

Insted Institutional Capacity for Territorial Development

Targeted Analysis 2013/2/16

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Table of contents

- 1 Executive summary**
- 2 Outline of methodology**
- 3 Presentation of main results achieved so far**
 - 3.1 Structural variables**
 - 3.2 Institutional Capacity**
 - 3.3 Capacity building policies**
 - 3.4 Relations among INSTED variables: hypotheses and first evidence**
- 4 Description of further proceeding towards the Draft Final Report**

1. Executive summary

The Interim Report presents first results and hypotheses emerging from the field work and sets the next steps towards the Draft Final Report. It is based on provisional case study analysis, mainly focusing on institutional capacity and capacity building policies.

The INSTED project comprises nine case studies across three different countries, briefly recalled here below:

France

1. Decentralization of the management of the Operational Programme to the Regional Authority - Alsace
2. Policy interventions in the field of innovation and solutions for an effective cooperation between the Managing Authorities of the Operational Programme and the Regional Authority in this field- Aquitaine
3. Programming and implementation of multi-regional programmes – Rhône-Alpes

Italy

4. Policy interventions aimed at improving the capacity of planning and selecting effective projects, such as the setting up of technical bodies - Puglia
5. Policy interventions able to build up territorial integrated development: Integrated Urban Sustainable Development Plans (PIUSS) - Toscana
6. Policy interventions able to build up territorial integrated development: The Territorial Integrated Projects – Sicilia
7. Technical assistance measures employed by the Central government to support regional governments in the implementation of reform processes and sectorial planning in the field of water and waste management - Puglia

Poland

8. Implementation of the Regional Development Strategy 2020 - Dolnoslaskie
9. Decentralization of structural funds in the period 2007-2013 - Lubelskie

According to the INSTED conceptual framework, empirical findings from case studies are organized into four main parts: three summarize results on the main variables considered (structural variables, institutional capacity, and capacity building policies) and one outlines first hypotheses and evidence on the relations among such variables.

In the first part, structural indicators on demography, geography, GDP, business structure, employment, R&D and education are measured for all INSTED regions: this permits to better characterize regions in terms of their level of development and subsequently to see how and when this is related to the level of institutional capacity present in the region.

The second part develops the concept of Institutional Capacity (IC), providing an operational definition along three declinations of the concept: I) the ability to come to terms with EU rules and procedures, and combine them with national and/or regional ones; II) 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 developed on purpose; and III) 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 interventions due to the diffusion and mainstreaming of EU policy principles (partnerships, evaluation, sustainable development, etc.). The section provides a full discussion of the concept of capacity and report the first evidence from case studies.

The third part lists the main Capacity Building Policies (CBP) found in the INSTED cases: training, staffing, networking, procedural arrangements, institutional and organizational innovations. With reference to the empirical evidence collected so far, the section gives an account of the nature of such policies, discussing their implementation, the actors involved, main results and constraints.

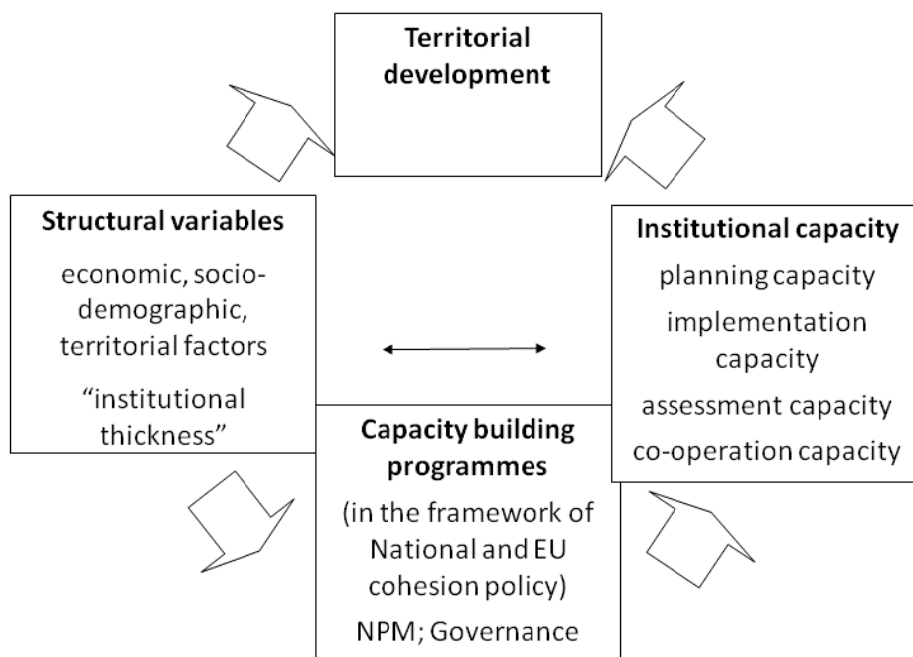
In the last part, first hypotheses and evidence are presented, starting to make sense of the relations among the variables considered in the framework. Investigating the relation between structural variables and Institutional Capacity, the level of development is not significantly related to type one IC, while it appears connected with type two and type three: apparently with type two IC less probably found in convergence regions and type three IC being less important for regions with advanced levels of development.

For what concerns CBP, they are conceived as intervening variables in-between structural variables and IC: they are mostly related to the starting level of capacity in the region, but the level of development has an importance in the way some CBP are implemented and eventually work.

Finally, CBP directly intervene on the level of capacity: type one IC is successfully covered by staffing, training and networking initiatives; type two IC is less directly influenced by CBP, but some procedural arrangements may in fact foster bottom-up strategies and the use of EU funds for local and regional goals; finally, some CBP may hinder the development of type three IC (special agencies, restricted training, external experts), whereas others – like networking – may be promising vehicles for the development of such capacity.

2. Outline of methodology

The INSTED conceptual framework approach can be summarized in the figure below:



In line with the Inception Report, the case studies fieldwork started in August 2011, with the aim to answer two basic questions:

- How has the increase in institutional capacity influenced the success of the analyzed policies?
- Have there been any capacity building policies implemented? If so, how and why have they worked and brought about an increase in institutional capacity?

The basic analytic point is how to measure institutional and administrative capacity, but the main theoretical point is to identify the causal chains (the mechanisms) through which the said capacity brings about better development policies.

In this phase, researchers worked both through desk research and the analysis of policy documents and reports, and through fieldwork, in particular face to face and phone interviews to relevant stakeholders in the eight regional contexts and nine case studies. Investigation is at different levels of advancement, mostly depending on the complexity of the single cases and the relative availability of data sets and actors. Nevertheless, for all of them first documental sources have been collected and some interviews with key players and stakeholders conducted. These gave a clearer picture of the whole research and permitted a better targeted characterization of the regions in terms of structural variables and institutional capacity.

3. Presentation of main results achieved so far

3.1 Structural variables

In the INSTED framework, structural variables are considered path-dependent conditions which are in a co-evolution relationship with institutional capacity and have a direct effect both on capacity building programmes and territorial development. Since structural variables are path-dependent and regard non-fully mobile factors, initial endowments become crucial in order to understand both policies to be implemented to increase capacity and subsequent effects on development. Regions in the INSTED project are different and the following is devoted to characterize their structural diversity.

In order to provide a reasoned list of such variables we briefly reviewed three different strands of literature: neoclassical growth theory, endogenous growth theory, and new economic geography. Neoclassical models start with the assumption of perfect markets and exogenous technology, with the main factors explaining growth being the stock of capital – in the form of savings and investments – and labour. By removing neoclassical assumptions, endogenous growth theory points to drivers of long term growth that have increasing returns and produce cross-country divergence: being protected by imperfect markets, technology and the rate of innovation and research become important. Finally, new economic geography holds that the location of factors of production is an important variable to explain economic performance: key mechanisms rely on the interaction of economies of scale with transportation costs, with clustering and concentration of different drivers becoming important predictors for growth. Favouring parsimony, a theoretically relevant list of structural variables will look at territorial, demographic, economic accounts, and education endowments.

Demography

The selected regions are different in terms of population, total area and population density. The most populated is Rhône-Alpes (which ranks second in France) with about six million people, followed by Sicily (second among the Italian Southern regions with five million inhabitants) and Puglia and Toscana with a population around four million people.

	Alsace	Aquitaine	Rhône-Alpes	Toscana	Puglia	Sicilia	Lubelskie	Dolnoslaskie
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
Total Area 2008 (km ²)	8.280,2	41.308,4	43.698,2	22.993,5	19.357,9	25.711,4	25.121	19.948
Population Density 2008	222,5	72	140,5	163	212,5	198,1	86,1	144,3

Table 1 Population, Area and Population Density (Source: Eurostat)

The littlest regions, Alsace (which is also the smallest region in France) and Lubelskie, are about one third of Rhône-Alpes, and have a population of two millions. If you consider total area, Rhône-Alpes and Aquitaine are far bigger than all the other, about twice the surface of Toscana which ranks third in the group, and five times Alsace, which is still the smallest INSTED region. The situation is quite reversed if one looks at population density, with Alsace (first in France), Puglia and Sicilia being the most densely populated regions, and Aquitaine and Lubelskie the least ones.

	Alsace	Aquitaine	Rhône-Alpes	Toscana	Puglia	Sicilia	Lubelskie	Dolnoslaskie
Rate of total population Change 2009	4,54	7,99	7,75	6	1,1	1	-2,1	-0,2
Rate of natural population Change 2009	4,12	1,18	5,46	-2,6	0,6	-0,1	-0,3	-0,4
Rate of net migration 2009	0,42	6,81	2,28	8,6	0,4	1,1	-1,8	0,2
Old Age Dependency Ratio	23,36	30,41	24,75	36,24	27,29	27,77	20,50	18,54

Table 2 Population Change and Ageing Population (Source: Eurostat)

Since the 1960s the EU has experienced a continual growth in population, but this increase is not evenly distributed across regions and is due progressively more to migrations than to natural population change. Such general trend is also visible in the INSTED regions (see Table 1): while in 2009 the French regions and Toscana had positive high rates of total population change, Puglia, Sicilia and Dolnoslaskie were almost stable, while Lubelskie is the only one with a negative change rate. Also, if one looks at the regions with positive rates, only in Alsace and Rhône-Alpes these were due to natural population growth: instead, in Aquitaine net migration accounted for the most of the annual increase, while in Toscana a positive migration rate offset a negative (-2,6) natural population change. While migration rates are not particularly significant for Alsace, Puglia and Sicilia, Lubelskie is the only region where the migration rate has a negative value.

Looking at population structure, demographic ageing in Europe has a growing significance: in 2010 the EU old-dependency ratio, which is the ratio of the economically inactive population (conventionally 65 years old and over) to the economically active (15-64), was about 26%. For what concerns the INSTED regions (see Table 2), all the Italian regions and Aquitaine are above the EU value, with Toscana particularly plagued by the ageing issue (with an old dependency ratio of about 36%). Alsace and Rhône-Alpes are around the EU value, while the Polish regions have a lower proportion of inactive people compared to the economically active.

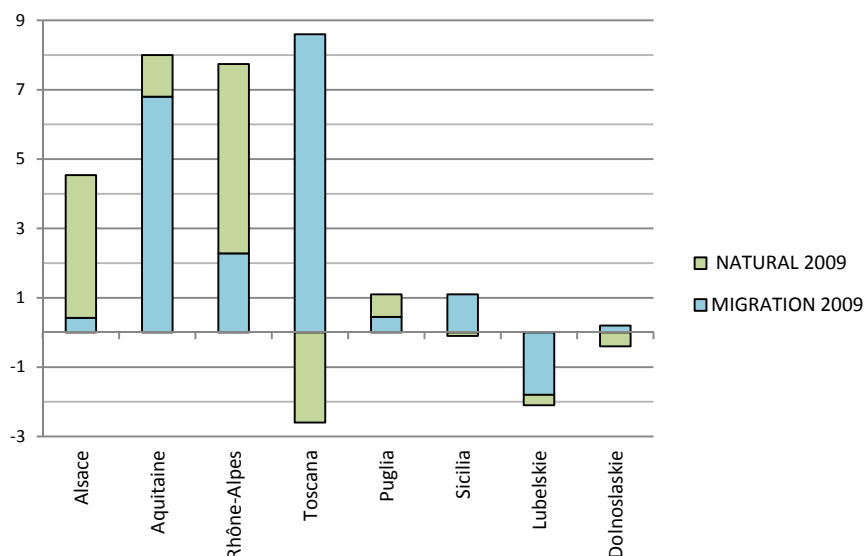


Figure 1 Population Change: Natural and Net Migration (Source: Eurostat)

The regional space

Indicators on land cover (the surface actually covered) and land use (the surface devoted to a particular socio-economic use) may give an idea on the structure of the territory as of the economic activities therein. If one looks at Table 3, the most striking result is the variation in the importance of agricultural use of land across regions: from Aquitaine with the lowest rate (almost 40%) to Puglia, with one of the highest in the whole EU27 (more than 80%). Other important agricultural regions are Sicilia (with almost 73%), and Lubelskie (with almost 63%).

If you compare such values with the surface actually covered by croplands, you may have a clue on how agriculture is organized in a more extensive or intensive form, and how agricultural activities other than cultivation are important in the region. Here, the biggest differences are those present in Sicilia and Rhône-Alpes, with Toscana and the French regions with a land cover far lower than the others. Finally, forestry covers a highly variable part of the regional lands, from almost 40% in Aquitaine to the lowest rates in Puglia and Sicilia (about 2%).

	Alsace	Aquitaine	Rhône-Alpes	Toscana	Puglia	Sicilia	Lubelskie	Dolnoslaskie
Land Cover: Croplands 2009	29,78	21,28	16,23	25,39	64,35	45,83	48,40	42,63
Land Use: Agriculture 2009	44,55	39,95	41,63	39,29	83,51	72,89	62,93	50,49
Land Cover: Forestry 2009	35,66	39,94	22,39	37,90	1,99	1,74	24,91	21,64
Land Use: Services and Residential 2009	10,37	10,51	11,31	6,35	9,09	12,15	3,66	9,11

Table 3 Land Cover and Land Use (Source: Eurostat)

On the contrary, the part of land used for residential and service purposes does not vary significantly across the regions: all have a rate around 10% (quite in line with the

EU mean value), with the exception of Toscana and Lubelskie, with about 6 and 3,7% respectively. Urban agglomerations in the regions may be an important predictor for the clustering of a diverse range of growth-enhancing drivers, as most business activities, research institutions, population and high skilled workers base there. The table below reports main urban agglomerations in the INSTED regions (the ones labeled as core cities in the Eurostat database) and registers demographic data for the years 2003-2006. Alsace, Aquitaine, Rhône-Alpes and Dolnoslaskie, all have relatively important urban centres, concentrating 20% or more of the regional population; Lublin is an important city for Lubelskie (though the region has one of the lowest urbanization indicators in Poland), while the Italian regions appear to have less concentrated populations.

Regions	Cities	Population	% of regional pop	population density
Alsace	Strasbourg	467.375	26%	1487,6
Aquitaine	Bordeaux	702.522	23%	1200,6
	Lyon	1.226.249	20%	2388,4
Rhône-Alpes	Saint-Etienne	378.753	6%	674
	Grenoble	396.657	7%	1758,9
Toscana	Firenze	367.259	10%	3446,3
Sicilia	Palermo	679.730	14%	4298,2
	Catania	307.774	6%	1705,2
Puglia	Bari	314.166	8%	2711,4
	Foggia	154.792	4%	305,2
	Taranto	199.131	5%	956,1
Dolnoslaskie	Wroclaw	636.268	22%	2172,7
Lubelskie	Lublin	355.998	16%	2413,5

Table 4 Core Cities in the Insted Regions (Source Eurostat)

Toscana has an important centre in the conurbation Prato-Firenze-Pistoia, while Sicily and Puglia have more polycentric patterns of development (Sicilia concentrating its population across Palermo, Catania and Messina; Puglia across Bari, Foggia and Taranto).

Gross Domestic Product

Gross Domestic Product is the main indicator for measuring development and growth. In the figure and table below this is measured in Purchasing Power Standards (taking into account differences in purchasing powers across countries) per inhabitant, and it is expressed as a proportion of the EU GDP: this allows comparing regions in different countries.

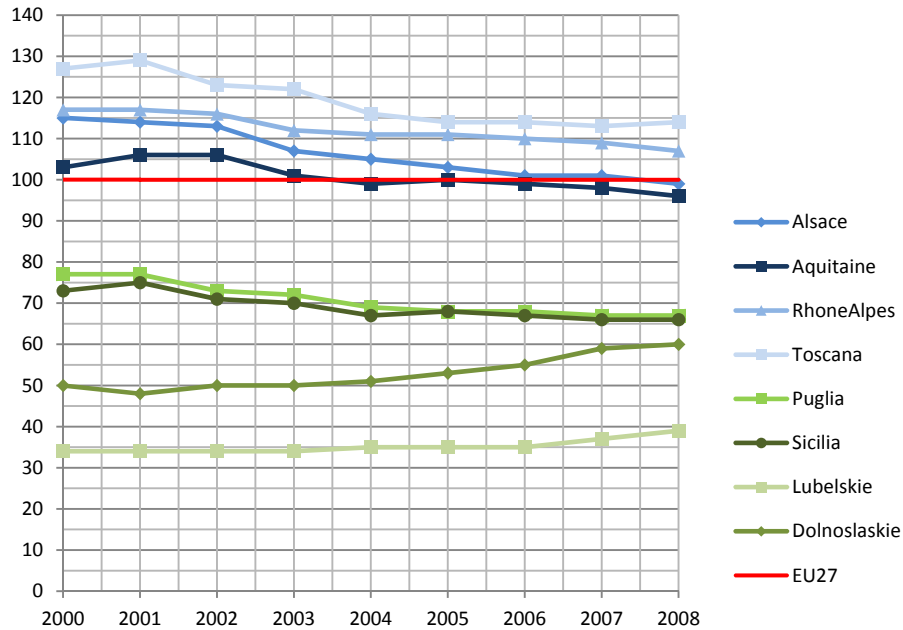


Figure 2 GDP per inhabitant as a % of EU GDP (Source: Eurostat)

As represented in the figure above, regions in the INSTED group perform differently in terms of GDP. The French regions and Toscana are around or above the EU average (with Alsace and Rhône-Alpes among the richest regions in France), while Southern Italian regions and Dolnoslaskie are significantly below (with values between 60 and 70% the EU average) and Lubelskie ranks last with a GDP in 2008 about 40% the EU value (and being one of the poorest regions in Poland).

From the year 2000 only the two Polish regions followed a growing trend and experienced a catch-up dynamic: in particular, Dolnoslaskie reduced its gap by ten points, while Lubelskie saw its GDP increased by five. On the contrary, especially from 2005, all the other regions were stable or declining.

Business Structure

Looking at business structure statistics, one can have a better understanding of the business sector in the INSTED regions. In the figure above, Eurostat NACE classifications are used to characterize the regional economies, using data on persons employed in the different sectors as a percentage of all persons employed in non financial business.

If one looks at Figure 3, some sectors employ a comparable share of people across regions, while others point to specific regional strengths. This is the case for example for hotels and restaurants, which are particularly developed in the Italian regions, while limited in the two Polish regions; but the same holds for real estate, renting and business activities, which employ a greatest share of people in the French regions. On the opposite, manufacturing activities are quite strong in all the regions considered, but they comprise a diverse set of activities, which are decomposed in detail in Figure 4.

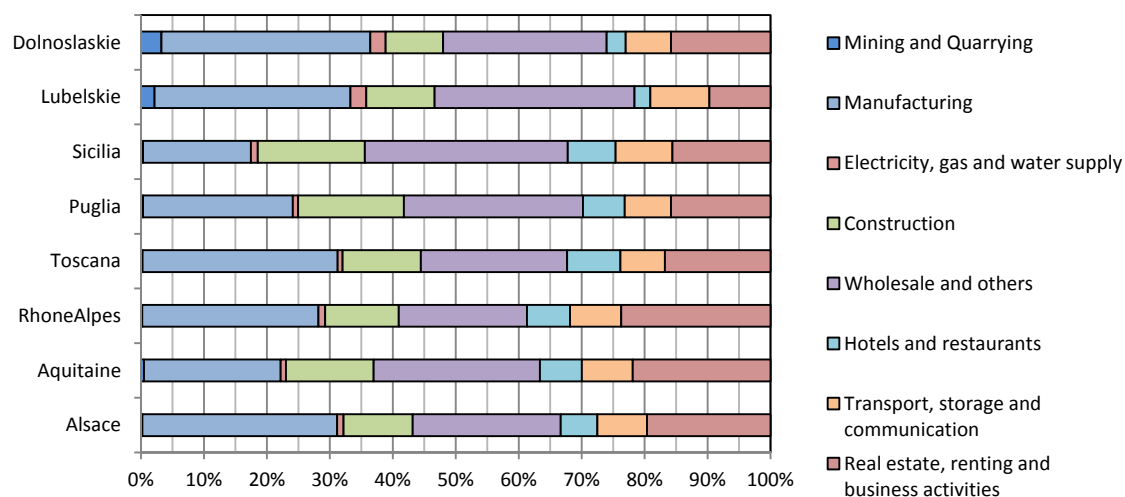


Figure 3 Business Structure (Source: Eurostat)

Lubelskie is the strongest regions for food, beverages and tobacco manufacturing, followed by Sicilia and Aquitaine. Textiles are instead important in Toscana and Puglia, much higher than all the other regions in the group. Toscana also has the most significant share of people employed in the manufacturing of leather and leather products. Chemicals are evenly strong in the French regions, with Alsace and Rhône-Alpes also engaged in rubber and plastic products, whereas other non-metallic mineral products are strong in Puglia, Sicilia and Dolnoslaskie. Rhône-Alpes, Puglia, Sicilia and Dolnoslaskie have a significant proportion of people employed in the manufacturing of metals, with the latter and Alsace ranking first for manufacturing of machineries and equipments. Rhône-Alpes, Alsace and Dolnoslaskie have important optical and electrical sectors. Finally, Dolnoslaskie and Aquitaine have a significant strength in the manufacturing of electrical and optical equipments.

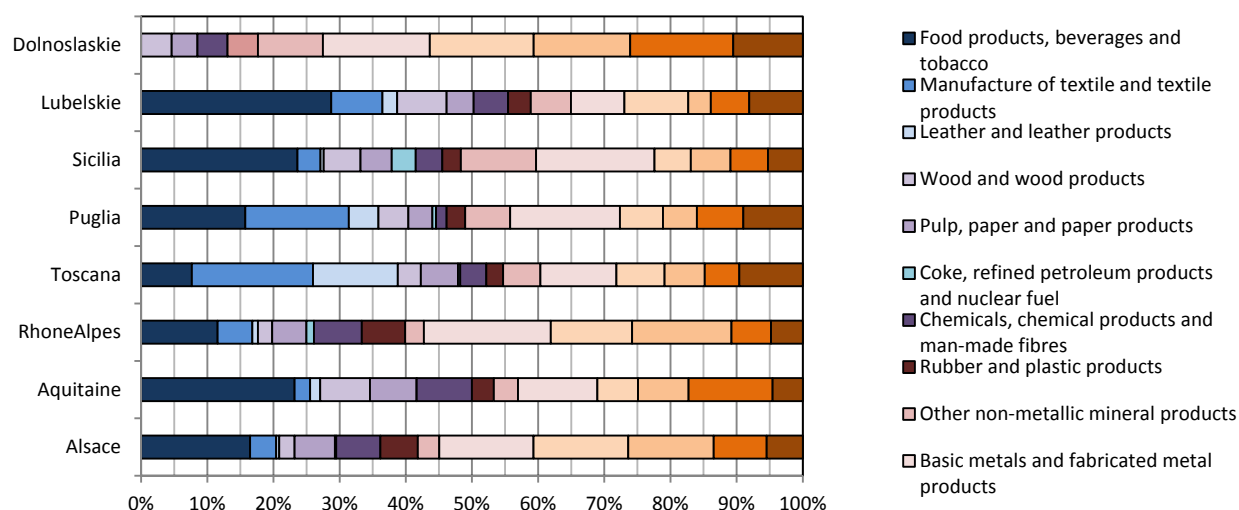


Figure 4 Manufacturing in the INSTED regions (Source: Eurostat)

Employment and Unemployment in the INSTED Regions

The figure below shows the ten year trend of unemployment rate in the EU 27 and in the INSTED regions. From 2001, the unemployment rate has been declining until 2007 for all regions, but with varying significance: while some have been almost stable, Aquitaine, Puglia and Lubelskie reduced their rate by 2-4 points, while Sicilia by 6,5 points and between 2001 and 2008 Dolnoslaskie cut its rate by more than 12 points. From 2009 instead, the regions witnessed a generalized rise of unemployment, but in all this was less than the EU 27 average value. If one looks at the whole ten year trend, while the EU value increased by almost one point, half the regions almost followed the EU trend (Alsace, Rhône-Alpes, Toscana and Puglia) while the other half decreased – in some cases significantly – their rates (Aquitaine, Sicilia, Lubelskie and Dolnoslaskie). In 2010 the French regions and Toscana set at a lower rate than the EU average, while the Polish regions and the ones from Southern Italy all were above the EU value.

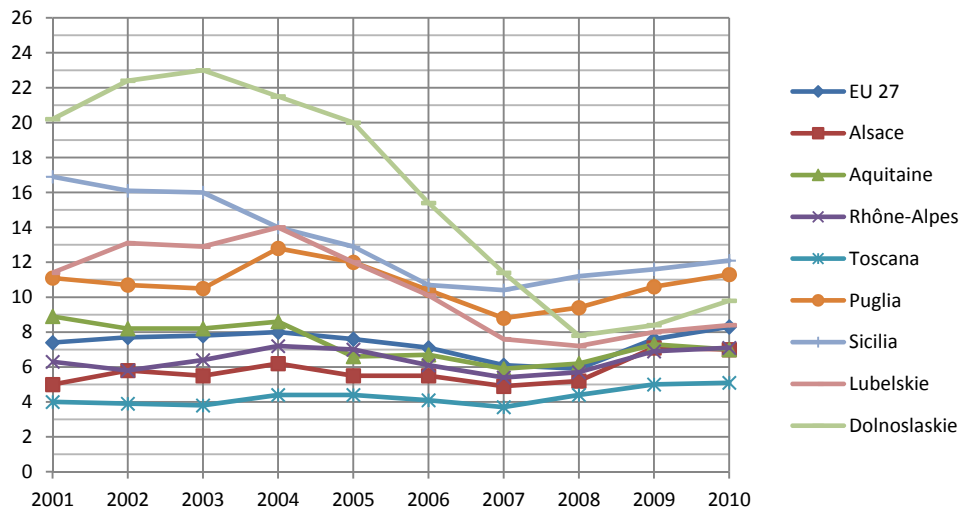


Figure 5 Ten-year Unemployment Trend (Source: Eurostat)

Taking into account values for 2010 one could better look into the structure of unemployment in the regions (see Figure 6). One of the most striking facts is the large difference in the employment rate, with Puglia and Sicilia having values lower than 50%, Lubelskie and Dolnoslaskie with 65 and 62,5% respectively, and Toscana and the French regions reaching rates comprised between 68 and 72%, in line with EU values.

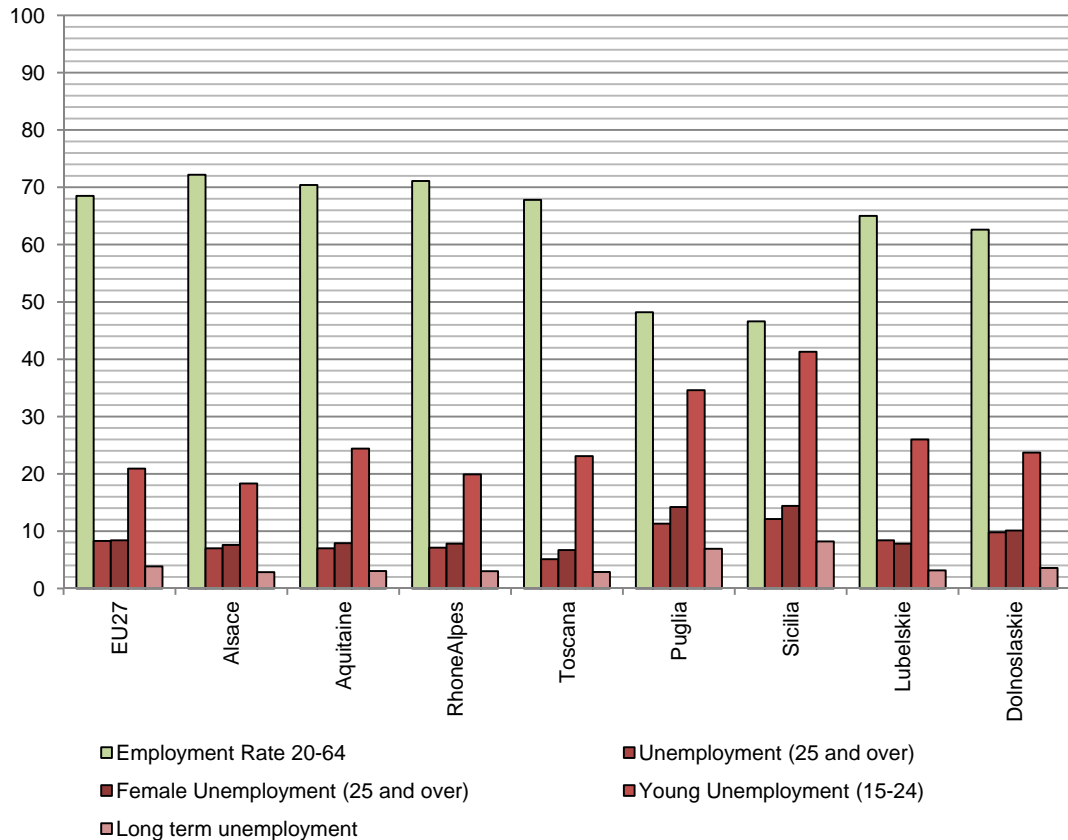


Figure 6 Unemployment Measures 2010 (Source: Eurostat)

Unemployment rates do not vary much across the INSTED regions, with Puglia, Sicilia and Dolnoslaskie above the EU average, and Toscana having the lowest rate, three points under the EU value. The same results are given by looking at female unemployment: notwithstanding a similar divide between regions above and below the EU value, all regions except Lubelskie have female unemployment rates higher than the total value. Puglia and Sicilia register the highest rates and are also the only regions in the group having greatest long term unemployment than the EU value.

The situation is similar but more varied if one looks at young unemployment rates. Here, most INSTED regions are above the EU average (the only two exceptions being Alsace and Rhône-Alpes), but Puglia and Sicilia perform particularly bad, the former 14 points above the EU value, and Sicilia dramatically about 20 points higher.

Knowledge based regions

For what concerns research, science and innovation, INSTED regions fare quite differently. Their level of development is given by the use of indicators on R&D expenditures, human resources engaged in research or employed in high technology sectors, the number of patents.

For what concerns R&D expenditures in the figure and table above these are considered as a percentage of the regional GDP for 2008. The estimated average value for the EU 27 is 1,92%: in this respect the only region of the group above the

EU value is Rhône-Alpes (2,5%), followed by the other French regions, Toscana, Southern Italy and lastly the Polish regions.

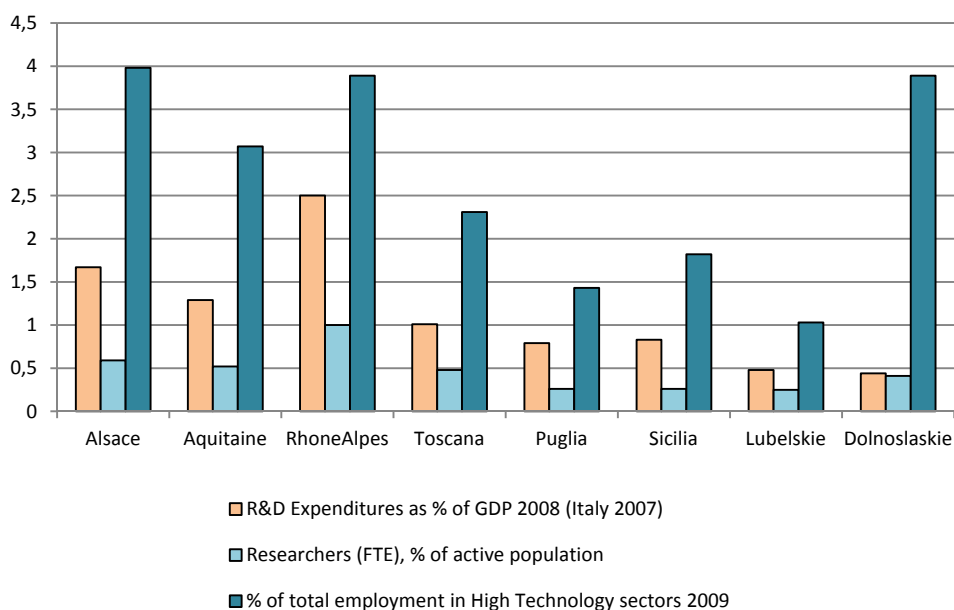


Figure 7 Research and Development Measures (Source: Eurostat)

The situation is similar, but slightly different in the case of the number of researchers employed. Here, with an EU share of 0,65% of researchers over the active population, Rhône-Alpes is still the only region above that value, Aquitaine and Alsace rank not much below, followed by Toscana and Dolnoslaskie, and finally Puglia, Sicilia and Lubelskie register the lowest values.

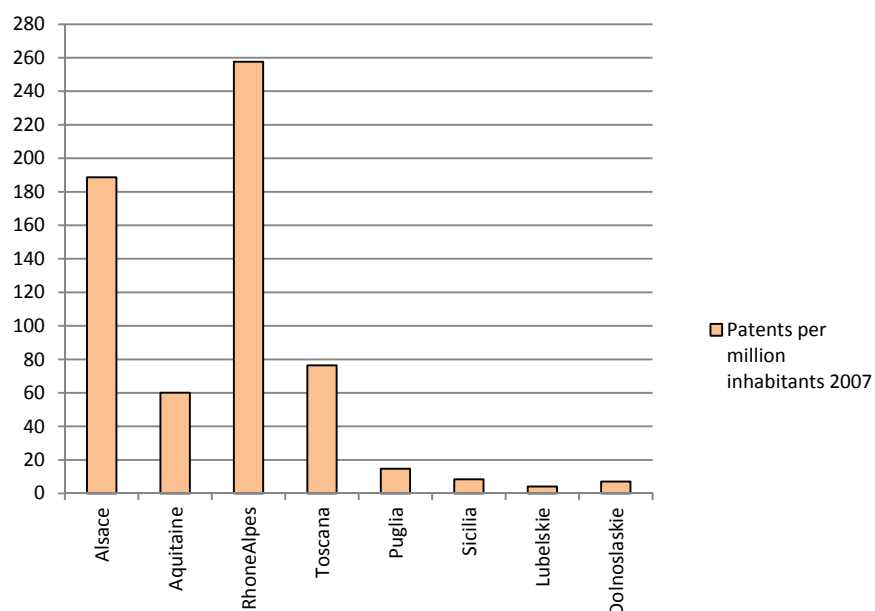


Figure 8 Patents per million inhabitants 2007 (Source: Eurostat)

A different picture is given by the proportion of persons employed in high technology sectors, which gives a clue on how technological activities inform the regional economies. Here, the greatest shares are those of Alsace, Rhône-Alpes and Dolnoslaskie, with the poorest performance of Lubelskie, Puglia and Sicilia.

Finally, in Figure 8 the number of patents gives another clue on the level of innovation and knowledge creation in the regions. Data on patents application at the European Patent Office per million inhabitants for the year 2007 are particularly telling. In fact, they set a threshold between innovative and non-innovative regions, and portray two polar situations: innovative regions with more than 60 new patents yearly (Rhône-Alpes, Alsace, Aquitaine and Toscana), non-innovative regions with figures below 20 patents per year (Puglia, Sicilia, Lubelskie and Dolnoslaskie). It is worth noting that even though little regions may be favoured by such indicator, this does not seem the case for the INSTED group.

Education

This section gives an overview of the education system in the regions. The first indicator is the number of students aged 17 as a percentage of the corresponding age population. This is taken as a reference year, because it is when most countries set the end of compulsory education. The figures tell quite homogenously across regions that when 17 years old most people are still in education. Comparing the INSTED regions with the average EU value, only Puglia and Sicilia register a lower share, while the very high Polish rates are due to the fact that education is compulsory until turning 18 years old.

EDUCATION	EU27	Alsace	Aquitaine	Rhône-Alpes	Toscana	Puglia	Sicilia	Lubelskie	Dolnoslaskie
Students aged 17 at regional level – as % of corresponding age population 2009 (EU 2007)	87	87,8	89,1	90,4	86,9	82,6	78,8	97,1	95,7
Participation of adults 25-64 in education and training 2010	9,1	6,4	5	5,3	7,2	5,2	4,7	5,9	5,6

Table 5 Education measures (Source: Eurostat)

The situation is quite different for tertiary education. If one takes the share of people aged 20-24 in tertiary education only Toscana, Dolnoslaskie and Lubelskie have values exceeding the EU level, with Puglia ranking last (see Figure 9).

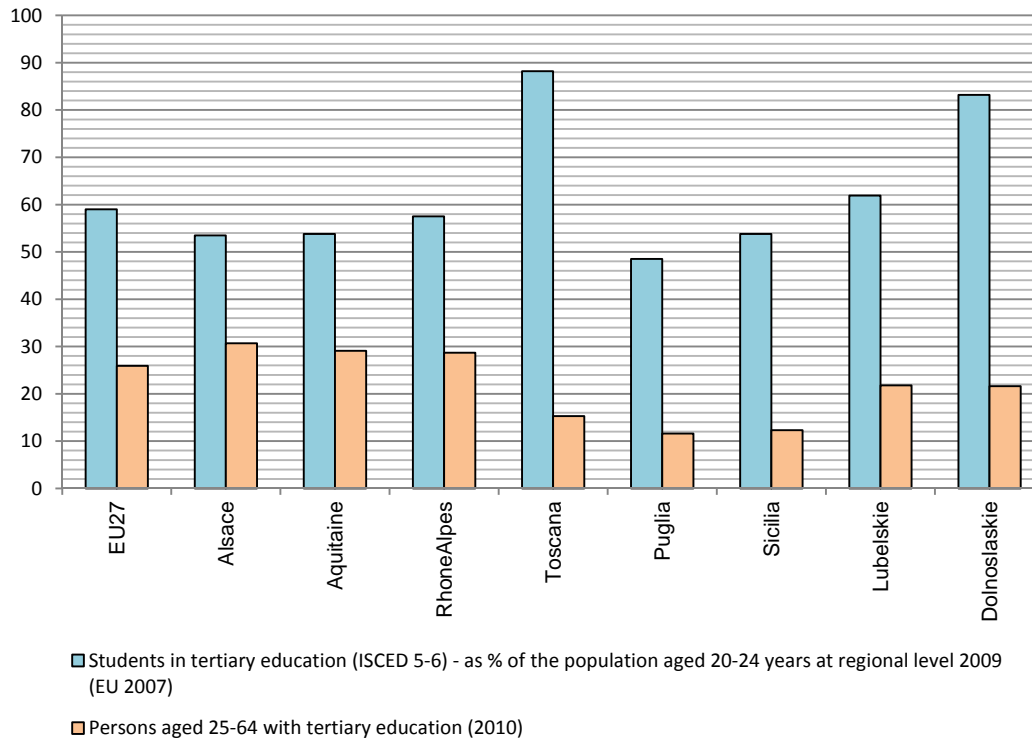


Figure 9 Tertiary Education Measures (Source: Eurostat)

Two last figures may complete this picture. Looking at the population aged 25-64, one could ask which is the share of people with tertiary education and how many people are involved in education and training programmes. For the former one, the Italian regions are at the bottom of the INSTED group, with shares far lower than all the other, while the French regions take the lead and are all above the EU average. Instead, for participation of adults in education and training, all the regions considered are below EU values: notwithstanding, Toscana ranks first in the group, while the other Italian regions last.

3.2 Institutional capacity

In the INSTED conceptual framework, the basic question concerning *Institutional Capacity* (IC) can be formulated as follows: how and to what extent does institutional capacity impact upon territorial development? Thus, from an analytical point of view the central issue is how to define and measure institutional and administrative capacity, while the main theoretical point is to identify the casual chains (mechanisms) through which capacity brings about better development policies.

In order to finalize the empirical research and propose possible answers that can then be operationalized and used in policy making, we need first to give a definition of institutional capacity, taking into account that in the literature it developed first as a normative and operational concept rather than as an analytical notion. Following the Inception report, we can underline that the origins of the concept can be traced back to two areas:

- the first one is the official literature produced by international institutions dealing with development matters such as UN and World Bank
- the second one is the research conducted by scholars working inside the institutional geography framework

If we focus on the EU, *the concept of capacity implies to pay attention to the development of strategies and competences to maximize the opportunities for policy making*, in particular as far as programming, selection and evaluation, implementation and monitoring are concerned.

Looking at the EU Cohesion Policy field, the role of institutional factors and capacity building has been considered since long as an important prerequisite in promoting territorial development. As the Barca Report puts it: “It is widely agreed that both formal and informal institutions are a prerequisite for a place to make full use of its potential”. Starting from this assumption, in discussing the rationale for exogenous intervention in a place-based approach, the Report mentions *institutional capacity* among the most relevant concepts, that is “the capacity of public and private local institutions to govern and coordinate collective decision-making”. As it happens with the agency of individuals, social capital, trust and democratic participation in decision making, the Report highlights that “all these institutional conditions tend to stimulate development by encouraging the involvement and cooperation of people, creating an incentive for them to pool knowledge and to develop collective projects”¹ .

From the review of case study research done so far, it seems that there are *three possible declinations* of the concept of *institutional capacity* that, if partly overlapping at the empirical level, can be distinguished from an analytical point of view, and can be very useful in a policy implication perspective. Obviously here we make specific reference to the object of the present work, i.e. European cohesion policy.

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 INSTED 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 (see also § 3.4. below).

In the French cases, for instance, 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

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

sense, the case of decentralization of competences in Alsace shows that together with the transfer of specialized staff from the State administration, there is a significant investment in human resources after the decentralization started.

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 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 Dolnoslaskie Voivodship 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; as for the Lubelskie Voivodship, despite the overall structural socio-economic conditions, the analysis showed how the level of institutional capacity seems to have been growing throughout the temporal schedule of the observed phenomena.

In the Italian regions, the fact of being recipients and managers of EU Structural Funds since a lot of time probably made the adjustment to the new rules easier. This does not mean that there were no problems, as shown by the fact that, for instance, in Sicily the huge amount of local development programmes overloaded the regional bureaucracy and increased the level of conflict between centre and periphery.

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 ("let's imagine how to spend this money"), 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 policy, by pooling different topics, different tools and different funding streams (public and private, regional, national, EU from different Structural Funds).

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: 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 partnership and inter-institutional cooperation arrangements through structural funds. Maybe with even greater significance, such type two IC is found in the case of Toscana, where 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 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 an objective in itself and it can influence the final results in terms of territorial development. 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 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 INSTED cases, we find evidence concerning mainly the diffusion of the partnership principle and of evaluation procedures.

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 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, in which PIUSS, 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. PIUSS is a coordinated and systematic set of public and private action 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.

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.

3.3 Capacity building policies

Capacity building policies (CBP) 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. Capacity building refers, 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.

Capacity building policies implemented in the INSTED regions are different in terms of type of initiatives, actors involved, the timing of interventions, their main constraints and results.

Five main types of CBP can be distinguished, which comprise interventions aiming at plugging basic capacity gaps (mainly by the use of staffing or training measures); initiatives for knowledge and practice sharing aimed at circulating existing capacity (in the form of a variety of networking activities taking place at different jurisdictional levels); procedural structuring and monitoring (by the use of performance targets and/or structured procedures); institutional and organizational innovations (the establishment of agencies in charge of technical assistance or other technical bodies able to create capacity).

Staffing is quite a common CBP across INSTED regions. Here, a recognized gap in capacity is covered by making use of new personnel who may start more or less solid collaborations with the managing administration. Hiring or other stable forms of incorporating new capacities are more typical in the case of administrations which are relatively new to managing the EU cohesion policy. A paradigmatic case in point is the hiring policy implemented in Lubelskie, where the Department in charge of managing EU policy increased its staff of more than three times in about six years: it is apparent that – if this was partly due to increased workload – such growth was a good way to improve the level of capacity held by the regional administration. With similar results, Alsace engaged in a significant investment in human resources, but the devolution of the managing responsibility was complemented by the transfer of specialized staff from the Prefecture to the regional administration. When instead administrations already possess the skills necessary to the task, a good move is pooling such skills by supporting inter-jurisdictional collaboration: this appeared to be

an important feature in Aquitaine, where regional and state representatives co-directed and co-conceived capacity initiatives. Finally, a different kind of staffing is implemented by the use of external experts. This was quite a significant policy in the case of Sicily, where the elaboration of the development projects for the TIPs was heavily in the hands of experts temporarily collaborating with local authorities for setting up the plans.

Training is probably the most widespread of CBP, but its importance and nature varies across regions. In the case of the Polish regions for example (and in particular for Lubelskie), it takes a significant proportion of all CBPs implemented and covers the full range of competences considered important in managing EU cohesion policy. Here, national programmes aimed at updating basic skills (as for instance language or computer skills), were complemented by initiatives devoted to prepare the management of EU projects (technical, accounting, procedural training), and delivering more strategic or content related training (like for instance on sustainable development). More focused, but still wide-ranging, training activities delivered in the case of Sicilia were organized both at the regional and national level, covering a wide range of technical features related to the management of the TIPs (Territorial Integrated Projects). Finally, more targeted training activities were provided in the case of Puglia: both performance measures for the waste and water services, and the institution of the Evaluation Unit were quite novel arrangements, and the national administration provided several training activities for regional administrations in charge with the implementation of such new policies.

A third type of CBP regards *networking* activities. These comprise a diverse set of initiatives, held with variable significance and formalization in almost all regions considered, sometimes as a collateral effect of other activities, other times as a CBP in its own respect. For what concerns explicit networking, an interesting experience is that of PUI 20 (Projets Urbains Intégrés 20) in Rhône-Alpes, which was selected through a call for projects for encouraging interregional cooperation. Within the project, regular thematic meetings were organized and a web platform was created. Networking was associated with several objectives: sharing practices and knowledge, increasing project manager qualifications, stimulating a common reflection on new and complex issues such as sustainable development, mobility technologies and finally developing a collective debate and reflection on urban topics. Networking was also explicitly pursued in the case of the institution of the Evaluation Unit in Puglia. Here, the Network of the Evaluation Units was created in 1999 and became operative in 2003: it was planned to be a provider of services, products and technologies, but – most importantly – the leading coordinating structure of a community of practice. The network delivered training activities and was in charge of circulating best practices, facilitating the exchange of information and promoting interactions among regional units. Along with the Network, the Italian Department for Public Administration set up the NUVAl initiative, which – with the primary aim of

providing technical assistance in the setting up of the Evaluation Units – was an important occasion for networking.

A fourth type of capacity building policy is related to the use of *procedural arrangements* which in various ways enhance the quality of policy formulation and implementation. A first example took place in Aquitaine, where a work of homogenization of procedures was carried out before starting the program: this concerned internal procedures and the establishment of common instruction documents for the treatment of ERDF demands and actively involved state representatives and regional ones. Procedural arrangements can be a good way of setting modes of conduct when different institutions are involved: if in the case of Aquitaine this was needed for smoothing collaboration and favouring joint work between the regional and the state administrations, procedural adjustments can also be an effective tool for governing at a distance.

This latter case is well represented by the selection procedure used in Toscana for selecting the PIUSS projects. The region introduced in fact some interesting mechanisms to improve institutional capacity and ultimately the quality of development interventions, among which: the process was competitive and evaluation was considered fair and transparent; the region asked for the projects to be relevant, sustainable, feasible and viable; selection of interventions should correspond to a clear long-term vision for the city; participation of relevant stakeholders was to be explicitly considered. The capacity mechanism underlying such policy is based on the presumption that local PIUSS proponents will voluntarily improve their capacity in order to comply with regional requirements.

A similar mechanism characterizes the introduction of performance measures for waste and water services in Puglia which – even without being capacity building policies in their own respect – certainly had an impact on the improvement of capacity experienced by regional administrations involved in such programs. It is in fact reported that – even if not completely successful in terms of service improvements – the implementation of performance based policies stimulated some advancement in sectorial planning and intervention monitoring. In this respect, the requirement by the national authority for the elaboration of Regional Action Plans in order to coordinate within a common framework the different programmes and financial resources for essential investments (European and national, additional and ordinaries, from public and private sources) was considered a significant incentive for the improvement of capacity: it produced in fact better coordination of different actors and tools and an improvement in the general governance of waste and water services.

Finally, a fifth type of CBP entails the *institution of technical bodies or specialized units*, whose action may support the actors in charge of development policies or directly manage such policies. The establishment of national and regional agencies or special administrative units is quite common across INSTED regions and it is one typical way by which technical assistance is provided and EU policy is dealt with

more generally. Formez and the Sprint Programme in the case of TIPs in Sicily are certainly a good case in point: they were important not only for the several activities they organized, but also as a reference actor during the whole process of TIPs elaboration and implementation. A similar function was provided by the Ministry of Regional Development in Poland, whose activities were particularly beneficial for Lubelskie.

The idea that change management may require some form of institutionalization provides a good interpretation for the regional Evaluation Unit in Puglia and its progressive evolution, which can be considered a tool for increasing regional capacity in itself: it matched in fact the injection of high level skills into the administration with the introduction of a culture of evaluation and of quality-enhancing procedures. An analogous process of institutionalization characterized the administrative evolution of Dolnoslaskie, in which the unit responsible for managing EU policy progressively reinforced, eventually gaining the status of an independent department: if such evolution helped managing EU policy, it is also said to have downplayed the importance of preexisting regional development policies.

The nature of the *actors* involved in CBP is diverse. Different jurisdictional levels enter such programmes and may play alternatively different roles: national, regional and local authorities all participate combining themselves into different permutations of actors. Notwithstanding such differences, both coordinators and receivers of CBP are public administrations, so that capacity networks are normally dominated by public-public interactions. A greater variety is present instead among producers and capacity givers, who may well be private consulting, external experts or other institutions not necessarily in the public sphere. Among the INSTED regions, the case of Aquitaine stands out for greater openness in the actors involved: here, innovation facilitator organizations (like business innovation centres, university research centres and other actors involved in R&D) played a central role in the dissemination of a culture of networking and cooperation among economic and institutional actors, and permitted to reach out potential project partners in the whole Aquitaine region.

For what concerns *relations* among the actors involved, CBP could be conceived as producing a unilateral relation between actors delivering capacity and receiving administration. Such conceptualization fits quite well training programs, staffing measures and the institution of technical bodies, but it is somewhat inappropriate in the case of networking and procedural arrangements. For networking in fact, there is no clear distinction between capacity producers and capacity receivers: instead, all the actors involved may play both roles, possibly with some central actors in charge of coordinating the network and circulating the knowledge produced in some of the network knots. On the other hand, in the case of procedural arrangements, we already mentioned that capacity improvements are somewhat implicit byproducts, conceived as side effects of complying with targets and requirements: here, administrations do not receive capacity, but should prove to possess already a level

agreed beforehand by complying to certain standards (and improving their capacity if needed).

The *timing* of capacity interventions is highly dependent on the type and goals of such initiatives. Generally, they are conceived as temporary interventions and – even if sometimes this may actually be the case – they do not necessarily cover the whole cycle of EU policies, their elaboration and implementation. Such time limits are certainly appropriate in the case of training activities: here, more basic and general training is provided before the starting of the programme, right as a preparation to “receive” EU policy within the administration (this is the case for instance of Lubelskie); while more specific and targeted training, though still limited in time, may be provided at different moments along the whole process of dealing with EU policy. Staffing measures actually replicate a similar dynamic, with proper hiring or transfer of staff happening at the beginning of the projects, whereas the use of external experts follows a more “on demand” dynamic.

Network timing and duration are instead more dependent on the successful fulfillment of their goals, in particular on whether they manage to create fruitful relations among members: in this respect, self-sustainability is key, and longer or shorter network lives depend heavily on network actual success. This is quite evident in the case of the Network of Evaluation Units in Italy: in its short three-year life, it failed to create a community of practice, with relations and exchanges among regional Units bypassing its structure and occurring in a more informal way or through the UVAL initiative. Even if generally more stable, technical bodies may experience similar dynamics: whether they are established to provide long term technical assistance or whether they focus on more specific tasks, they may nonetheless undertake a successful process of institutionalization and legitimization. The Evaluation Unit in Puglia appears to have evolved in such a way, experiencing different phases and progressively increasing its status and reputation within the regional administration.

Information on *results and constraints* of CBP is provisional. It is remarkable that most of them entails the collaboration of different actors at different jurisdictional levels, but this does not appear to be problematic: this is so when relations are more unilateral (as in the case of traditional technical assistance or training), but it is not critical even when interactions are denser and multilateral (as for Aquitaine and Rhône-Alpes, which both managed horizontal and multi-level coordination successfully).

For what concerns staffing, as suggested by the case of Lubelskie, Dolnoslaskie or in Alsace, big transfers or injections of new staff and administrative redesign 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, but – more importantly as happened in Dolnoslaskie – they may hinder coordination with other regional policies, even overshadowing regional non-EU development strategies. Finally, problems related to the inability in retaining capacity are the typical consequence of using temporary external experts, which may quickly deliver

high level results, but with no long-term capacity gains for the administrations involved.

Training activities seem unproblematic when there is a basic capacity gap to fill as in Lubelskie, whereas in all cases in which there is an already existent capacity in dealing with development policies, problems of targeting in choosing the topics or in adjusting the level of initiatives may arise. In this respect, in Sicily both the SPRINT Programme and the PIT-AGORA and POSTIT programme were judged positively, with the former being more directed to the needs of the regional level and the other two well targeted to specific needs of the local administrations. Training initiatives were also useful in the implementation of performance measures for the waste and water service in Puglia, whereas they partly missed the mark in the case of the Evaluation Unit, where training was not always fine-tuned with the needs of the highly-experienced people selected to participate in the Unit (but the UVAL structure in the National Evaluation System was successful, showing better tailoring and contributing to legitimize the Unit).

As already mentioned, networks were perceived as successful both in the case of Aquitaine and Rhône-Alpes, while less so in the case of the Italian Network of Evaluation Units. In the French regions, networks allowed not only to share good practices and create a common understanding of development policies, but they also – even though with a limited reach – opened the debate and enlarged participation outside the traditional boundaries of development policy networks.

Finally, procedural arrangements in the case of PIUSS in Toscana were said to be beneficial to the quality of the projects selected, while performance measures in Puglia did not bring the expected results in improving service delivery. Notwithstanding, the introduction of performance management is reported as a positive innovation, because it permitted a general review and innovation of service provision.

3.4 Relations among INSTED variables: hypotheses and first evidence

The boxes in the framework (structural variables, CBP and IC) stand for clusters of variables and indicators, which – with only nine case studies dealing with substantially different policies – can make the understanding of their relations problematic. Starting with these cautions (few cases, many variables, high diversity) the following will report observations and hypotheses drawn by the first results of the INSTED research: these are provisional and not intended to be generalizable, but nonetheless may suggest interesting paths for further investigation.

For what concerns the relation among structural variables, CBP and IC, a meaningful first step is grouping INSTED regions along their structural characteristics. If one takes the structural indicators provided in the first paragraph of this section, it is possible to divide the regions into two groups which overlap with convergence and

competitiveness regions: in the first there are the Southern Italian and Polish regions, in the other Toscana and the French regions. The structural indicators collected are in fact a good proxy for the level of regional development, below or above the EU average.

The first relation worth investigating is the one among structural variables and IC. That the level of development and institutional capacity in one region may be correlated and may experience similar patterns of development appears intuitively reasonable: first empirical evidence by the INSTED project requires nonetheless some specification.

For what concerns type one IC, this does not seem to depend in any sense on the level of development in the region: it is instead a process of specialized learning, very much due to past experiences on EU policy, which can be partly provided by specific CBP, but that most of the time is the outcome of learning by doing. In fact, if one compares the two Polish regions and the French regions – all novel to managing EU policy – there appear no significant difference in the ability to come to terms with EU rules: all needed to learn EU procedures and requirements, and all used similar CBP as a tool to improve that specific capacity. A similar conclusion is reinforced if one looks at the Italian Southern regions which face a lower level of development compared to EU average, but are convergence regions since a long time: here, actors both at the regional as at the local level appear to be quite comfortable in using EU rules and procedures.

Type two IC could instead be connected to the level of development in the region. This is a hypothesis in need of further enquiry, but if one looks at the INSTED regions it appears that more developed regions have a better ability to use EU funds for their purposes and strategies. It is in fact interesting that the French regions and Toscana all had a significant leeway in adjusting EU funds to their development objectives. This is particularly clear in the case of Toscana, Aquitaine and Rhône-Alpes. For this latter, the region managed quite successfully to use EU funds for supporting the setting-up of the interregional Rhône Basin project, in which preventing floods was one of the regional priorities., Type two IC is particularly relevant also in the case of Aquitaine: here, EU funds were successfully used to foster a strategy of innovation which was a longstanding feature of the regional development policy. The case of Toscana needs further analysis: it is in fact in the very nature of the development intervention to foster bottom-up proposals and this makes the unfolding of local strategies more likely. In this respect, further research comparing PIUSS in Toscana against TIPs in Sicilia could actually reveal how different levels of development may influence the use of type two IC. Finally, if one looks at the Polish regions, the case of Dolnoslaskie is an interesting negative case. It in fact shows how – at least in the first stage – an existent regional strategy was actually put aside by the start and progress of EU policy: if this certainly proves the initial lack of type two IC, how much this is due to the level of development in the region remains unclear.

For what concerns type three IC, EU mainstreaming effects may well be inversely related to the level of regional development and the starting level of type two IC. In other words, the greater the level of development, the more refined strategic thinking in the region (and supposedly type two IC), and the more resistant the administration will prove to the “Europeanization” of its policy-making and administrative action. This is a hypothesis and further investigation is needed, but if one looks for instance to the case of Lubelskie, the management of European policy opened a window of opportunity for an encompassing reform of the regional administration, and it is likely that the European principles had an imprinting effect and will inform administrative action more broadly also in the future. Such hypothesis would need a longer time frame to be proven, at least by looking at what happens when EU policy will close: nonetheless, – at this stage of the research – more advanced regions apparently have their own distinct agenda and modes of formulation and delivery, which are less subject to be influenced by EU policy.

The second relation worth investigating is related to CBP, conceived as intervening variables in-between SV and IC. In this respect, a first thing is worth noting: the type and quality of capacity building initiatives are strictly connected with the type of the policy to be implemented, this latter being partly related to the level of development in the region and partly with the present level of IC.

It is in fact no coincidence that in the French regions, the most prominent CBP implemented have regarded networking activities: if on the one hand these may be said to be a tool for practice sharing across capable and experienced administrators (and when used this way they are popular also in less developed regions), on the other they can be a way of building more complex networks, able to exploit regional strengths outside the public administration and spreading more widely a specific idea of development for the region. For this latter aim, the starting level of development seems to be a relevant variable.

A similar ambivalence may characterize also the use of procedural arrangements: this is a hypothesis one can put forward comparing Puglia waste and water performance measures against the procedural structuring of PIUSS selection in Toscana. Even being both tools for hands-off government and the indirect enhancement of capacity, reasons underlying the two policies may eventually be connected to the diverse level of development and capacity in the regions: while in the case of Toscana the PIUSS selection procedure can be considered a way of assuring the respect of certain common standards while allowing local actors free to organize and exploit bottom-up initiative and capacity; performance measures in the case of water and waste in Puglia appear more clearly connected to control and incentive reasons.

For what concerns both training and staffing, the level of development in the region may be decisive when basic training is needed or when basic professional profiles are lacking: here, one may envisage a connection between the level of regional endowment in human resources and relative needs of the managing administration

(this may actually be the case of basic training in the Polish regions). Notwithstanding, most training activities – at least the most successful, i.e. the ones which were better tailored and focused – reached a level of specificity which cannot be directly referred to the level of regional development, but more so to the type of the intervention to be implemented and to the competences presently held by the regional and local administrations.

Finally, institutional innovations – such as organizational changes, the setting up of dedicated EU administrative units, or the Evaluation Unit in Puglia – are strictly connected to the present level of capacity and more specifically to the actual way regional and local administrations are organized, whereas they are substantially independent on the level of development in the region. In fact, similar organizational measures are present in the French (the harmonization of procedures in Aquitaine) as in the Polish regions, while the Evaluation Unit was implemented in Puglia as in the other Italian regions independently on the level of development.

The third relation worth investigating is the one between CBP and IC, the former conceived as having a direct effect on increasing the level of IC in the region: general remarks on how CBP have worked and their wider effects are reported in § 3.3; here we concentrate more specifically on capacity enhancing effects. Such results are provisional and more information will be provided when field research will be completed.

Training and staffing are typical tools for enhancing type one IC. Both when regions had deeper capacity gaps and lack of experience (and so they engage in basic training), as when they needed more targeted training activities, successful initiatives certainly brought an increase in capacity. Nonetheless, as mentioned earlier, imperfect targeting and traditional modes of delivery can plague the utility and the level of participation to training. If training and staffing can cover very specific or – alternatively – very basic capacity gaps, managing the implementation of EU policy requires to solve a continual adjustment to local rules and unforeseen situations, which very often have no ready-made solution: in this respect, networking appear a very effective CBP, since it allows to share good practices and legitimize the actions of administrators when dealing with uncertain or ambiguous tasks. 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 UVAL initiatives were considered important for their networking effects.

The case of type two IC is probably where CBP are less immediately effective. As paradoxical as it can appear, type two IC is the most strategic and it entails a pre-existing level of capacity to be activated in the formulation of EU related policy. Unfortunately, this is normally before CBP are activated and delivered: these latter in fact usually take place in the implementation phase, when related projects are

already closed. Both Rhône-Alpes and Aquitaine are good examples: they effectively managed to use EU funds for their own priorities (the Rhone basin and the innovation sector respectively), but the implemented CBP were by no means drivers of such capacity. Nonetheless, the case of Toscana may suggest that procedural arrangements may be a good way to foster type two IC at the local level: the rules set by the region for the selection and formulation of PIUSS projects have in fact structured the elaboration of plans ensuring the respect of preset quality standards, while activating a bottom-up process which integrated the needs of the cities involved.

For what concerns type three IC, there is some danger that some CBP and – more generally – the way in which CBP are provided may actually prevent the development of such capacity. This danger is particularly high when specialized EU administrative units are created, anytime CBP are restricted to the people not directly involved in EU policy and when external experts are used: notice that these are not at all infrequent in the management of EU policy. Nonetheless, networking is potentially a good vehicle for spreading EU policy principles: the case of the UVAL initiative organized by the Department of Cohesion Policy in Italy could be a good example for the diffusion of a culture of evaluation across different sectors of the administration. Such results are provisional, and it is worth mentioning that longer time frames could reveal more permanent effects: if it is in fact quite natural that during the EU policy cycle, the acquired capacity is used on behalf of EU policy, the question to be answered is what capacity is left to the administration once that cycle is closed.

A final piece in the INSTED framework looks at *the relation between institutional capacity and territorial development*. At the present stage of the research, this is the least developed, also because most programs selected for the study are still ongoing and ex post-evaluation is not available (and would partly exceed the scope of this study). Sicilia is probably the INSTED case where it could be possible to discuss such relation more in depth, but at the present stage no evidence is already available.

4 Description of further proceeding towards the Draft Final Report

From a first overview of the cases, we could draw some first tentative results, which will be further verified (or falsified) in the next steps of the project. As it clearly emerges from this very quick summary, these issues can be considered at the same time as first results and hypotheses for further investigation.

The activities towards the Draft Final Report can be summarised as follows:

1. For each concept the TPG is developing working definitions, which means that we are trying to define them not just in relation to the existing literature and in relation with the Conceptual Framework, but rather to operationalize

them in order to gain clarity and more easily target them to policy, in particular to Cohesion Policy definition for the next programming period;

2. Secondly, in the direction of the Draft Final report, the TPG is working on the elaboration of more robust connections among the independent and dependent variables, in the light of the results from the empirical research;
3. Lastly, the Draft Final Report will propose a set of indicators, able to capture the dynamic relations among the different variables, in particular as far as CBP and IC are concerned. Going one step further in this direction, a stricter relationship between the results achieved so far and the policy debate about the possibilities for strengthening the performance of cohesion policy through conditionalities² has to be fully investigated;

From a methodological point of view, in order to bring the project to the Final Report, the LP and the TPG foresee the following steps:

Deliverables/Meetings	Contents	Dates
Research meeting	Case study analysis, interpretation and discussion	February 17 th 2012
Research meeting	Better definition of the relationships between the most relevant variables after the empirical phase	Beginning of March 2012
9 case studies final draft		March 15 th 2012
Draft Final Report		April 15 th 2012
Comments by Stakeholders and CU ESPON		May 2012
Workshops with Regional Stakeholders	Two or three local workshops to discuss specific themes emerging from cases, interesting to regional stakeholders	May 2012
Final Report		June 15 th 2012
Final Project Conference	Double conference, which includes an academic workshop and a public presentation and discussion of the results	End of June 2012

Table 6 Next Steps towards the Final Report

² “Strengthening Performance of Cohesion Policy through Conditionality. Paper prepared by the Italian and Polish delegations as a contribution to the Conditionality Task Force”, April 2011

Figures

Figure 1 Population Change: Natural and Net Migration (Source: Eurostat)	10
Figure 2 GDP per inhabitant as a % of EU GDP (Source: Eurostat)	12
Figure 3 Business Structure (Source: Eurostat).....	13
Figure 4 Manufacturing in the INSTED regions (Source: Eurostat)	13
Figure 5 Ten-year Unemployment Trend (Source: Eurostat).....	14
Figure 6 Unemployment Measures 2010 (Source: Eurostat).....	15
Figure 7 Research and Development Measures (Source: Eurostat)	16
Figure 8 Patents per million inhabitants 2007 (Source: Eurostat).....	16
Figure 9 Tertiary Education Measures (Source: Eurostat).....	18

Tables

Table 1 Population, Area and Population Density (Source: Eurostat)	8
Table 2 Population Change and Ageing Population (Source: Eurostat)	9
Table 3 Land Cover and Land Use (Source: Eurostat)	10
Table 4 Core Cities in the Insted Regions (Source Eurostat)	11
Table 5 Education measures (Source: Eurostat)	17
Table 6 Next Steps towards the Final Report.....	32

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