inclusive selection threshold, projects coming from coalitions of municipalities were the product of their bottom-up collective thinking in the framework of preset rules. Finally, the latest revival of the Dolnoslaskie Strategy subsequent to the completion of its evaluation, started a process of elaboration of regional priorities which will serve also in the new EU programming period (and this after a first EU cycle in which EU policy completely absorbed the regional administration): here, the power of evaluations as a learning exercise could be the tool for the future enhancement of type two IC.

Shortly put, while it is reasonable that other CBPs – in particular staffing and training – may have a good potential for fostering type two IC in the future, these three cases suggest that some procedural CBPs may have a significant potential for activating this kind of IC even with effects immediately observable in the short run.

Finally, for what concerns *type three IC*, there is again a problem of observation. It is in fact quite natural that during the EU policy cycle, CBPs and subsequent improvements of capacity will all focus on EU policy: the real question is if EU principles will actually mainstream across the whole of the administration once the EU cycle is closed. Such type three effects may be enhanced controlling for two characteristics of CBPs: their ability to get integrated into the wider administration and their time frame of action.

The former is particularly tricky, because sometimes the way in which CBPs are delivered may actually prevent the development of such capacity. In this sense, the creation of special administrative units and the use of external experts or temporary staffing (which are not at all infrequent in the management of EU funds) may create specific problems of integration. Such phenomena of dispersion of capacity are lamented in the case of the TIPs in Sicilia – where

external experts entered the elaboration of plans – in the case of the new EU department for Dolnoslaskie, and also for the newly recruited staff for managing water, soil and waste in Puglia. In all such cases, specific moments of integration, aimed at transferring and exchanging competences and policy principles were lacking, and this hinders the future increase of type three IC.

Nonetheless, non-restricted training could well be a good way of informing the whole regional development policy to the EU principles: this is more relevant when training is wide-ranging and the administration relatively new to development policy more generally, as was the case for the two Polish regions. For more experienced regions – like the French ones – not only training is normally limited to EU procedures, but these regions can be more resistant to changing the way they manage development policy. Similar limitations may characterize also networks and staffing: the more they are limited to solving specific problems of implementation and the more administrations are experienced, the less probable that mainstreaming effects will produce.

The other relevant feature regards the time frame. Clearly, the more long term the capacity intervention, the greater the possibilities for the full penetration and mainstream of the EU way within the administration. In this respect, the case of the Evaluation Unit in Puglia shows not only how a permanent institutional change may be a good hub for the diffusion of the evaluation culture, but also that such innovations need time to reach a wider internal public and eventually to get fully integrated within the administration. Finally, some procedural arrangements may have a good potential for stimulating type three IC: this is certainly the case of selection procedures for the TIPs in Sicilia or for the ISUDP in Toscana. Such procedural frameworks partly internalized EU principles (in particular the partnership principle) and get the administrations working in that framework for a relatively long time: the question remains whether once the framework is no more binding, if administrations will replicate those principles.

In short, type three improvements are the more complex because no CBP explicitly deals with it and because in most cases improvements depend on the successful acquirement of type one capacity in the first place and the subsequent diffusion of such capacity to the wider regional policy making. Also, as mentioned, such Europeanization of regional policy making may instead be directly hindered by some CBPs.

	INSTITUTIONAL CAPACITY		
CBPs	TYPE one IC	TYPE two IC	TYPE three IC
Staffing	++	++	+
Training	++	+	+
Networking	+++		
Procedures		+++	+
Institutional and organizational innovations	+	++	++

Table 5 CBPs effectiveness for enhancing IC

In the table above you can find a summary view of the way in which CBPs impact on IC. As already said, type one IC is the most easily addressed: all CBPs but procedures have a direct and immediate influence on it, with networks showing a specific potential in tackling the most ambiguous issues. For both type two and type three IC a problem of time lag emerged, with results only available in the future. Notwithstanding, while some CBPs will probably deliver type two IC with no particular difficulties and some procedural arrangements do show effects in the short run, type three IC cannot benefit from a generally effective capacity intervention among the ones implemented (the only case in point being the Evaluation Unit in Puglia).

1.b.6. What works: an overview of results from case studies

In the light of the analytical categories introduced and discussed in the preceding paragraphs, we propose in this section a brief case-specific overview of the most significant results achieved in each programme or policy analysed, and some hypotheses about their connection with settings in terms of institutional capacity and capacity building policies put in place. These can be seen as empirical generalisations, while as far as the theoretical aspects are concerned, we will propose to focus on social mechanisms theory in § 5. Needless to say, we cannot imagine to transfer the actual arrangements put in place in each case, but we should rather reflect about the possible transferability of some more abstract mechanisms. A first application of the social mechanisms theory to the cases can be found in Appendix 1, Scientific Report.

Alsace. Decentralization of the management of the Operational Programme to the Regional Authority

This case looks very specific in the French context, because the decentralisation of the management of OP 2000-2006, Objective 2, and of OP ERDF 2007-2013 can be considered unique, even if under the new national political course it will be probably experimented on a wider scale, and it is strictly linked to the presence of a political leadership quite stable over time.

Since this case, as many others in this report, has been developing over time, we can distinguish two quite different phases in its implementation: the first one, that took place between 2003 and 2006, has been characterised by the centrality of the diffusion of the technical capacity of managing funds, while in the second one, started after 2007 and still on going, the ability to design and define plans and programmes becomes more important. While the political dimension has continued to play a relevant role in the relationships between Alsace and the national government, we can notice that the internal skills at regional level increased considerably since 2003, along with new staffing.

Aquitaine. Policy interventions in the field of innovation and cooperation between the Managing Authority and the Regional Authority

This case is quite different from the previous one, because the specialisation on economic development and innovation policies, already present at regional level, has been an important factor to legitimise the direct involvement of the Region. The case suggests that a strong institutional capacity that can be field specific can play a facilitating role in the adaptation to new tasks and responsibilities (as in the management of European funds, like in this case).

In Aquitaine the homogenization of procedures, and the conjoint and mixed training and communication and animation were important elements for collaboration, in a context of power sharing, rather than partnership. For instance, the unique dossier was a good tool for using ERDF for regional policies, mixing territorial and industrial points of view.

Moreover, the Region has proved to be very active in terms of Technical Assistance. A real transfer of knowledge and increase in institutional capacity occurred in particular as far as the Regional Council offices are concerned.

Rhône-Alpes. Design and implementation of multi-regional programs, in the fields of management of river basins and urban development

The Rhône-Alpes case is focused in particular on the multiregional integrated Rhône Plan, an issue that requires a high degree of different types of institutional capacity for its effective design and implementation. In this sense, we can say that this type of policy can be seen as a real challenge for the administrations involved. In this case the evaluation is controversial: if on the one hand the State and regional actors demonstrated the ability to enlarge the scope of the project to intercept EU funding, it is not clear if the EU rules (like the those on decommitment and the evaluation procedures) improved the overall management of the Plan or if they just concerned the EU funded part: in fact, if the automatic decommitment and mid-term evaluations help disciplining the use of funds, on the other hand many observers think that the introduction of EU rules created distrust and diverted the actors' attention from the content of policies.

The starting context was characterised at the same time by a quite complex relationship between the Préfet (State Representatives) and regional representatives, but also by an extensive experience on contractualisation among the different administrative levels, and this proved to be a key factor in the success of the policy.

Finally, we may say that the implication of European funds did not bring a profound reflection of how to adapt the current institutional and programming bodies to an interregional plan.

Toscana. Integrated Sustainable Urban Development Projects

The Toscana integrated projects case can be regarded as quite successful, because the Integrated Sustainable Urban Development Plan (ISUDP) has been a tool to improve institutional capacity, which has worked, through several mechanisms, as a device to improve the quality of administrative action and, in doing so, to mainstream principles of EU approach to development policy. The design and implementation involved the whole of the administration, both at regional and at local level, overcoming sectorial approaches, and the competitive nature of the process has acted as a powerful capacity building tool.

At the same time, we should underline that important learning and improvement of institutional capacity took place at the local (municipal or supra-municipal) level, or in the strengthening of the relationship between Regional and local level, and we should not underestimate the role played by the administrative context, already characterised by good levels of institutional thickness and capacity, and by path dependency in local programming (the ISUDPs tool derives from previous territorial integrated project experiences, which already had significant capacity building policies).

Puglia. Technical bodies (Nuval) supporting the administrative structures in the assessment and selection of programmes and projects

In this case we can follow the evolution of the effects of the introduction of the Evaluation Unit at regional level, and the different significant opportunities of learning it implied: from ex ante evaluation on EU funded projects, to ex post evaluation on EU funded projects, to the diffusion of ex post evaluation also to other sectors (and to the contribution to the drafting of the ROP 2007-13, beyond the mandate and role of the Unit itself).

In this sense, the diffusion of the ex-post evaluation culture is the most relevant effect, in the framework of the overall public administration reform after 1999 (which played an important role as a legitimating background). This result can be connected to different aspects: the reputation derived from perceived expertise insulated the body from political blames; the unit is seen as a resource by departments who can certify their actions; and finally, the subsequent creation of inter-sectorial working groups on different issues has made coordination between this body and the rest of the regional administration easier.

Puglia. Reform processes and sectorial planning in the field of water, waste management and soil protection

This case follows two quite different initiatives, both aimed at improving the quality of public services in specific policy areas and at strengthening the institutional and management capacity of regional actors, through different policy tools, in particular based on incentives. In the first case, the policy which aimed at improving the management of water, waste and soil protection in Puglia and in other regions stems directly from the National Technical Assistance Operational Programme, 2000-2006, while in the second one a Performance Based Mechanism was established at national level for the achievement of quality targets in the supply of public services.

As far as the TA OP 2000-06 is concerned, the PON ATAS 2000-2006 assistance supplied to Apulia Region (through the Operational Projects “Environment”, “Soil protection” and “Water Resources”) gave a contribution to the start-up and work capability (i.e. the capacity of carrying out their institutional duties) of ARPA, Regional Environmental Authority, Water Basin Authority. Such agencies and institutions were strengthened by the Operational Projects, mainly because of the professional contribution they received and the opportunity of internalizing trained and specialized staff, in order to implement the sector reform and establish a new governance and organisation of environment and utilities sector. The most effective capacity building policies have been the supply of professional staff to the regional administration, the training on GIS and other technical tools, and especially the creation of networks of technical actors at national and regional level to exchange knowledge and data (star shaped and based on the Ministry in one case, more reticular and horizontal in the other two cases).

Sicilia. Territorial Integrated Programs for development (TIPs)

The design and implementation of Territorial Integrated Projects in Sicily has been one of the most complex policy efforts undertaken by the Regional government, so the judgement about its effectiveness and the reasons behind it cannot be univocal and is quite controversial: moreover, a lot of learning took place at municipal level as in the Toscana case (role of Unique Office), so the judgment varies if we look at the Regional or local level. As in Toscana again, path dependency

played a significant role at local level, so the capacity to design long term development strategies can be reconnected to the presence of local political leadership and/or to the presence of already existing local agencies, which can also be seen as a way to overcome the impact of political change.

At the same time, looking at the regional level, the possibility of a thorough project integration has been diminished by the different applicable rules for infrastructural interventions, grants to businesses and training activities (in the lack of coordination mechanisms like the 'global grant' model). In this sense, the design of the rules at regional level has proved to be overly complex and difficult to understand.

As far as CBPs are concerned, integration was well pursued through the overall CBP engagement towards integration, and communicative flows and relational aspects are important for capacity building, so that meetings, committees, face-to-face interactions were preferred. At the same time, CBPs work on the direct receiving administration, but they do not appear to spread to other partners; homogeneity in CBPs is a problem: sometimes more delegation is needed, in other cases more intense CBPs, and finally, with all the different technical assistance programmes put in place, the ability to tailor them to implementation needs proved to be quite poor.

Lubelskie. The impacts of the Polish decentralization of the EU Structural Funds framework in the programming period 2007-2013

The devolution of EU cohesion policy can be seen as an external shock, that significantly influenced the increase in institutional capacity, in a context in which the institutional capacity of the various actors, and especially of the Marshal's Office departments, had to be created from scratch; but at the same time there has been time for a soft adjustment and empowerment through the different phases leading up to the 2007-12 ROP (throughout the management of the pre-accession funds and of the 2004-2006 transition period).

In the first period there has been top down compliance to the Ministry of Regional Development: the ministry acted in fact as a trustworthy and EU legitimated actor, but with some first devolution of implementation competences for some IROP priorities to the Marshall offices.

Overall, we can say that even if the devolution of competences has not been completely successful, we can mention a number of positive elements: the horizontal pressure by competition with other regions has been an important factor; conditionality worked; coordination (among subunits) and social exchange (due to the physical proximity of the different offices) has played a significant role; personnel stability implied accumulation of skills and political stability helped to confirm the strategic policy objectives over time. Looking at the sub-regional level, also local authorities were incentivized by the possibility to access EU funding.

Dolnoslaskie. The relations between strategic planning and mid-term programming instruments

In order to understand this case it is useful to take into account that there are a number of elements in common with the Lubelskie one, concerning in particular the process of

decentralisation of competences which took place after the complex period of regionalisation in the late 1990s. At the same time, there are some differences, especially as far as stability of technical staff is concerned: in Dolnoslaskie the significant staff turn-over hindered the possibility to accumulate skills.

Looking at the relationships with the national government, we can say that the Ministry of Economy and Labour (later of Regional Development) has been a trustworthy source of knowledge and that the deadlines and commitments set by the Ministry kept the process going. On the other hand, the Department of regional development in the Marshal Office has been certificated by the Ministry itself.

Even if in the end the ROP gained increasing importance in the face of VDS because of the presence of EU funding, we observed that the constant exposure to new tasks has triggered positive learning by doing and that networks of specialists for have been quite effective in the drafting of a shared strategy.

1.b.7 Social mechanisms for uncovering causality: A tentative application

The term mechanism is widespread across a great number of scientific disciplines: it is used extensively from biology to sociology, and this makes the concept familiar and intuitive (consider for instance the well-known mechanism of natural selection in evolution theory), but somewhat fuzzy and ambiguous.

In social sciences, mechanisms typically belong to the sociological vocabulary (Hedström and Swedberg, 1996; Elster, 1998; Pawson, 2000): they are building blocks of middle range theories (Merton, 1957), that is detected regularities which nonetheless have not the same level of generality of law-like propositions. According to Renate Mayntz “mechanisms state how, by what intermediate steps, a certain outcome follows from a set of initial conditions” (Mayntz, 2004): going beyond co-variation, they try to uncover causal chains. In the well chosen wording by Barzelay, they are “only sometimes true, (partial) theorization of complex temporal phenomena” explaining some regular links among political and institutional procedures, decision tools, characteristics and propensities of actors, and effects to be expected (Barzelay, 2007).

- **Authority/Reputation:** it is particularly relevant for capacity building, enhancing knowledge transfer and increased participation are more possible to occur in the presence of a credible and trustworthy source.
- **actors’ certification and de-certification:** it concerns the positive or negative validation of actors, their performance and their claims by external authorities that can enhance or reduce the role of a specific actor.
- **public disclosure, naming and shaming,** the mechanism defining the sanctions against defection or free riding.
- **Search for attention and legitimization:** facilitating the adoption of innovation and the maintaining of certain standards and modes of conduct for gaining the acceptance of partners.
- **Control systems:** mechanisms of feedbacks, monitoring and correction directed to ensure the completion of a certain action and the avoidance of risks (control by mutuality, police patrol, fire alarm).
- **Framing** entails the creation and maintenance of a shared view: it helps communication and the simplification of complex issues.
- **Creation of focusing events** explaining how a certain issue increase in its salience, entering and climbing the policy agenda.
- **Diffusion, threshold effect and bandwagon:** the success of a practice resides in the number of participants adhering to it. Threshold effects point to the level at which actors perceive participation as beneficial and explain entering to a partnership.
- **Organizational learning and learning by doing:** all mechanisms based on the observation and repetition of others’ behavior, based on the fact that they later become permanent reasons for behavior.
- **social exchange** refers to mechanisms of likeness and fruitful interchange among individuals which – in organizations – may improve performance.
- **creation of community of practices:** literature shows that a community of practice is a platform for individuals to develop and share best practices across organizational units (McDermott, 1999).
- **participation of institutions considered similar or better:** knowledge or capacity transfer processes are influenced by the fact that the transfer source is perceived by the receiver as similar to itself. Isomorphism is a powerful source of diffusion of innovation.
- **stick and carrots:** it refers to the attribution of incentives and penalties in order to induce change in agents’ behavior by acting on their structure of preferences.
- **attribution of threat and opportunity** explains why policy entrepreneurs respond with intense efforts to situations where they perceive that the window of opportunity may open, and more generally help explaining the actions pursued by an actor.
- **performance feedback:** it entails the production, handling, and interpretation of information about efforts and outcomes, in the light of previously established aspirations and goals.
- **rules of coordination:** they improve the capacity to anticipate moves, enhancing self-coordination by the actors towards an agreed objective. Different rules and modes can be defined: hierarchy, reciprocity, deferential adjustment, positive and negative coordination, voting, repeated interactions.
- **deadlines and commitments** are tools structuring future events and discarding other options. They favour pre-commitment to results and prevent procrastination tendencies.

Box 1 A non-exhaustive list of mechanisms

In our view, mechanisms are actor-based and relational: they do not refer to psychological features, but they represent patterns of influence, coordinating rules and – more generally – forms of interaction among actors-in-institutions, which influence the production of expected policy results. Also, they are context-sensitive and configurational: causation is not linear, but depends on the combined action of different mechanisms in a certain context. A non-exhaustive list of different mechanisms to be found in the literature is collected in the box above.

The box lists many different kinds of mechanisms at different levels of abstraction, and producing different policy effects. For better clarity, we can try to order such list into some consistent classes. Different classifications have been proposed in the literature: according to how they link macro and micro dynamics (Coleman, 1990); if they act at the social, relational, or cognitive level (Tilly, 2001); depending on the resources they employ (with the typical distinction into organization-hierarchy, markets-incentives and networks-trust; see for instance Ongaro, 2009). Looking specifically to Cohesion Policy, we can group mechanisms into three main categories: incentive; reputational and coordination mechanisms. Each class responds to one possible question that a policy innovator dealing with the implementation of Cohesion Policy would pose in order to ensure success:

– **How to generate and maintain engagement?**

Incentive mechanisms: typically actor-centered, they follow a stick-carrot dynamic and are based on incentives and sanctions acting upon the utility actors attribute to a certain course of action;

– **How to enhance/maintain/decrease the role of an actor?**

Reputational mechanisms impact on the reputation of actors in the process. They are actor-based but with a relational character: reputation can be in fact conceptualized as a resource of a certain actor, but – to be effective – it depends on other actors' perception.

– **How to facilitate smooth interactions?**

Coordination mechanisms are relational: they determine and structure actors relations, by modifying their modes of interaction;

Following such classification, one could order the mechanisms listed in the box filling the three classes. What is worth noting is that only some will be considered mechanisms in their own right: others will better represent specific ways by which a certain mechanism will occur. For this reason, the list above can be simplified, distinguishing the general mechanisms by the features of a certain programme triggering the corresponding mechanism. In order to test such distinctions, the table below presents mechanisms organized into the three classes mentioned above, specifying possible features of the programme triggering a certain mechanism, and providing examples found in the fieldwork of the SMART-IST project.

	Mechanisms	Features of the Programme	Examples in SMART-IST cases
INCENTIVE	Attribution of opportunity Attribution of threat Bandwagon/threshold effect	Sticks and Carrots Focusing Events Precommitment Public disclosure	<ul style="list-style-type: none"> – Lubelskie: competitive regional funds incentivized local authorities to improve their capacity (carrots) – Puglia W.W.S.: national performance reserve made administration complying to national requirements (stick and carrots) – Puglia W.W.S.: performance measurement in the case of waste and water activated service reforms at the local level (stick and carrots) – Toscana: Competition among municipalities, non-standard activity, selectivity within the urban area and the possibility to access funds enhanced motivation both at the political as at the bureaucratic level (focusing events; carrots) – Dolnoslaskie: deadlines and commitments by the national authority for the regions improved their capacity (sticks) – Rhône-Alpes: even though little, the presence of EU funds and specifically the rule of decommitment significantly improved project management and financial engineering (precommitment) – Toscana: Structured process of application with predefined standards and procedures (precommitment) – Sicilia: Structured process of application (precommitment) – Sicilia: Organizational Agreements of the partnership with the region (precommitment)
REPUTATION	Actor certification Actor decertification Perception of effectiveness Blame avoidance	Naming and shaming Public disclosure Competition	<ul style="list-style-type: none"> – Lubelskie: the EU and – consequently – the department as a trustworthy authoritative source improve the diffusion of knowledge and respect of new norms (certification) – Dolnoslaskie: the EU and – consequently – the department as a trustworthy authoritative source improve the diffusion of knowledge and respect of new norms. Here, the former department was somewhat decertificated (certification) – Dolnoslaskie: development policy networking created trust and enhanced coordination among actors outside the regional administration (legitimization, creation of communities) – Aquitaine: shared ERDF budget within the administration for improving the use of funds (creation of rules of coordination) – Puglia NUVAl: the Evaluation Unit is at the same time certificated and certificatory, transmitting authority with its advice (certification) – Puglia NUVAl: accepting the Unit decision is a way for regional officials to legitimize and protect their conduct (blame avoidance)
COORDINATION	Performance feedback Deferential adjustment	Repeated interaction Fire alarms Meta-rules Focusing Events	<ul style="list-style-type: none"> – Lubelskie: reorganization of the regional department into subunits and formalization of the division of tasks (creation of rules of coordination) – Lubelskie: the physical proximity of the two departments (the one managing the ROP and the Regional Development one) enhanced coordination between the two, improving social exchange by the use of repeated interactions (social exchange, repeated interactions) – Puglia NUVAl: creation of inter-sectorial groups for development policy (repeated interactions) – Alsace: devolution created a single hub for EU funds and this smooth coordination and communication with local actors certifying the regional administration (actor certification) – Aquitaine: devolving one axis in its entirety improved coordination of innovation actors (actor certification) – Aquitaine: unified application form for regional funds (no matter if EU or not) (creation of rules of coordination) – Lubelskie: periodic evaluation and monitoring by external consulting firms enhancing capacity improvements (control feedback) – Sicilia: the TIP Office and the Supervisory Committee enhanced coordination (repeated interactions)

A promising advantage of using mechanisms for investigating capacity building is that, even though context-specific, they can be manipulated and extrapolated. The extrapolation problem regards the transfer of something that worked in a certain situation (the source case) to a different context (the target case): if successful, such operation would give the enormous advantage of facilitating learning from experience in the policy sphere, where the great accumulation of empirical knowledge not always find its most profitable use. To overcome the ties and conditioning of idiosyncratic contextual features, Eugene Bardach had the promising intuition to solve the extrapolation problem by focusing on basic elements that worked in the source case, without reproducing the entire policy (Bardach, 2004): such basic elements are the mechanisms underlying policy success.

The possible solution of the extrapolation problem makes the table above not only theoretically relevant, but empirically intriguing. First of all, this is an effective way of isolating the success factors that ensured successful implementation of the different projects: it is in fact a good causal representation of what worked in the programmes, permitting better parsimony than long descriptive narratives. Secondly – going back to the extrapolation problem – a policy innovator looking at SMART-IST case studies would actually have difficulties in understanding what helped producing the outcomes, and even harder would be to understand what is worth to take from a successful case and apply to the target case. A mechanisms approach would instead help such transfer: a policy innovator would not need to reproduce all the different features present in the source case, but – more easily – only the causal mechanisms that made it work.

This is a fundamental point, but going to far on this would be beyond the scope of the SMART-IST project. Nonetheless, developing an approach to Cohesion Policy and capacity building based on mechanisms would be a promising avenue for future research. As stated more in depth in §5, a promising follow-up to SMART-IST would be to use more systematically the mechanisms approach in analyzing capacity building processes, refining possible generalizations over the implementation of CBPs and the relation between institutional capacity and the successful management of Cohesion policy.

In order to do so, the proposal will be to *develop an operational data-base of smart practices in CBPs across the EU 27*, collecting evidence of an increase in IC due to the effect of CBPs (see §5 below).

2 Options for policy development towards a common Capacity Building Policy

In recent years the European Union (EU) developed an increasing interest for institutional capacity, in particular since the accession of Central and Eastern European countries in 2004. During the preparation of the European Social Fund (ESF) programming framework for 2007-2013, a new priority was integrated, consisting in improving the institutional and administrative capacities of the regions benefiting of “convergence funds”. Within the regulation document, these institutional and administrative capacities are defined as the “the set of characteristics related to human capital in the public sector and to the performance and success of public policies.” The concept of “capacity” underlines the attention to be given to the development of strategies and competences to maximise the opportunities for policy implementation. Typical aspects of capacity are the quality of civil servants, organisational characteristics, the diffusion of ICTs among organisational units, inter-department relations and the style of interaction between government and its social and economic environment. The intuition at the origin of this interest of the EU for institutional capacity lies in the hypothesis that well managed public institutions and well trained public servants are essential for successful design and implementation of public policies in the field of the knowledge-based economy around which the Lisbon’s strategy and the more recent EU 2020 Strategy are pivoted.²

On June the 29th 2011, the Commission adopted a proposal for the multi-annual financial framework for the period 2014-2020: A Budget for Europe 2020. In its proposal, the Commission decided that cohesion policy should remain an essential element of the next financial package and underlined its pivotal role in delivering the Europe 2020 strategy. In defining the strategic approach at the basis of the proposal for regulation laying down the provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework, the European Commission argues that, in order to maximise the impact of the policy in delivering European priorities, there is a need to reinforce the strategic programming process. This involves defining a list of eleven thematic objectives in the Regulation in line with the Europe 2020 Strategy. Among these objectives, a relevant position is occupied by ‘enhancing institutional capacity and an efficient public administration’.

This point has been inserted into the proposal "Common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European

² In this framework, the ESF has first targeted the services and administrations whose action has a direct impact on the labour markets, namely employment services and education and training structures. These actions have been then extended to other sectors and to NGOs.

Social Fund and the Cohesion Fund” (2011/0276 (COD)) as well as the specific proposals about ERDF and ESF.

For example, when defining the rules that will determine how the ESF will work in the 2014-2020 period, the Commission proposes to target the ESF on four ‘thematic objectives’ throughout the EU, each translated into intervention categories or ‘investment priorities’. Among these objectives, a particularly relevant role is indeed played by the ‘enhancement of the institutional capacity and the efficiency of public administration’. More in details, the document specifies that, in the less developed regions and Member States, and with a view to increasing economic growth and employment opportunities, the efficiency of public administration should be improved and the institutional capacity of stakeholders delivering employment, education and social policies should be strengthened.

When defining the scope of support, it states that (EU, ESF, 2012 – Article 3) the ESF shall support the enhancement of institutional capacity and efficient public administration (i) via investments in institutional capacity and in the efficiency of public administrations and public services with a view to reforms, better regulation and good governance³, (ii) via capacity building interventions targeting stakeholders delivering employment, education and social policies and sectoral and territorial pacts to mobilise for reform at national, regional and local level. Moving to the specific provisions for programming and implementation, the document argues that, in order to stimulate the involvement and adequate participation of partners in actions supported by the ESF, managing authorities of the operational programmes shall ensure that an appropriate amount of ESF resources is allocated to capacity-building activities, in the form of training, networking measures, and strengthening of the social dialogue, and to activities jointly undertaken by the social partners. In this light, the Commission clearly aims at facilitating capacity building for social innovation, in particular through supporting mutual learning, establishing networks, and disseminating good practices and methodologies.

Similarly, when defining the main investments priorities, the proposal for regulation concerning the specific provisions of the European Regional Development Fund and the Investment for growth and jobs goal confirms how the ERDF shall support the enhancement of institutional capacity and of the efficiency of the public administration and public services related to implementation of the ERDF, and in support of actions in institutional capacity and in the efficiency of public administration supported by the ESF.

Beside the mentioned attention to the topics of Institutional Capacity and Capacity Building, it is worth to mention that the new regulation proposal prepared by the European Commission in relation to the future programming period 2014-2020 includes a number of important changes to the way cohesion policy is designed and implemented. Among them, particularly relevant appears the proposal to concentrate

³ However, the document specifies that this investment priority is only applicable throughout the territory of the Member States which have at least one NUTS2 region in Convergence Objective or in Member States eligible for Cohesion Fund support.

funding on a smaller number of priorities better linked to the Europe 2020 Strategy: focusing on results, monitoring progress towards agreed objectives, increasing the use of conditionalities and simplifying the delivery are among the major hallmarks of the proposal.

When discussing how to increase the performance of the Cohesion policy, the documents argue that the effectiveness of the different structural instruments depends on sound policy, regulatory and institutional frameworks. In many sectors, a combination of strategic and regulatory conditions and public investment is needed to address bottlenecks to growth effectively. The options examined in this context related to: a) the status quo (macrofiscal conditionality and compliance with procedures and with EU sectoral legislation and strategic frameworks); b) ex ante conditionalities to be fulfilled prior to the adoption of the programmes; c) ex post conditionalities including the performance framework and performance reserve.

Partnership Contracts between the Commission and each Member State will set out the commitments of partners at national and regional level and the Commission. They will be linked to the objectives of the Europe 2020 Strategy and the National Reform Programmes. They will set out an integrated approach for territorial development supported by all the CSF Funds and include objectives based on agreed indicators, strategic investments and a number of **conditionalities**. They will contain commitments to give yearly account of progress in the annual reports on cohesion policy, on rural development policy and in other public reporting.

The concept of conditionality is not a new concept within the framework of cohesion policy. Over successive programming periods, a number of mechanisms have been introduced to maximise the effectiveness of the interventions. Some are linked to management and control disciplines while others to strategic and regulatory frameworks as well as administrative capacity.

The rationale for strengthening 'ex ante' conditionality for these funds is to ensure that the conditions necessary for their effective support are in place. Past experience suggests that the effectiveness of investments financed by the funds have in some instances been undermined by bottlenecks in policy, regulatory and institutional frameworks.

On the other hand, 'ex post' conditionalities aim at strengthening the focus on performance and the attainment of the Europe 2020 objectives. They will be based on the achievement of milestones related to targets for outputs and results linked to Europe 2020 objectives set for programmes in the partnership contract. 5% of the budget of the relevant funds will be set aside and allocated, during a mid-term performance review, to the Member States whose programmes have met their milestones. In addition to the performance reserve, failure to achieve milestones may lead to the suspension of funds, and a serious underachievement in meeting targets for a programme may give rise to a cancellation of funds.

Finally, to ensure that the effectiveness of the funds is not undermined by unsound macrofiscal policies, the Commission proposes to reinforce the rules governing the Funds on macrofiscal conditionality and align them with the new Stability and Growth

Pact enforcement measures to be adopted as part of the Sixth Economic Governance Package.

In defining more in detail the ex ante conditionality referred to *Enhancing Institutional Capacity and Efficient Public Administration* (art. 9(11) of the general regulation proposal) the Commission states that the basic point is "*the existence of a strategy for reinforcing the Member States' administrative efficiency including public administration reform*" and that implies the fact that such strategy should be already *in place and in the process of being implemented* and that it includes:

- *an analysis and strategic planning of legal, organisational and/or procedural reform actions;*
- *the development of quality management systems;*
- *integrated actions for simplification and rationalisation of administrative procedures;*
- *the development and implementation of human resources strategies and policies covering the recruitment plans and career paths of staff, competence building and resourcing;*
- *the development of skills at all levels;*
- *the development of procedures and tools for monitoring and evaluation.*

From the results of the SMART-IST project we are in the position of making a certain number of suggestions about how to articulate this proposal as regards to the following elements:

1. the different types of IC;
2. the diagnosis and the strategic planning.

For the first, two main points are worth mentioning: the most relevant is that – as outlined in the project – there are different definitions of IC, each with its own specific contribution and critical aspects for implementing Cohesion Policy; the second – partly related – point is that capacity building processes do not follow a linear evolution from low to high levels, but capacity gaps may persist even when administrations are relatively efficient.

In this respect, the main issue to be stressed here is that – even though the European Commission (EC) worries about the efficient management of Cohesion Policy are certainly correct – it would be wrong to identify effectiveness only with financial management, the absorption of allocations, the respect of European regulation and so on (i.e. with what we called type one IC). In fact, this would certainly disregard many important drivers of good Cohesion Policy, which we labeled as type three and type two IC.

Notwithstanding the importance of such a fuller understanding of IC, the fieldwork has shown the absolute importance of type two IC: if in fact, the ability to borrow key EU principles of good governance (transparency, accountability, equal opportunities, etc.) and transfer them to the regional policy making overall (type three IC) is certainly significant, the real test of effective implementation appears to be the

integration between European Cohesion Policy and domestic policies (type two IC). Working on this latter is in fact the one way through which the goals of the Lisbon strategy can be attained and the full development of European regions effectively promoted.

On this respect, the fieldwork has revealed that – while type one IC is not tremendously problematic (and easily tackled when necessary) and type three is less relevant when designing and implementing the policy – MAs (and more so in convergence regions) are not faring good on type two IC. The risks of dangerous administrative fragmentations – between public bodies in charge of the Structural Funds and the Cohesion Fund and the rest of Public Administration – and lack of policy integration – between EU and Regional policy – are particularly present and tricky.

In conclusion, it is our recommendation that MS and the EC take into consideration such larger definition of IC and in particular the specific risks of fragmentation that EU policy may generate.

For what concerns the second point mentioned above – the diagnosis and the strategic planning of the necessary reforms – the ex-ante conditionality envisaged here is the fact that the planning documents will include a more or less homogeneous action plan about what to do in order to reach the desired level of IC. The risk here is that such a step, if not taken very carefully, will be at the same time too much and too little. Too much because the different administrative traditions, sometimes strongly embedded in the national administrative cultures, design different development trajectories that it is quite impossible to reduce to one and one only model. Too little, because the different elements included into the EU document lend themselves to be interpreted in a formal way - basically writing documents and/or defining procedural arrangements - whose respect not always coincides with real and long lasting improvements.

With this in mind, diagnosis and improvements should be specifically tailored to the single administrations coping with capacity gaps, while being nonetheless the result of a controlled, replicable and comparable process of analysis and change. In this respect, a first possibility is to use some common indicators like the ones proposed in chapter 3 below: the strategic plan would then report the actual measures and define individual targets to be attained across the different areas of IC.

More generally, the main ex-ante conditionality would be the elaboration of a plan in order to identify the priorities and the targets of the IC policy within the EU funded Cohesion Policy. This implies a careful diagnosis of the existing situation, by the identification of the main obstacles – the bottlenecks in the common parlance – preventing the full deployment of the potentialities of development policies and programmes. In fact, the ability to understand where the most important problems lie is at least half of the total effort needed, because it poses the most important questions: "why is it difficult to fully comply with EU regulations?", "which are the

main factors that prevent the integration between domestic policies and EU policy?", "in which fields would the adoption of the basic principles of EU cohesion policy (e.g. systematic evaluation, partnership principle, etc.) most improve the impacts of the interventions?".

Our proposal for the diagnosis and improvement of IC is that each MA would conduct a self-assessment of its level of IC, evaluating its current level and setting the most tailored targets and improvement actions possible. This can be done by the use of the CAF – Common Assessment Framework, a methodology for assessing the organizational factors relevant for public administrations, which is explained in-depth in the box below.

The Common Assessment Framework as a tool for measuring and improving IC

The CAF - Common Assessment Framework is a system of self-assessment for Public Administration's total quality management, based on a holistic idea of organizational performance. It is the result of cooperation among the EU Ministers responsible for Public Administration, it was firstly presented in May 2000, with a first revision launched in 2002 and the last version completed in 2006. It is a particularly reliable tool: it has been extensively applied (about 2000 European public administration used CAF since 2002), it has been the object of many studies on its application and results, it is supported by some active CAF national resource centers, it was translated into 19 languages. On the basis of more recent developments and research, a new 2012 version is going to be delivered.

The CAF is structured on nine criteria which are assumed as fundamental in any organizational analysis (see the figure below). The first five (leadership, people, strategy and planning, partnerships and resources, processes) are enabler features: they identify the main areas that the organization should manage in an proper way (i.e., using planned and periodically revised procedures based on the logic plan-do-check-act cycle) in order to achieve its results. The second four (people results, citizen/customer oriented results, society results, key performance results) evaluate performance by perception measurements and output/outcome indicators referred to time series, goals and benchmarks. Each criteria in the model has a specific weight.

The diagram, titled "The CAF Model", illustrates the relationship between organizational enablers and results. It is structured into two main columns: "ENABLERS" on the left and "RESULTS" on the right. A large arrow at the top points from ENABLERS to RESULTS. Below this, a series of boxes are connected by lines. On the ENABLERS side, there are five boxes: "Leadership" (a tall vertical box on the far left), "People", "Strategy & Planning", "Partnerships & Resources", and "Processes". On the RESULTS side, there are four boxes: "People Results", "Citizen/Customer Oriented Results", "Society Results", and "Key Performance Results" (a tall vertical box on the far right). A large arrow at the bottom points from RESULTS back to ENABLERS, labeled "INNOVATION AND LEARNING".

The nine criteria are broken down into a list of sub-criteria (28 in total) which are completed by useful examples and which identify the main issues requiring consideration for the single criteria. The self-assessment committee in the organization implementing CAF must collect evidence, examples and data in order to compose a picture of the quality of the procedures put in place and results achieved in the different areas of the organization.

Scores on criteria and sub-criteria are attributed on the base of a 0-100 chart that helps self-

assessment committees to homogenize the evaluation criteria. Scoring allows to identify areas of improvements, monitor progress, identify good practice and find partners to learn from.

Implementing the CAF is based on three main phases: planning and communicating the intervention (senior management commitment and active participation are fundamental); conducting the self-assessment (in which self-assessment groups are to be formed in order to collect evidence and results, assign the scoring and elaborate a report); planning the improvement plan (which is the main outcome of the process).

The CAF model is designed to be used in all units of the public sector; but nonetheless, the standard form can be fruitfully targeted to the specific policy domain of the organizations at hand (a tailored international version exists for education, whereas national applications were elaborated for instance for university and justice).

In this respect the ex-ante conditionality would be to require a homogeneous self-assessment by the use of a CAF specifically designed for MAs (on the tailoring of CAF see the last paragraph §5). The strategic plan mentioned above would then be the improvement plan prescribed by the CAF methodology and will be the result of a process of self-assessment involving the whole of the administration managing EU policy.

In the diagnostic phase the CAF will consider all the three types of IC, pointing to different sources of capacity deficit and addressing them with specific actions reported in the improvement plan. In this respect, the relation between CBPs and IC types investigated in the previous paragraph (see §1.b.5.) is particularly relevant: even though further research is needed, the findings summarized in Table 5 can be a good starting guideline for designing improvement actions specific to the diagnosed capacity gaps. The choice of the right CBP given the CAF self-assessed capacity deficit is in fact fundamental in order to avoid the elaboration of generic strategies with one-size-fits-all solutions, which are not good neither to the specificities of socio-economic development policy nor to the different contexts in which the improvement actions should take place.

Closing this section, a final point is worth mentioning. Capacity gaps exist and vary not only horizontally – across the administrations in charge of implementing EU Cohesion Policy – but vertically, that is at all administrative levels (MAs and EC) intervening in designing and implementing the policy. The fieldwork has shown how – no matter the level of devolution enjoyed by the regions – national governments still play a significant role in capacity processes: this is clearly true for the French regions which need to cope with a strong centre and have to coordinate their actions on the vertical line of responsibilities; this is true for the Italian regions, where the role of the central state in designing programs for capacity improvements is not downplayed by the regions being MAs; and this is finally true for the Polish regions, which built their managing capacity heavily referring to a strong legitimizing centre. Even if this goes beyond the scope of the present project, addressing this issue is absolutely relevant: in fact, no effective consideration of capacity gaps (and subsequent improvements) can be done if all actors in the capacity process are not fully considered (not only regional and national governments, but also the EC).

3 Key Analysis: A system of indicators for institutional capacity

In this section of the Final Report we draw some key conclusions from the work carried out, i.e. we will propose some analytical tools allowing the measurement of IC, and therefore assess:

1. the readiness of a specific institutional setting (a National Department, a Region, etc.) entrusted with the role of MA to get the best out of EU Cohesion Policy; on the basis of this assessment it will be possible therefore to design in the preliminary phase of the programme the most appropriate CBPs, as we have already seen when we were talking about conditionalities;
2. the progress made through the CBPs themselves in the form or not of technical assistance programmes.

In order to do so we have to go back to the three notions/definitions of institutional capacity that we have already presented in par. 1.b.3 of this report, we will in particular concentrate on the first two dimensions that, as we have already said, are the more relevant in the context of European Regional Policy.

Furthermore we have to make reference, at least in order to evaluate the success of CBPs, to make reference to the accepted methodology for organising a result oriented policy. In particular according to Barca and McCann, this implies the following steps:

1. When choosing a policy action, choosing also its **intended outcome**: *Which dimensions of the well-being and progress of people in the region motivate policy action?*
2. For any outcome, selecting one or more **outcome indicators**: *Which aspect/s of the intended outcome should be focused on and can be measured?*
3. For any outcome indicator, establishing a **baseline** (i.e. *the value, and possibly the trend, of the indicator before policy intervention*) and, whenever possible, a **target** (i.e. *the value of the indicator which policy actions aims to achieve*).
4. For any outcome indicator and target, describing how the planned policy action is expected to produce the chosen target (the **theory of change**).
5. For any outcome indicator, measuring and **reporting** about progress, in an open way.
6. For all policy actions, evaluating, according to ex-ante plans and through appropriate techniques, *whether and by what extent changes in outcome indicators are the result of policy action (impact evaluation)*. Counterfactual impact evaluation should be used whenever possible.

Here we are mostly concerned with the design of outcome indicators but also with making suggestions on how to measure the baseline and establish a target. The indicators should in fact represent the starting point of the process of self-assessment that we suggested in the previous paragraph.

The first definition/notion of IC, as we have seen, has to do with ***the ability to come to terms with EU rules and procedures***, that is to say the complexity of the management dimension of EU funds, and the ability to combine them with the national and/or regional rules and procedures. We have found evidence of the need of such type of IC across all SMART-IST cases, even if with different modes and temporal dynamics, depending on the initial level of capacity present in the region: here, differences between regions managing since a lot of time European Structural Funds and newcomers are significant.

In order to measure this type of IC the first and easiest dimension appears to be a focus on the ability to fully use the allocated money. This means the avoidance of de-commitment according to the n+2 rule, but also of the recovery of funds by the European Commission due, for instance, to negligence, fraud, non-eligible expenditures, etc.

Building appropriate indicators able to measure this outcome is by and large sufficient to give an idea if and how MAs, the intermediary bodies and the final beneficiaries apply correctly EU rules and are able to come to terms with the interaction between national and European rules.

The first proposal, mostly in order to have comparable data across Europe, is therefore to integrate the ESPON database with an indicator that should be fairly easily calculated by the European Commission offices in charge of the different Structural Funds and the Cohesion Fund, as well as of the other initiatives or EU funded programmes.

1. Amount of decommitment at the end of the programme distinguishing between inability to absorb and subsequent recovery, measured as the share of the total funds allocated.

unit of analysis: programme

baseline: the final value(s) of the 2000/06 programme(s) implemented by the same MA

target: 0%

This indicator has however some disadvantages. The first one is the time lag between the availability of the data and the actual closing of the programmes: as a matter of fact for the next programming period only the data for the 2000/2006 period will be available, somewhat diminishing the relevance of the indicator itself. The second is the fact that it is possible - indeed likely - a certain lack of variance between the financial performances of the different OPs/MAs, as most of them tend

to adopt tactics of "overbooking", i.e. to declare an expenditure higher than the allocated sum in order to diminish the risk of de-committing due to subsequent recovery by the EC.

A second indicator, partly avoiding the above said disadvantages then could be the following.

2. Procedural delays, measured as the average extra time needed to accomplish the different tasks involved in the programme, possibly weighted by their financial importance

unit of analysis: programme

baseline: the value(s) of the programme(s) implemented by the same MA in the previous period

target: 0%

The idea here is to use the procedural and physical monitoring in order to measure the average time gap between the planning of the interventions and their actual realisation. Such an indicator can provide information about the quality of the planning and/or of the implementation procedures and therefore allows to ask questions about the reasons for the delays and help to identify the bottlenecks that hamper the timely attainment of the goals.

The downside is that the measure of the indicator is rather complex and therefore is almost impossible compare the performance of the different MAs from this point of view. However for the individual OP/MA the difficulties are much less and it could be useful to start the self assessment exercise with an analytical discussion of the possible reasons why the aforementioned delays took place, in order to pinpoint which phase of the process is necessary to strengthen and devise the action to be undertaken.

A third indicator could assess the skills and the level of competence of the personnel involved in the European cohesion policy. On the one hand this is a rather complex task as it should involve a care for analysis of many different aspects (knowledge, motivation, relational capabilities, etc.). On the other hand the point can be drastically simplified by taking into consideration only one relevant skill, i.e. the ability to use quite fluently the English language, the *lingua franca* of the EU policy.

3. Proportion of executive personnel (top and middle management) able to use fluently English

unit of analysis: managing authority

baseline: not relevant

target: to be decided, but towards 100%

The basic justification for this indicator stems out directly from the research done. As we have seen the most effective CBP as far as Type 1 Institutional capacity is concerned is networking. Admittedly most of it takes place at the local and at the national level, but the language skills are an obvious precondition for allowing the possibility to enter in and profit from the European networks in the field of regional policy.

These three indicators tend to satisfy the first of the two objectives of an indicator system of institutional capacity, i.e. to measure the readiness of a specific institutional setting to get the best out of EU Cohesion Policy. The second goal - the progress made through the CBPs - is certainly easier to assess through the usual output indicators (e.g. proportion of the total personnel that attended training programs tailored at improving administrative capacity). In almost all the cases this type of analysis is certainly possible and provides information at least on the effort sustained in order to improve the capacity.

Measuring the outcome of the CBPs is more complex. Taking into consideration what we have already pointed out, i.e. how the two most widespread CBPs are staffing and training, both of which aim at increasing the number of staff with high qualifications, we can propose a fourth outcome indicator able to assess at least if the capacity building programmes had a significant and lasting impact on the relevant administrative body.

4. Proportion of new hired or highly trained staff still working after N years in the same MA

unit of analysis: managing authority

baseline: not relevant

target: to be decided, but towards 100%

This point, that we can label the "retention rate" of highly skilled personnel, is particularly crucial, as shown by the differences between the two Polish regions we have investigated. But the same applies certainly to some French regions (Alsace and Aquitaine) and to Apulia in the case of environmental policy. This retention rate can depend from differences in the regional labour market, but in any case it looks like an important element in the overall capacity improvement.

Concluding on this first dimension of institutional capacity it is necessary to point out that, as usual, these indicators cannot substitute for in depth evaluations both of the readiness of MAs and of the effectiveness of CBPs. Such a complex phenomenon cannot be described by few numbers. The indicators proposed are really only some of the possible starting points of the analysis, not a measure able to capture the whole of the issue. This is the reason why we have not taken into consideration some of the rankings present at the international level (for instance those proposed by the World Bank in *Doing Business*, or those elaborated by Transparency International). Apart from the fact that they are seldom significant at the NUTS2 level, the problem

is that they are sometimes based on opinion surveys and therefore register more the changes in perception than the actual changes in administrative efficiency. It should not be forgotten, furthermore, that, mostly in Convergence Regions, the public authorities in charge of development policy are very often a special case quite different in their workings from the rest of public administration, so that the scores, maybe valid at a more general level, are not so as far as MAs are concerned.

The observation that an indicator system cannot substitute a full-fledged evaluation is even more true when we examine how to measure the second definition/declination of IC, namely ***the ability to use European Regional Policy and Structural funds strategically***, i.e. reinforcing and strengthening the development strategy elaborated at the relevant territorial level.

National and/or Regional Authorities must show the ability to use European Funds in order to implement strategic and coherent projects or programmes deemed necessary in order to trigger an endogenous and effective socio-economic development. In other words, local actors should have the capacity of designing and implementing integrated policy, by pooling different issues, different tools and different funding streams (public and private, regional, national, EU from different Structural Funds) towards a clearly indicated and coherent development path. There is no need to emphasize how this type of capacity is essential in place-based policies.

This notion of IC is certainly the most important one. The ability to correctly apply European rules and regulation (Type 1 IC) is of little importance without the capacity to use the available resources in an integrated way in order to give substance to a well defined strategy of territorial development.

On the other hand it is also the most difficult dimension to assess. Even if adequate measures are found, a difficult enough task in itself, to decide which the “right” level of integration is is even harder.

However, some attempts to measure this dimension are necessary. One of the risks of EU Cohesion Policy is to be played nationally and locally by specialised policy communities, sharing an idiosyncratic language and a specific knowledge. Furthermore, the peculiarities of European rules and practices (from the already mentioned automatic de-commitment to the use of English in many documents and exchanges) make even more difficult the alignment between EU funded programmes with the other national and regional programmes, with the political cycle, etc. The outcome, therefore, is the danger of a separation between the two components of socio-economic development with dysfunctional consequences for the effectiveness of both. In our case studies we find evidence of the attempts to develop integrated policy approaches (for instance the requirement that the ISUDPs in Tuscany were coherent with the existing Land Use Plans, or the attempt, only partially successful, to integrate EU funds in the complex institutional framework of the multiregional Plan Rhône in France). On the other hand the risk of a separation between EU funded

development policy and the rest of governmental interventions is present in most of the convergence regions, as in the case of the Polish ones, at least because it is unlikely that the progress in IC registered in the departments in charge of the European funds is matched more generally in the rest of public administration.

In general terms a first step towards the solution of this analytical problem is to identify which are the dimensions of integration that are to be taken into consideration. By and large they are the following three:

- **Policy integration**, i.e. the simultaneous consideration of the different sectoral policies that are to be developed in order to make the strategy effective. For instance, if the strategy is based on the development of tourism in a given territory, one should certainly think how to improve the transport infrastructure (in order to allow the tourists to come), how to better protect and increase the value and the accessibility of the natural and cultural heritage (in order to increase the attractiveness of the territory), how to improve the quality of the accommodations offered and of the catering industry (in order to offer adequate hotels and good restaurants to the tourists), how to train the workforce of the industry itself (in order to provide the necessary skills), and how to provide the necessary services to the incoming tourist population (e.g. creating information points and websites) The integration between the different policies is therefore an essential ingredient of the development effort.
- **Institutional integration**, i.e. the ability to coordinate the different public bodies in charge of the different sectoral policies involved in the programme. This implies at the same time horizontal integration (e.g. between the different departments of the same regional authority or between the different municipalities of the same territory) and vertical integration (between the different levels of government and/or the different specialised agencies). This dimension of *multilevel governance* is essential in order to avoid, for instance, that a necessary infrastructure is designed in such a way to be blocked by environmental considerations, and/or that the training efforts financed under EFS are not adapted to the need of the tourist industry.
- **Economic and social integration**, i.e. the involvement of the societal actors who possess the resources (for instance the economic capital or the relevant knowledge) needed in order to secure the success of the strategy. This implies obviously to attract investors, but also to involve research and higher education institutions as well as tap local knowledge in order to design the different intervention so that the interventions are better adapted to the specific circumstances of the place. But it means also to be able to bring into the play the NGOs, CSOs and more in general the citizens, who are able to provide the demand for the interventions, which many studies have shown to be an important ingredient of a comprehensive planning and of smooth implementation.

In policy analytical terms this multi-dimensional integration can be conceptualised as the level of complexity (i.e. the co presence of different goals, interests and points of view) and density of the governance network. This amounts to say that the level of integration of the policy is indicated by the presence of a plurality of actors with a relevant role both in the policy formulation and in the policy implementation phases. The larger the network of actors, and the more intense the cooperation between them, the more likely is that the territorial development policy funded by the European Cohesion Policy will be sufficiently integrated with the domestic policy and programmes.

Obviously to find adequate measures of such a complex phenomenon is no easy, even if there is some attempt in this direction (Dente, Coletti, 2011).

In general terms one can follow two paths. The first is to look at the way in which the programmes are financed, i.e. calculating how much of the total funding comes from different sources (different funds, different authorities, private funds, etc.). The more the programmes are co-financed the more likely is that they are able to have an adequate level of integration.

5. Level of co-financing of Operational Programmes

unit of analysis: operational programme

baseline: the value of the last programme implemented by the same MA

target: improvement/reaching a given threshold

The idea here is that the capacity to bring about integration - a fundamental dimension of IC - results in programmes that are able to involve different policy communities and therefore to tap different financial sources.

The second path consists in looking at the variety of actors involved in the planning and implementation of territorial development policy. This is an indicator that has been used for instance in urban strategic planning but that has found its role also in the evaluation of the Local Development Approach in a research commissioned by the DG REGIO⁴. The idea here is to map the different actors involved in the Monitoring Committees, in the consultation phase in the preparation of planning documents, and, if possible, in the actual implementation of the various interventions and to try and calculate, by the use of appropriate formulae, the level of complexity, density and centrality of the said networks. The idea here is that the more diverse the interests represented (*complexity*), the "tighter" the links between the different actors (*density*) and the more direction provided by the relevant MA (*centrality*), the more the programme will be able to take into consideration the different aspects that it is necessary to integrate in order to design and follow the ideal development path.

4

http://ec.europa.eu/regional_policy/newsroom/detail.cfm?LAN=EN&id=191&lang=en

6. Level of complexity, density and centrality of the actor network(s) involved in the planning and implementation of development policy

unit of analysis: operational programme

baseline: the value of the last programme implemented by the same MA

target: improvement

Those two indicators are aimed at measuring the readiness of the individual MA to use the European Funds in the most effective way. Both are rather difficult to calculate, and comparing different institutional settings through them poses big analytical problems. However in the self-assessment exercise we have advocated in the previous paragraph, an analysis of this type is possible and indeed already implicit. When in the CAF model the assessment of the partnership is envisaged, this should be interpreted as the ability to involve all the necessary actors, i.e. to establish the basis for a truly integrated policy. From this point of view to give a numerical value to the present situation (actually the legacy of the past) can be important in order to focus the efforts of the MA towards the type of actions that can improve the integration of the policy, and therefore improve its effectiveness.

This brings us to the second goal of an indicator system, i.e. to assess the effectiveness of CBPs. As we have seen the most effective policies in bringing about policy integration are basically institutional in nature: organisational and procedural innovations. The "concertation conferences" in Tuscany, the procedural framework that forced Sicilian municipalities to work together, the evaluation exercise as a starting point for the elaboration of new regional priorities in Donoslaskie are three good examples of this trend. Some basic indicators in order to understand how these institutional arrangements have actually worked (number and attendance of meetings, for instance) can be quite easily designed, tailoring them to the specificities of the various situations. These indicators, however, strictly depend on the instruments that have been used and it is therefore impossible to list here some measures universally applicable.

The third notion/definition of IC is ***the capacity to use the competences built through the use of EU funding in order to improve the overall quality of administrative action***. EU policy wants to be a model of how public institutions should operate in order to maximise effectiveness, efficiency and transparency of the public action. Strictly speaking this is not a direct goal of territorial development policy, but in several cases the harmonisation of administrative and institutional practices by the adoption of the practices and the principles adopted at the European level is one specific objective of the development programmes.

The requirements associated to the use of structural funds (e.g. competitive tendering, financial controls, etc.) are also aimed at improving the overall capacity of the public administration. In this declination, institutional capacity is an objective in itself and it should influence the final results in terms of territorial development.

Among the different elements that probably play an important role three are of paramount importance as far as territorial development is concerned:

1. the partnership principle, i.e. the ability to understand in which occasions it is appropriate or necessary to strengthen public/private or public/public cooperation and densify networks in a governance perspective;
2. the ability to internalise the environmental sustainability dimension (through tools such as Strategic Environmental Analysis - SEA);
3. the introduction of evaluation procedures in different phases of the policy cycle, in accordance with the New Public Management framework and in a governance perspective.

At least these three elements could therefore be the object of specific evaluations, in order to assess the improvements in IC: what counts here is the diffusion of these practices outside the field of EU policies and programmes, where they are compulsory. This dimension can be investigated directly, for instance by verifying if the body/structure in charge of the evaluation in European OPs is entrusted with tasks in other policy fields or domestic programmes, by analysing if and how SEA is able to make a difference in territorial planning documents, by understanding if the involvement of socio-economic actors in the planning and in the formulation phase of territorial development policies and programmes has been effectively mainstreamed. In all these instances the measurement of this indicator implies some sort of evaluative research (that can take the form of case studies, surveys of the beneficiaries, analysis of administrative documentation, etc.) and therefore it is difficult to give it a numerical value.

7. Number of organisational units that have systematically adopted the institutional features of EU programmes: partnership principle, ex ante and ex post evaluation, analysis of environmental sustainability

unit of analysis: public institutions different from the ones in charge of EU programmes

target: improvement

4 Links with other Espon projects on governance issues

Two ESPON projects are directly related to governance issues and, as such, have influenced and can be influenced by SMART-IST. The first project is the ESPON 2.3.2 “Governance of Territorial and Urban Policies from EU to Local Level”, implemented during the 2000-2006 ESPON programming period. In that project, attention was paid to four different dimensions of territorial governance:

- a. *Vertical coordination.* It regards mainly public actors and can be divided in coordination among them (e.g. in decentralization or devolution processes, or interaction with the EU), and among their policies (e.g. the intra-sector coordination of policies). This dimension is strictly related to the subsidiarity principle;
- b. *Horizontal coordination.* Also named multi-channel governance, it refers to coordination among actors and policies at the same territorial level. As regards the actors, it regards coordination among public and private actors, as long as it deals with horizontal subsidiarity, that is the interaction of the State, society and the market. Horizontal coordination of policies refers to inter-sector coordination;
- c. *Involvement of stakeholders and participation of the civil society.* Here the attention is on the difference between the involvement of organized interests and stakeholders and the wider participation of citizens;
- d. *Territorialisation.* This dimension refers to those governance processes that recognize and valorize territorial capital and are based on its specificities.

Dimensions of territorial governance characterize processes that happen in specific territories and this place-specific feature recalls the SMART-IST approach to find and analyze characteristics of institutional thickness and institutional capacity. However, what has been researched in the ESPON 2.3.2 project through the analysis of 54 case studies in 29 European countries does not directly tackle the issue of institutional capacity or capacity building policies. It rather provides hints on context-differences and in similarities due to political and cultural frameworks, and focuses on three main hypotheses: (i) the State (its institutional features and organization, its traditions and political culture) stays at the centre of the stage, especially when it is capable of managing changes in the multi-level coordination process; (ii) accordingly to the reconfiguration in the multi-level governance scenario, accountability becomes a key issue; (iii) at the same time there is a reconfiguration in the horizontal coordination process in which new actors play different roles in the arena, thus another key issue is legitimization. These three hypotheses are connected with the SMART-IST framework, because it is the State that often represents a key holder in institutional capacity, while it is by considering accountability and legitimization that good capacity building policies can occur.

What is less considered in the ESPON 2.3.2, and it is crucial for SMART-IST is the possibility to learn from different practices in order to transfer them in different contexts. ESPON 2.3.2, in fact, provides us with an analytical tool to understand how the territorial governance works, which are its main dimensions and what features characterize it. But it is a new – and ongoing – ESPON 2007-2013 project that is dealing with transferability issues: the ESPON Tango “Territorial Approaches for New Governance”.

In this project, the analysis of territorial governance practices (in 12 case studies, a quite smaller set of experiences compared with ESPON 2.3.2) is addressed to understand which factors lead to successful policy outcomes (i.e. to find examples of “good” governance), and to identify modalities for transferability as well as barriers and conditions. To define the idea of what is considered successful, the project refers to governance practices that contribute to achieve priorities identified in the Europe 2020 strategy: smart, sustainable and inclusive growth. To this extent, case studies should help to identify *components of place-based, organizational and often intangible innovation* that are necessary to the effective and sustainable achievement of the Europe 2020 policy aims.

The project acknowledges that generically described “good” practices have a limited role in policy-making processes, since other place-based characteristics are also, or even more, influential. The possibility to transfer practices, or – better – components of those practices, between contexts with dissimilar social, economic, institutional frameworks is quite problematic and it is related to two issues: the first regards the fact that each (territorial) governance process is context-specific and has its own arrangements and complexities; the second issue concerns the fact that transferability is generally associated with the provision of general and universal guidelines that, as a result, seldom can really be applied in different contexts (and that is why the ESPON Tango projects focuses on transferable components, rather than in success stories or other similar approaches).

ESPON Tango, thus, bases its transferability idea on the fact that successful transfer involves learning and adaptation processes in which traditional collections of best/good practices do not seem to represent the more effective way to foster mutual learning. The transfer of components of practices is an exchange process: it implies mutual interaction between contexts and actors involved and furthermore it is based on adaptive attitude. To this extent, the Tango project is currently working on some hypotheses that, again, seem to be very interesting for SMART-IST-related future developments: (i) specific components of territorial governance can be identified and selected; (ii) it is possible to understand how these components shape the process in order to allow a learning process; (iii) it is possible to adapt such learning process to different contexts, i.e. it is possible to fully exploit the transferability potential of knowledge, ideas, practices, principles, and philosophies and also of methodologies, techniques and rules.

5 Extension of the SMART-IST project

Two possible steps forward can be made in order to deepen our understanding of institutional capacity, capacity gaps and capacity building processes.

The first would be to better tackle the problem of causality and generalization, specifically for what concerns how CBPs impact on IC. In fact, the project presents some interesting insights on CBPs implementation and its success factors, but larger empirical research is needed for refining our understanding of causal chains in capacity processes. A possible follow-up to SMART-IST would be to use the theory of causal mechanisms in order to have more generalizable and less anecdotal data on CBPs implementation, with the final result of *building a database of smart practices in capacity building*.

Following what has been said in §1.b.7, causal mechanisms uncover causal connections between phenomena, and explain why and how certain outcomes will follow from a set of initial conditions: they can be extrapolated, manipulated and applied from a source case to a target case.

The database will possibly start with practices being organized into three main categories of mechanisms, each answering one question that a policy innovator seeking successful implementation would pose in order to reach success: 1) how to generate and maintain engagement?; 2) how to enhance/maintain/decrease the role of an actor?; 3) how to facilitate smooth interactions? The typical user of such a database – a policy maker or implementer – would start with her problem in implementing CBPs and enhancing IC more generally (maintaining engagement; improving coordination; decreasing the role of an actor; etc.) and the database would provide possible solutions implemented elsewhere with case histories elaborated by extrapolating the causal mechanisms explaining success. Hence, users would find a typical narrative of the good practice complemented with a theoretically relevant analysis reporting the mechanisms in action and the contextual conditions which favoured success: such elaboration would facilitate the understanding of success factors, making the replication of the practice easier; providing not only inspiration on what to do, but on how to make it work.

In order to complete the database further research is needed: this could be done partly by enlarging the fieldwork with additional case studies and partly by using secondary sources (literature, existing databases, etc.) re-elaborated by identifying causal mechanisms. Such secondary sources would be particularly valuable: they would provide a huge amount of data across different regions with relatively low costs, and would make existing research on capacity building and Cohesion Policy usable for successful extrapolation and lesson drawing.

In conclusion, such additional research would provide a double advantage, practical and theoretical, both deeply innovative: for the former, it would permit to organize different sources of data (primary and secondary ones) into a usable database; for

the latter, it would refine our understanding of causal chains, getting to more reliable generalizations on the implementation of Cohesion Policy.

A second interesting extension of the SMART-IST research regards *the use of CAF as a tool for assessing and improving the institutional capacity of MAs* (see §2). The main activity would be to elaborate a specific CAF handbook tailored for MAs and regional administrations managing ERDF and Cohesion Policy. In order to do this, an experimental working group should be formed with officials coming from different MAs in different countries. As a first step, the group would analyze the model and experimentally apply the CAF in their respective administrations. This would make them come out with possible problems, compare available solutions, adapt the examples in the standard form and proposing specific indicators regarding the implementation of Cohesion Policy.

The CAF definition process will produce two main outcomes. The first – and probably most important – result would be a version of CAF for MAs, as an effective tool readily usable by all MAs, which would help identifying and monitoring all relevant information for effectively addressing organizational factors of successful Cohesion Policy implementation. Secondly, in the process of elaborating such MA CAF, the administrations in the experimental group would have their first CAF evaluation completed, that is a first assessment and a first improvement plan to be used as a benchmark for future evaluations.

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