Policy integration, policy design and administrative capacities. Evidence from EU cohesion policy

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ABSTRACT
Although policy integration research has been burgeoning over the past decade, numerous blank spots exist in our understanding of the rationale, the policy-making implications and implementation challenges of integrated policy designs. This study aims at improving our knowledge in this field by reflecting on the relevance of administrative capacities for the development and implementation of integrated policies. Based on an in-depth analysis of the implementation of European Union (EU) policies for sustainable urban development in two meso-level authorities (Scotland and Veneto), evidence is provided that both administrations have introduced a range of capacity-building provisions in order to enable the replacement of sectoral policies with a comprehensive integrated strategy. However, the specific policy and governance settings designed with the purpose of enhancing administrative capacities differed significantly between the two contexts, largely depending on public administrations’ strategies and on the salience of EU policies in the respective political arenas.

KEYWORDS
Policy integration; administrative capacity; sustainable urban development; European union; cohesion policy

Introduction
The topic of policy integration has attracted a renewed scholarly and political attention following the approval of the United Nations’ Agenda 2030 for sustainable development (Howlett & Saguin, 2018). Existing studies provide an extensive overview of the different aspects and challenges inherent to integrated policy designs (Peters, 2018a; Tosun & Lang, 2017). Studies adopting a policy perspective have mainly focused on instruments enhancing coherence, complementarity, and coordination, while governance-oriented scholarship has emphasised the relevance of peculiar formal and informal arrangements, such as joined-up government (6, P., 2004), coordinated networks (Jordan & Schout, 2006) and collaborative policy regimes (Howlett & Saguin, 2018).

However, comprehensive literature reviews on the topic emphasise that better conceptual clarity, more comprehensive analytical approaches and wider comparative research are still needed in order to improve our understanding of policy integration and its impact on policy-making (Ph., Meyer, & Maggetti, 2019; Tosun & Lang, 2017). Furthermore, several normative and theoretical challenges related to the concept of policy integration need to be
addressed (Candel & Biesbroek, 2016), along with numerous practical issues concerning the viability of integrated policy designs (Howlett & Saguin, 2018; Rayner & Howlett, 2009) and barriers to their implementation (Catalano, Graziano, & Bassoli, 2015). Among others, scholars and practitioners alike stress the importance of capacity, broadly referring to specific policy and institutional settings allowing for the accomplishment of coherent policy goals and consistent policy instruments (Howlett & Saguin, 2018).

Different terms have been used interchangeably to denote the ability of governmental institutions to establish integrated policy strategies, namely state capacity, public sector capacity, and policy and governance capacity (Lodge & Wegrich, 2014). While acknowledging the administrative dimension in the overall public bodies' capacity to develop and implement integrated designs (Howlett & Saguin, 2018; Peters, 2018a), existing studies have neither clarified its conceptual contours, nor analysed it empirically. Put differently, whereas we do see an evocative use of these terms, we are still lacking an analytical one.

This article aims to contribute to bridging this gap in two ways. First, it elaborates on the conceptual linkage between policy integration and administrative capacity domains, suggesting a range of empirical indicators that map out administrative capacities for integrated policy designs across the different capacity dimensions. Second, it investigates the conditions under which governments integrate disparate policy domains in a coherent and coordinated policy mix (Howlett & Saguin, 2018, p. 2), supporting them with appropriate administrative capacities. Drawing on the definition of policy integration as ‘an agency-driven process of asynchronous and multi-dimensional policy and institutional change within an existing or newly formed governance system’ (Candel & Biesbroek, 2016, p. 217), we maintain that public administrations play a key role in this process, in as far as they may perform as policy entrepreneurs (Petridou & Mintrom, 2020), investing their knowledge and resources in the creation of appropriate administrative capacities.

We expect two sets of factors to affect the propensity of public administrations to move in this direction: i) top public servants perceive strategic advantages of and possess sufficient knowledge for replacing traditional sectoral policies with integrated policy mixes; ii) policy packages involving specific patterns of policy integration enjoy high political salience. Depending on the different combinations of the aforementioned factors, four scenarios of administrative capacity-building for integrated policy designs can emerge: administrative gap, window dressing, cherry picking and full ownership. We test our hypotheses empirically and we analyse the implementation of EU policies for Sustainable Urban Development (SUD) in Scotland and Veneto, focusing in particular on the 2014–2020 programming (see Annex 2 for abbreviations).

The remainder of the paper unfolds as follows. The next section elaborates on the conceptual linkages between the so far distinct policy integration and administrative capacity scholarships. Section three introduces our research design and method, while section four offers an overview of the integrated design of EU policies for SUD. The main empirical findings are presented in sections five and six. The closing section provides a comparative discussion and concluding remarks.
**Administrative capacity for integrated policy designs: building conceptual linkages**

Academic contributions offer a great variety of definitions and conceptual approaches to policy integration (Howlett & Saguin, 2018; Tosun & Lang, 2017), largely referring to the process of design and implementation of strategies, where governments attempt to create a policy domain with coherent policy goals and a consistent set of policy instruments that support each other in the achievement of the established goals (Rayner & Howlett, 2009, p. 101). Existing studies have somewhat implicitly acknowledged the importance of administrative capacity for integrated policy designs, without clearly spelling out and scrutinising the linkage between the two.

Scholars developing the concept of policy capacity have emphasised that, when designing integrated policies, governments can choose among different strategies, involving to varying extent different layers of policy-making – i.e. policy goals and instruments (Wu, Ramesh, & Howlett, 2015). Although these studies deal with the organisational aspects of administrative capacity, they do not elaborate on the specific features that the administrative domain should possess to be able to support policy integration. Studies focusing on governance capacity have provided more straightforward insights in this regard, emphasising the importance of cross-sectoral institutional and administrative coordination mechanisms, which transcend the institutional responsibilities of individual departments or organisations (Catalano et al., 2015; Christensen, Lægreid, & Lægreid, 2019; Peters, 2018a) and extend the scope of decision-making by including new actors (Jordan & Schout, 2006).

On the other hand, studies on administrative capacity have not specifically addressed the challenges originating from integrated designs. The many conceptions of administrative capacity converge in suggesting that it refers to the quality of governmental institutions, and that the demand for capacities varies according to specific functional needs or problems to solve (Lodge & Wegrich, 2014). Scholars of integrated designs emphasise that governments can face the not specifically defined ‘administrative gap’ when attempting to integrate different policy domains by coordinating and cohering multi-sectoral policymaking involving multiple actors with competing interest (Howlett & Saguin, 2018, p. 2). While detecting a range of analytical, organisational and political capacities required for implementing integrated policies, existing scholarship does not spell out the specific capacity challenges arising for public administrations in view of the criteria of coherence, consistency and coordination inherent to integrated designs, except for concerns about organisational divisions and the ‘silo mentality’ (Catalano et al., 2015; Christensen et al., 2019; Jochim & May, 2010).

In this perspective, EU cohesion policy represents a test case since it has promoted cross-sectoral strategies based on the principles of complementarity and coherence since the late 1980s, while the lack of appropriate administrative capacities has been considered one of the main ‘conditioning factors’ for its effective implementation (Bachtler, Mendez, & Oraže, 2014; Fratesi & Wishlade, 2017). In this context, policy integration has been conceptualised as an element of added value (Mairate, 2006), a specific goal (Mendez & Bachtler, 2017) or an intended outcome to be attained through specific approaches and governance instruments (Ferry, Kah, & Bachtler, 2018). Surprisingly, numerous studies analysing the issue of administrative capacity
in cohesion policy have totally overlooked the integrated design of its interventions, focusing mainly on implementation capacity gaps experienced by administrations charged with the management of European Structural and Investment Funds (ESIF) in terms of compliance with EU requirements concerning the general programming, management, monitoring and evaluation rules and procedures (Mendez & Bachtler, 2017; Milio, 2007; Terracciano & Graziano, 2016).

Some helpful insights on how to bridge policy integration and administrative capacity domains come from the framework elaborated by the Netherlands Economic Institute, which has been widely used for assessing administrative capacity in cohesion policy (NEI Regional and Urban Development, 2002). This framework conceives administrative capacity as a policy design-related variable, referring to a set of resources, abilities and skills that public authorities need to possess in order to effectively prepare suitable programmes and projects in due time, arrange the cooperation among principal partners, cope with the managing and reporting requirements, and finance and supervise implementation properly (NEI Regional and Urban Development, 2002, p. 2). It includes three levels: ‘systems and tools’ comprising instruments, methods, guidelines, systems and consolidated procedures that guarantee the effectiveness of the system irrespective of individual choices, capacities and knowledge; ‘structure’ related to the assignment of responsibilities and tasks to departments or units within institutions, and ‘human resources’ referring to individual abilities, experiences and skills.

Unlike most existing studies on administrative capacity, which largely refer to how the implementation or delivery is organised (El-Taliawi & Van, 2019), this framework echoes with the scholarly debate on policy integration, suggesting a design perspective on administrative capacity. Accordingly, the creation of a comprehensive integrated policy framework can be facilitated by the establishment of dedicated systems and tools, including guidance notes, checklists, templates and methodologies, which ensure coherence between multiple goals from disparate policy domains (Howlett & Saguin, 2018) and guarantee consistency and complementarity of mutually reinforcing policy instruments working in the pursuit of the established goals (Rayner & Howlett, 2009). At the level of organisational structures, integrated policy designs can be supported by clearly defined and complementary responsibilities of the administrative units concerned, so that to enhance synergies between them and across governmental layers (Christensen et al., 2019). Vertical and horizontal coordination mechanisms (Jordan & Schout, 2006) help encourage interdependence and shared responsibility between different actors concerned, allowing for sharing information and knowledge, and reconciling conflicting ideas. Lastly, specific individual knowledge and capabilities need to be enhanced by developing and improving specific expertise, competencies and mindsets compatible with integrated policy designs (Howlett & Saguin, 2018; Peters, 2018).

Understanding how and under which conditions the aforementioned capacities can be created in different contexts appears to be essential for supporting integrated policymaking, while spelling out the specific characteristics of administrative capacity against the three policy integration criteria (coherence, consistency and coordination) would be a first step in this direction.

Therefore, we suggest the following operationalisation of administrative capacity for integrated policy designs and unpack the three policy integration criteria through a range of empirical indicators (see Figure 1).
| Levels                        | Integration criteria                                                                 | Indicators                                                                |
|------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Systems and tools            | Comprehensive long-term policy framework, establishing coherent policy goals and consistent policy instruments | • Dedicated cross-sectoral programmes, plans or other instruments establishing coherent cross-sectoral policy goals and measures. |
|                              |                                                                                      | • Thematic templates operationalising the policy integration within the administration and across jurisdictions. |
|                              |                                                                                      | • Interoperable systems (management/accounting/monitoring) across the administration(s) involved covering the sectors included in the strategy. |
| Organisational structures    | Mechanisms of vertical and horizontal coordination allowing for complementarity and synergies within and between administrations concerned | • Coordination bodies/procedures ensuring information exchange, political and administrative support to cross-sectoral action. |
|                              |                                                                                      | • Organisational charts clearly defining complementary responsibilities and functions. |
| Human resources              | Qualified staff capable of designing and managing cross-sectoral integrated strategies | • Targeted training developing cross-sectoral skills and coordination techniques. |
|                              |                                                                                      | • Collaborative initiatives encouraging change in mind-sets and administrative practices. |

Figure 1. The dimensions and measure of administrative capacity for integrated policy designs. Source: Own elaboration based on NEI Regional and Urban Development (2002)

### Research design, case selection and methods

The creation of integrated policy designs and the related capacities can be problematic, as it entails changes in existing policy mixes and institutional settings. Organisational and functional changes conducive to more coordinated, collaborative and inclusive forms of decision-making may be undermined by policy legacies and path-dependent features of policymaking (Rayner & Howlett, 2009; Howlett & Saguin, 2018), including compartmentalisation, fragmentation, and inconsistent instrument mixes (Candel & Biesbroek, 2016). Although the presence of facilitating institutional factors has widely been recognised as essential to replacing existing policy regimes with more integrated ones (Peters, 2018a), some studies have emphasised how integration efforts can be successfully promoted by policy entrepreneurs notwithstanding existing legacies (Jochim & May, 2010). Accordingly, the desired integration among diverse policy subsystems within comprehensive boundary-spanning policy regimes can be achieved if policymakers strongly commit to the key policy ideas behind such regimes and establish institutional frameworks in support of coordinated activities.

Building on these assumptions, we argue that the shift towards more integrated policy design for SUD supported by appropriate administrative capacities can be facilitated if public administrations perform as policy entrepreneurs who perceive the development of such strategies as a ‘window of opportunity’ (Kingdon, 1995) and ‘push things through’
attitudes while a political implementing reforms both directions, matter how expertise of political the integrated differentiated.

Conversely, implementation of place which administrative mix. Hypothesis (Bürgin, 2015) uses this strategy. In this respect, studies on European integration have illustrated how top regional public servants’ (regio-crats) preferences, along with their pragmatic attitudes towards political and economic benefits deriving from the integration process matter for policy-making processes (Tatham & Bauer, 2014).

Accordingly, we expect the public administration’s propensity to move in this direction to be shaped by at least the following two sets of factors:

Hypothesis 1: The more top public servants perceive strategic advantages of and possess sufficient knowledge for replacing traditional sectoral policies with integrated policy mixes, the more intensely they invest resources and efforts in developing specific administrative capacities required by such designs (strategic motivation hypothesis).

Hypothesis 2: The higher is the political salience of EU regional policy in a country/region, associated with the availability of funding, the higher is the public administration’s propensity to adopt the recommended integrated design, including the required policy-settings and capacities (political salience hypothesis).

Drawing on the wider theoretical accounts of the literature on policy and institutional change, we suggest that the different combinations of these factors may produce the following four scenarios of administrative capacity-building for SUD:

The scenarios outlined above are not static and may evolve over time in either direction, depending on the combination of the two sets of variables at play. The ‘administrative gap’ scenario describes a path-dependent situation (Pierson, 2000), in which the development of integrated policies and the related capacities is hindered by both the lack of motivation and knowledge of public administrations to enact such reforms and by the low salience of EU regional policy and funding in the respective political arena. The ‘cherry picking’ (Hopkin & Van Wijnenbergen, 2011) strategy is in place when the salience of EU regional policy is low, whereas the knowledge and expertise of administrations concerned are high. This opens the possibility for them to select implementation options, according to their preferences for specific policy purposes. Conversely, when public administrations have limited ambitions and knowledge for implementing the EU SUD design, but the demand for change is high due to high political salience of the issue, they may introduce some patchy measures following a ‘window-dressing’ scenario (Molenveld et al., 2019). The latter creates the impression of change and portrays the administrations as ‘big thinkers’ (Christensen et al., 2019), while leaving previously established policy and administrative settings essentially unmodified. The ‘full ownership’ is in place when the administration demonstrates extensive knowledge and motivation to carry out capacity-building reforms related to the SUD integrated policy design, being also encouraged by the high general political salience of the issue. Public administrations are here conceived as ‘composite actors’, implying a capacity for intentional action at a level above the individuals (Scharpf, 1997).

We test our hypotheses by analysing the implementation of the EU SUD strategy in Veneto and Scotland, which were selected according to the most similar case design
(Anckar, 2008). These sub-state contexts have received similar amounts of EU ERDF funding over the last programming periods (2007–2013/2014–2020). They both were included in the category of ‘more developed’ regions in the 2014–2020 programming period based on their macroeconomic performance (in particular, GDP), except for the Highland and Islands that was designated as a transition region. Although the absorption rate in Scotland varies across the different local contexts, it largely falls in the same category as Veneto (62%-68%), except for some territories presenting a higher rate of 75%. Evidence exists that the latter characteristics improve with greater quality of governmental and administrative capacities (Rodriguez-Pose & García, 2015; Tosun, 2014). Over the last decade, both meso-level authorities have been governed by political parties (the Scottish National Party and the Liga Veneta) with long-standing autonomist agendas, which claimed for better efficiency of public spending and development policies regardless the different nature of their political ambitions. At the same time, the two meso authorities show dissimilar administrative traditions and trajectories of bureaucratic modernisation (Peters, 2018a). The Veneto context has been characterised by formal legalism, fragmentation, the high degree of politicisation and limited New Public Management (NPM) reforms (Ongaro & Valotti, 2008), while the Scottish model distinguishes for the rejection of command-and-control policy making, widely spread NPM features and increasingly evidence-based policy making (Cairney, Russell, & St Denny, 2016). Therefore, we expect the policy and governance response of these regions to EU guidance for SUD to develop mainly in the same direction, although differences may arise due to the peculiarities of consolidated administrative styles.

In terms of sources, in addition to examining EU, national and regional programming documents, we carried out 17 in-depth semi-structured elite interviews (11 in Veneto and 6 in Scotland) using a snowball technique (Lancaster, 2017; Yin, 2016) with top and middle public servants from both the regional ERDF Managing Authorities (MAs) and the Cities/Urban Authorities (UAs) established at the local level (see Annex 2). The questionnaires were formulated with the aim to disclose administrative strategies related to the implementation of the EU-driven integrated strategies for SUD, focusing on the aspects covered by Figure 2 for each of the three capacity dimensions. Although our interview sample does not represent the entire universe of public servants in the two contexts, it has included the key officials charged with the ERDF SUD implementation within the respective MAs and UAs. Therefore, regardless the limited scope of our

| STRATEGIC MOTIVATION | LOW | HIGH |
|----------------------|-----|------|
| ADMINISTRATIVE GAP   |     | WINDOW DRESSING |
| CHERRY PICKING       |     | FULL OWNERSHIP |

**Figure 2.** Scenarios of administrative capacity-building. Source: Own elaboration
empirical enquiry, we believe that the conceptual and methodological insights provided in the article outline a promising basis for a wider comparative research.

**Unpacking administrative capacity for integrated policy designs: the case of the EU strategy for Sustainable Urban Development**

EU’s cohesion policy integrated design has progressively evolved from the initial focus on the environmental policy integration (EPI) to a more comprehensive approach, implying wider cross-sectoral coordination of policy goals, tools and actors (Lenschow & Baudner, 2016). The 2014–2020 programming period has been particularly relevant in this sense, as ESIF regulations have not only emphasised the need to enhance multi-sectoral policy solutions, but also called for strengthening the arrangements promoting an integrated use of the funds, increasing their coordination with other relevant policies and instruments, and adopting horizontal principles and cross-sectoral policy objectives (European Council, 2013a, §17).

The ESIF SUD package is particularly insightful for analysing the intersection between integrated policy designs and administrative capacities, as it clearly displays how the typical features of the former can be supported by the latter. Differently from the previous 2007–2013 period, when the EU required its member states to mainstream SUD objectives into their ESIF programming with no specific policy or governance guidance, the new package introduced a range of provisions concerning integrated strategies for SUD, including the mandatory earmarking of at least 5% of European Regional Development Fund (ERDF) national allocations for such strategies.

Although the 2014–2020 ESIF regulations did not provide mandatory requirements concerning the design of such strategies, they required to ‘set out integrated actions to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas’ (European Council, 2013b, Art.7, §1). While leaving the choice of institutional arrangements for the implementation of these strategies to each Member State, the regulations required to empower local bodies by designating them as ‘Urban Authorities’ to be responsible for, at least, the selection of operations to implement at the local level (European Council, 2013b, Art.7, §4).

While widely mentioning the need to ensure that appropriate capacity is available to design and implement integrated strategies, EU policy documents do not provide any specific administrative requirements or guidance in this regard. Thus, the creation of appropriate administrative capacities required by the coordination and coherence criteria totally depended on ESIF implementing bodies. Yet, these aspects have appeared to crucial, since the capacity to design and manage local SUD strategies could by far not be taken for granted (Van Der Zwet & Bachtler, 2018), while the established policy settings for SUD proved to be shaped by local resources and specific context conditions (Ferry et al., 2018).

**The case of Scotland**

**Regional political context and policy legacies in ESIF programming**

The principle of policy integration, with reference to environmental sustainability, gender mainstreaming and urban regeneration, became embedded in the Scottish
approach to the EU-funded programmes already in the 2000–2006 programming period. At that time, cohesion policy funding was channelled through multi-fund programmes whose administration was largely devolved to Scottish-based bodies – European Partnerships operating under the coordination of local Programme Management Executives, PMEs.

This system changed in 2007–2013, when the Scottish Government, by now fully established, advocated for itself programme design, coordination and oversight functions (Polverari, 2015). Acting as MA for all ERDF and ESF Operational Programmes (OPs), it reduced the number of PMEs and transformed the remaining ones in external contractors (renaming them ‘Intermediate Administration Bodies’). A key priority was to subsume EU-funded programmes under the wider Scottish policy framework, so as to improve their alignment with Scottish (domestic) strategies, in a context in which the completion of political devolution, alongside with the significant contraction of European funding (minus 40% compared to the previous period), had reduced the overall political salience of EU regional policy and the role of local authorities and other stakeholders in programme design compared to previous programming periods. To an extent, thus, it was at the level of the overarching domestic policies that policy integration was being sought. The EPI principle continued to be mainstreamed in both Scottish ERDF OPs (Scottish Government, 2008, 2009), for example through dedicated stakeholder workshops and the provision of guidance for project assessors (Ferry, Mendez, & Bachtler, 2008). SUD investments were conceived explicitly as synergistic with domestic regeneration and economic development strategies.

Sustainable Urban Development in Scotland 2014-2020 – administrative capacities and policy integration

Systems and tools

For 2014–2020, the Scottish Government continued to act as MA for the two Scottish programmes – ERDF and ESF, each covering the whole of Scotland. Programme implementation was ensured via ‘Strategic interventions’ coordinated by ‘Lead partners’ (Thom, 2019). Lead partners were selected from public bodies and government agencies, who already managed domestic funding in the same policy areas and, thus, as our interviewees explained, possessed the relevant administrative expertise to manage complex ESIF co-funded projects (SCO1, SCO3).

The ERDF OP conceptualises the principle of policy integration and the related administrative capacities through the criteria of integration, demarcation and complementarity (Scottish Government, 2014). However, the actual integration between funds and different strategic interventions has not been particularly high up on the list of priorities: political willingness has been to focus on delivery, so as to avoid potential loss of funding due, for example, to adverse audits (SCO1). The reduced scope of policy integration measures and the limited capacity building initiatives carried out to this purpose can also be linked to the declining salience of EU regional policy, due to a further contraction of the share of funding relative to domestic policy and, subsequently, the prospect of the UK leaving the EU (and ESIF support ceasing altogether after the end of the 2014–2020 period).
The Scottish ERDF strategy for SUD constituted one of the fourteen Strategic interventions of the ERDF OP, denominated ‘Scotland’s Eighth City: The Smart City’.1 This policy initiative, which was not framed as an Art. 7 SUD, targeted the seven main cities of Scotland – Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling. With an investment of circa £25 million, the initiative aimed to foster the deployment of new technologies to transform the delivery of city services, while at the same time driving forward the agenda for a low carbon future, reducing the impact of climate change and ensuring the future economic prosperity of Scotland. It has been implemented under the coordination of the Glasgow local authority, which was appointed as Lead Partner by virtue of its long-standing experience with implementing ERDF regeneration programmes. Moreover, since 2013, the city of Glasgow had implemented a ‘Future cities – Glasgow’ project, which effectively acted ‘as a test-bed for the concept of smart cities’ (SCO2) and was de facto a precursor of the Eighth City initiative.

Funding could support interventions in a range of fields: open data; smart communities (mobile working); smart services (energy, mobility, waste, public safety); and smart infrastructure (innovation labs, intelligent street lighting, water management). Specific investment choices varied from city to city and emerged from a bottom-up process, through a self-assessment exercise involving all seven cities which was realised with the support of a tool and guidance note developed to this purpose (Scottish Government, Scottish Cities Alliance and Urban Tide, 2014). The approach could be defined as ‘opportunistic’ (SCO2), as it was based on the identification of needs that could be matched by existing funding opportunities. Nevertheless, the framework represented by the Eight City Initiative, and its being framed under the umbrella of the Scottish Cities Alliance and wider smart cities strategy meant that there was coordination between the cities and between these and the Scottish Government.

Beyond the strategic settings, the Glasgow PMO provided briefings and guidance as well as coaching to the other cities. In turn, Scottish Government officials held regular meetings with all Lead Partners, Glasgow included. Yet, the primary focus was on ensuring compliance rather than to support the emergence and consolidation of integrative capacities. In fact, the integration between ERDF and ESF, both within the Eighth City initiative and more widely, is considered by the local authorities disappointing and the two funds ‘often disconnected’ (SCO3).

**Organisational structures**

Within the overall governance of the Scottish ERDF OP, the MA’s organisation in three thematic teams – on inclusive, smart and sustainable growth – and the institution of a ‘Scottish Coordination Group’ aimed at ensuring that the selected strategic interventions, and the operations within them, were in line with Scottish Government and partner organisation priorities. In practice, ERDF and ESF functioned largely along separate tracks and the focus has been on ensuring that the two would be complementary, rather than synergistic, ‘or at least not in conflict’ (SCO1).

Importantly, a Joint Programme Monitoring Committee, which replaced the separate programme monitoring committees of 2007–2013, was in charge of overseeing the

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1https://www.scottishcities.org.uk/workstreams/smart-cities.
overall implementation performance towards the established targets, as well as the complementarity among the programmes and interventions implemented.

For the delivery of the Eighth City initiative specifically, a Programme Management Office (PMO) was established within the Glasgow City administration, part funded by Scottish Cities Alliance and part funded by the ERDF. As Lead partner, Glasgow set up a dedicated team, which operated as the liaison between the Scottish Government/MA and the other six cities. The PMO comprised four members of staff – one programme manager, one programme officer, one finance and risk officer, and a programme support officer. The idea behind this approach was that by freeing other cities from programme management tasks, they could focus on delivering the projects. In doing so, the cities relied chiefly on their existing organisational arrangements, assigning additional functions related to the Eighth City initiative to one or two officers among their staff.

**Human resources**

As has already been recalled, the Glasgow PMO provided briefings and guidance as well as coaching to the other cities. The PMO was supported by other Glasgow City Council services, namely by officials from Glasgow City Council’s Corporate Services (Legal), Land & Environmental Services (Finance), Development & Regeneration Services (European Funding Team), and Internal Audit (not funded by the Eighth City intervention).

Other cities were not resourced to the same extent as Glasgow, however. They did not have a dedicated European funding team and internal dialogue between officials dealing with the two Funds was not always actively pursued. Despite the dedicated support provided by the PMO, delivering the Eighth City initiative has placed ‘huge demands on internal resources’ (SCO2) both within the Lead partner and in the other six cities. Difficulties were in some cases linked to staff shortages, particularly in some of the smallest local authorities. There were also challenges related to the innovative character of the investments planned. In this context, capacity building efforts were targeted towards project management rather than specifically towards the integration of policy streams.

The vision underpinning the Eighth City initiative was that the seven cities would work collaboratively, sharing assets, resources and knowledge. But achieving this with the limited resources available and within the tight timetable dictated by the ESIF rules proved unrealistic. Capacity building initiatives were implemented according to a pyramidal approach that was consistent with the Lead partner governance arrangement: from the MA to the Lead partner (e.g. in the form of Lead partners’ events), and from the latter to the other cities. The majority of the training provided to the cities was offered by Glasgow City Council and took the form of on-the-job coaching and tutoring. Again, the focus of this work has been on ensuring timeliness, efficiency and effectiveness of support, rather than policy integration within the initiative. While for some cities the cooperation with the PMO was dynamic and productive, in others the PMO was met with some resistance, which highlights the importance of changing mind-sets for successful capacity-building.

On the whole, the capacity building approach pursued within the Eighth City initiative has largely followed a ‘cherry picking’ logic, assuming some traits of ‘administrative gap’ at the local level.
The case of Veneto

Regional political context and policy legacies in ESIF programming

The Veneto Region has traditionally been characterised by a top-down incremental policy-making style and sectoral approach to development policies, including ESIF programming. In fact, fragmented interventions have prevailed, accompanied by low propensity to adopt inclusive decision modes and the preference for short-term distributive policies (Messina, 2012). The Lega, whose Eurosceptic position is well known, has governed the Region over almost twenty years. These conditions have created a largely unfavourable context for policy and governance innovations prompted by the EU’s integrated approach, in particular with regard to SUD.

The 2007–2013 ERDF regional programme introduced only a few sporadic policy integration provisions, mainly concerning the mandatory EPI principle and gender mainstreaming (Regione Veneto, 2007). Although the ROP offered a description of potential inter-dependences and synergies, and stated the intention to ensure coordination between the implemented measures, a few concrete explanations of how this will be put into practice were included in the text. Neither specific policy instruments nor dedicated governance setting for local authorities’ to be involved in the implementation of interventions targeting urban areas were envisaged.

Against this backdrop, the 2014–2020 ERDF ROP has introduced a number of noticeable changes, as a sudden break in the regional policy legacy occurred short before the start of the new programming period. The ROP first draft presented by the ERDF MAs to the local partnership in 2013 neither developed cross-sectoral linkages between the different thematic priorities nor established it dedicated instruments for SUD. This version was withdrawn as a consequence of sharp stakeholders’ criticism and the ERDF MA top officials resigned short after. A new ROP approved by the EU Commission was prepared by the new MA, and included several coordinated measures cutting across innovation, energy and transport sectors. It also introduced a Priority Axis on SUD with the financial allocation of EUR 77 million (12.8% of the total amount). Several informal inter-departmental consultations concerning all ESIF preceded the preparation of the new programme draft, and a set of administrative reforms followed in order to support the new better integrated strategy with dedicated institutional and procedural arrangements across the three levels of capacity. As our interviews will show, most of these changes have been due to the alternation of the chief administrative staff in the ERDF MA (VEN1).

Sustainable Urban Development in Veneto 2014-2020 – administrative capacities and policy integration

Systems and tools

In addition to acknowledging the strategic importance of synergic usage of EU funding for regional development and growth, the 2014–2020 ERDF ROP has included several practical measures aimed at ensuring coordination of actions on the ground. The programme has committed to clearly defining the scope of ESIF intervention, ensuring their complementarity, improving common information systems and coordinating the
schedule of operations (Regione Veneto, 2014). Although the SUD goals included in the dedicated Priority Axis were in line with EU guidance, covering digital agenda, sustainable mobility, and social inclusion thematic objectives, no specific provisions were introduced to ensure policy integration within this package. Urban Authorities were supposed to be established within six months from the date of the ROP approval by the European Commission.

The new ERDF MA has progressively recovered these multiple gaps by strengthening the overall strategic framework and introducing specific capacity-building instruments for SUD. More specifically, the MA staff prepared templates and technical notes supporting the establishment of UAs and the development of local strategies, and enhancing policy coordination between the regional and local levels. This guidance aimed at ensuring coherence of local goals and measures with the ROP, while at the same time offering local authorities basic assistance in designing their strategies and the related governance arrangements. ‘Although we were aware about the strategic importance of an integrated approach, there were many obstacles to its implementation in Veneto due to multiple institutional and cultural barriers’ (VEN2).

The MA chief officers emphasise that the EU SUD package has been crucial for encouraging the regional government to formulate its political agenda in this field and designing administrative capacities for its successful implementation: ‘[…] the new ERDF regulation provided a fundamental framework for establishing a more integrated and comprehensive strategy’ […]. It has been fundamental for developing new policy ideas at regional level, although a comprehensive political vision is still missing’ (VEN1).

Likewise, according to our interviewees from the six UAs (Montebelluna, Padova, Treviso, Vicenza, Verona, Venice), the implementation of the SUD axis and the establishment of the dedicated system of instruments have contributed to increasing local awareness about the advantages of the EU-driven integrated approach to SUD. However, local authorities have also emphasised that multiple practical challenges still exist to the creation of a comprehensive long-term policy framework in this field (VEN9). Improving complementarity between local ERDF based SUD strategies and ordinary interventions funded by domestic resources is considered one of the major challenges at the local level. Coordination efforts have proved to be more successful in the municipalities where mayors were better informed about the opportunities offered by EU funding and supported the creation of synergies and the related instruments in their administrations. Public officers charged with implementing SUD strategies played the central role in increasing political attention to both the SUD agenda and the capacity issues (VEN6, VEN8, VEN9).

**Organisational structures**

The organisational dimension of administrative capacity for the regional SUD strategy has revolved around the procedures and arrangements aimed at ensuring interactions and synergies within and between the regional and local administrations. At the MA level, the mechanism of Regional Unitary Programming has been established in order to allow for cross-sectoral policy. As for SUD, the MA has created a dedicated unit made up of four officers with the task to coordinate the SUD activities by ensuring, whenever required, the collaboration of sectoral units within the regional administration. This unit
has also been charged with supporting UAs in performing their functions and facilitating interactions between them. Furthermore, the MA has promoted the establishment of a coordination committee, involving regional and local politicians, the ERDF MA and UAs’ administrative staff, with the purpose of encouraging exchange among the main stakeholders. Finally, a coordination working group composed of the MA and UA representatives was created, which meets every two to three months to discuss the implementation progress and solve recurrent problems (VEN3). The officers involved in the aforementioned activities at both regional and local levels have highly appreciated the possibility to interact and coordinate their efforts, emphasising the importance of this collaborative initiative regardless of the additional workload it entails. Our interviewees from the UAs have acknowledged the central role of the ERDF MA in enhancing the overall coordination mechanisms, which contrasts with the silo mentality that still prevails in the Italian public administration (VEN5, VEN9).

Similar coordination activities have been undertaken at the local level. Some UAs have carefully mapped existing projects relevant for SUD with the purpose of identifying possible complementarities and future synergies, and organised ad-hoc meetings between the staff of the units concerned in order to ensure internal coordination (VEN7). The UAs’ staff has led these activities helping establish cross-sectoral dialogue within their administrations: ‘Our administrations lack the coordination culture […]. We have launched a dedicated internal web platform to collect project activities and encourage interactions between sectoral units, but the success of our efforts for consolidating collaborative practices has been limited’ (VEN5). Several interviewees have stressed that the awareness about the strategic value of ESIF among local politicians has been crucial for both developing local SUD strategies and supporting them with appropriate organisational resources.

**Human resources**

The lack of qualified human resources at the local level has been mentioned among the most relevant obstacles to developing a decentralised full-fledged SUD strategy in Veneto. Except for the city of Venice that has benefitted from a long-term experience and robust recruiting strategy of its EU project-management unit, UAs’ administrations had limited staff and poor expertise in the field of ESIF management. Taking into consideration these weaknesses, the MA has assigned UAs limited responsibilities and tasks, while at the same time requiring to ensure that local measures are properly integrated and coordinated with the regional strategy.

Our interviewees have widely recognised the need to develop cross-sectoral competencies and collaborative practices in order to implement integrated interventions, for example in the field of urban regeneration, by combining public buildings’ reconstruction with social inclusion and cultural mediation measures. UAs’ staff has often promoted these synergies bottom-up by organising regular bi- and multilateral meetings between policy officers concerned. Likewise, the ERDF MA coordination unit for SUD has encouraged interactions and exchange between the staff of the regional administration units involved in the implementation of the SUD Axis.

Although the capacity-building sessions sponsored by the MA did not contain specific training aimed at enhancing cross-sectoral competences or coordination skills
required by integrated designs, our interviewees agreed that these training initiatives increased local authorities’ knowledge on integrated strategies for SUD, as well as their general awareness about the opportunities provided by EU funding. UAs have also perceived these activities as an important opportunity to learn about operational mechanisms at the regional level, discuss synergies across different sectors and enhance mutual trust between regional and local administrations (VEN9). Finally, UAs have initiated a range of horizontal collaborative action involving also their neighbouring municipalities covered by local SUD strategies so that to enhance exchange and learning at the local level.

In summary, the creation of administrative capacities has been an essential component of the implementation of the EU SUD package in Veneto, entailing a redefinition of competencies, tasks and skills at the regional and local levels. The ERDF MA has prompted and led most of capacity-building activities contributing to progressively overcome the condition of administrative gap, although this process was asymmetric across the three capacity dimensions and territorial levels. Strategic motivation of top public servants and the increasing political salience of EU cohesion policy and funds have been among the most important triggers for developing and consolidating specific capacity-oriented resources and skills required by the EU’s strategy for SUD.

Discussion and conclusions

Our findings illustrate that the process of replacing sectoral policies with integrated designs, along with the creation of supporting administrative capacities is actually shaped by both the strategic motivations of top public servants and the political salience of policies which embody a specific integrated approach. Interestingly, the scenario of capacity-building reforms can vary not only between administrations, but also across the different dimensions of capacity within the same administration.

In both sub-state contexts, the development of integrated SUD packages and the related capacities has largely been an agency-driven process, confirming our ‘strategic motivation’ hypothesis. Chief public servants’ knowledge and preferences have strongly affected the way in which the two meso-level authorities have implemented the EU’s framework concerning the policy design and administrative capacities for SUD.

As the scenarios sketched in Figure 3 summarise, limited adjustments to the EU framework have taken place in Scotland, which has largely adopted a ‘cherry picking’ approach over both programming periods. It was used to comply with EU guidance, while keeping the consolidated domestic policies and procedures almost unchanged. Although the principle of policy integration has long been embedded in the Scottish ERDF programming, especially with regard to the environmental dimension, little effort was made to adjust domestic policy and administrative settings to the dedicated EU SUD framework. Scotland has selectively implemented a number of traits of the EU design for SUD, supporting them with the required administrative capacities, although a number of gaps persisted as regards the organisational and human resources dimensions. However, rather than pursuing the EU’s policy integration rationale and guidance for SUD, the Scottish 2014–2020 approach has strengthened the integrated policy structures in as far as it enhanced delivery effectiveness and funds absorption. Strong continuity of administrative leadership and the established policy legacy have underpinned this strategy.
Figure 3. Scenarios of administrative capacity-building in Scotland and Veneto compared. Source: Own elaboration

By contrast, policy and governance changes have been far more significant in Veneto, where the EU 2014–2020 guidance was closely followed when implementing the regional SUD strategy. The situation in Veneto has gradually evolved from the original ‘administrative gap’ position before 2007 towards the increased – albeit not yet full – ownership of the EU SUD strategy in 2014–2020, passing through a window dressing phase during the 2007–2013 programming period, some features of which have persisted also in the 2014–2020 period. The shift from the consolidated sectoral approach to an integrated one has been prompted by the ERDF MA top officers, who were aware about the advantages of an integrated approach and invested their knowledge and resources in the development of administrative capacities required for its effective implementation. The MA has also pushed for the political decision to decentralise a set of responsibilities to local authorities and supported the latter with the development of capacities necessary to accomplish the assigned functions. These changes represent a break with the past policy legacy, although several constraints can be observed in terms of the scope of policy integration measures, the degree of UAs’ autonomy within the strategic framework imposed by the MA, and the consistency of the amount of capacity-building resources and measures with the overall policy ambitions.

The comparative analysis of the two cases confirms our ‘political salience’ hypothesis too, as the perception about the relevance of ESIF has proved to affect the commitment to advancing EU driven policy designs and the related administrative reforms. As mentioned, the 2014–2020 ESIF programmes represented an important but secondary financial avenue in Scotland and the principle of policy integration was generally encompassed in the Scottish Government’s strategy in terms of coordination and complementarity of ESIF investments with the wider domestic development policies.

On the contrary, the political salience of EU cohesion policy in Veneto has increased over the last decade, among others due to the reduction of national funding as a consequence of budgetary cuts that followed the economic crisis of 2008. Differently from the past, the need to optimise the use of EU resources and employ them in a more strategic manner has gradually gained ground. The awareness about the necessity to better coordinate the
different EU funds emerged clearly from the 2007–2013 programming experience, when the absorption capacity had been hampered by thematic and territorial overlaps between programming priorities and the related calls for proposals under the different funds.

In summary, from a practical policy perspective, our findings suggest that a mix of knowledge, political and financial resources can become a powerful driver for the creation of specific administrative capacities required by integrated policy designs, which are promoted by supranational policy agendas without involving any steering mechanism. In this regard, the possibility to benefit from long-term financial incentives appears to be particularly relevant, whereas the existence of previous integrated policies with less fragmented institutional contexts does not necessarily entail higher propensity to adopt new integrated designs. Conversely, faster policy and institutional change may take place in contexts with traditionally less integrated policies in order to formally comply with the requirements necessary to obtain European funding. Obviously enough, this does not warrant effective policy integration or the development of required capacities. A nuanced scrutiny of administrative capacities related to integrated designs, unpacking their different dimensions and components, can be helpful for identifying how the specific features of integrated designs can be strengthened through dedicated organisational strategies and incentives.

Although the sample of our qualitative empirical analysis is limited, it paves the way for a wider scale comparative research on the subject, adding significantly to existing studies that have mostly relied on institutional propositions when analysing either policy integration or capacity issues. Agency-oriented approaches, exploring, among others, administrative cultures and styles, policy learning and leadership, appear to be particularly promising for shedding light on the so far underexplored linkages and spillovers between the different capacity dimensions, as well as possible interactions and synergies between the capacity-building efforts at different geographical scales (global – EU – national – local).

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Annex 1: Interviews

Interviewee

Senior Official, Scottish Government, ERDF & ESF Managing Authority
Senior Official, Convention of Scottish Local Authorities
Senior Official, Glasgow City Council
Senior Official, Edinburgh City Council
Senior Official and Official, Stirling City Council
Senior Official, Veneto Region ERDF Managing Authority
Senior Official, Veneto Region ERDF Managing Authority
Official, Veneto Region ERDF Managing Authority
Senior Official, Veneto Region, Montebelluna Urban Authority
Senior Official, Padua UA
Senior Official, Treviso UA
Senior Official, Venice UA
Senior Official, Verona UA
Senior Official, Vicenza UA
Politician, Padua
Politician, Vicenza

Annex 2: List of abbreviation

| Abbreviation | Description |
|--------------|-------------|
| ERDF         | European Regional Development Fund |
| EPI          | Environmental Policy Integration |
| ESF          | European Social Fund |
| ESIF         | European Structural and Investment Funds |
| MA           | Managing Authority |
| OPs          | Operational Programmes |
| ROP          | Regional Operational Programme |
| PMO          | Programme Management Office |
| SUD          | Sustainable Urban Development |
| UA           | Urban Authority |