

Master Thesis
Double Diploma
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Europeanisation through the European Social Fund? A Case Study on Spanish Activation Policies



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Thesis handed in November 2011

ACKNOWLEDGEMENTS

In these acknowledgements I would like to show my gratitude to a number of individuals who have helped me to arrive at this stage of my thesis, my studies and my life. First of all, I would like to deeply thank my first supervisor, Dr. Minna van Gerven. From the beginning of my thesis she has been of major help - guiding me into the right direction and inspiring me with her enthusiasm and analytic insights all along. Her confidence in my project has always encouraged me, especially in times when I lost orientation in this 'European social jungle'. I am also profoundly thankful for all the guidance that my second supervisor, M.A. Sonja Blum, has given me. Although she has been in her final stage of graduating her PhD, I could always rely on her prompt replies and her fruitful feedback. Moreover, many thanks also address my external supervisor, Bart Vanhercke, who has enabled me to grasp this complex topic with the theoretical background he provided.

Furthermore, I highly appreciate the contributions and support of my interview partners during and even after the interviews. Without their openness and honesty, I would never have been able to conduct this research and experience how to investigate into social phenomenon. My host university, the Autonomous University of Barcelona and especially Prof. Dr. Xavier Rambla, have given me the opportunity to conduct this research project in Spain. I am especially thankful for the ample opportunities of cultural exchange (academic or not) that this campus and the people surrounding it have contributed to my studies and my life.

During my studies in Enschede and Münster I have been very lucky to meet a number of wonderful people. Although I'm not able to mention all of them here, I need to stress that it was an amazing experience living on this international campus in Twente, where I have made friends from all around the world and shared times that I will never forget in my life. Special thanks go to Jakob, for his comments on this thesis and all our interesting conversations, and to Gijs, Wessel, Jakub, Philip, Ana, Paddy and many more who have indirectly contributed to this thesis by being there for me whenever I needed their friendship and advice. 2011 has been such an eventful year, leaving Enschede and moving to Barcelona, learning Spanish, meeting new people and learning to resist the beach, as my schedule didn't allow me to get a proper tan. Catalonia, sorry - 'Catalunya' (for the Catalans among us), is a wonderful place to live. But language difficulties made it complicated to access interview partners here. Therefore, my friends here from Barcelona need special mentioning, as they have helped me to translate all interviews and gone through uncountable phone calls, just to get me connected to the right persons.

My foremost gratitude I have for my family. Their constant encouragement, love, and honesty have brought me until here and made me the person I am. I'm incredibly thankful to have such unique and outstanding parents who will always be my personal heroes and who have given me two wonderful brothers, without them, I'd be lost.

Last but not least, my most special thanks are for Miguel. Not only has he always encouraged and comforted me throughout these last two years, but he has moreover brought me to this wonderful place, which I may now call 'home'.

Susanna,
November 2011

ABSTRACT

The various ways in which the European Union (EU) exerts influence on the Member States (MS) have been addressed by a number of researchers from different policy areas. Studies on Europeanisation in the field of social policies have extensively focused on soft implementation tools that the EU utilises to induce change in domestic policies – however, only with a marginal view on the dynamics that the European Social Fund (ESF) may yield in this context.

For this purpose, in this Master thesis I analysed to what extent Europeanisation through the use of the European Social Fund (ESF) has influenced domestic activation policies in Spain. My research was orientated on a former research conducted in Belgium. Drawing on their findings allowed for consulting three precise mechanisms - *strategic usage*, *aid conditionality* and *policy learning* –which were further brought into question in conducted expert interviews to disclose the exact workings of the ESF on domestic grounds. To allow for the decentralised structure of activation policies in Spain, the interviews took place on the central level in Madrid and on the regional level, exemplified on Catalonia.

The findings show that the ESF has functioned as a ‘selective amplifier’ of activation policies in Spain, for as it has empowered national and sub-national actors to further their capacities to activate, shown effects on the governance of labour as well as on policy framing. These insights need to be taken into consideration in future research about Europeanisation in the social area as they break open new grounds on ‘where and how Europe matters’ in domestic spheres.

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I INTRODUCTION

In the course of increasingly taking action in the area of social policies in its Member States (MS), the European Union (EU) has developed initiatives to counteract the increasing unemployment problem that has been persistent since the mid-1990s and hampers the maintenance of the welfare state all along. Although the MS are the core responsible for drawing up legislation, “social policy-making no longer takes place in splendid isolation” (Stiller & van Gerven, forthcoming 2012, p. (1)). The Open Method of Coordination (OMC), a new regulatory instrument, demonstrates the major tool to reach the MS in areas where the EU only possesses shared or no competencies. The goals of this soft law measure are binding on the MS, however, the measures taken to achieve the targets are left to the MS themselves, as national differences in employment policies would constitute major obstacles if each MS had to follow the same paths to achieve the communicated goals (Heidenreich & Zeitlin, eds., 2009).¹

The European Employment Strategy (EES) is the prototype of the OMC. It was launched in 1997 with the entry into force of the Amsterdam Treaty and has been amended through the revision of the Lisbon Strategy in 2005 with a stronger focus on ‘growth and more and better jobs’. At present, the Europe 2020 Strategy formulates ‘the latest’ integrated guidelines for the economic and employment policies of the Member States, that are to be reached by 2020. Within these strategies, the EES sets common employment guidelines, such as ‘Increasing labour market participation and reducing structural unemployment; and developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning’ (European Commission, 2010)². Through the link between the OMC and the EES, the MS are required to draw up National Reform Plans on an annual basis that lay down their employment strategies towards fulfilling those integrated guidelines (Stiller & van Gerven, forthcoming 2012).

The employment guidelines are understood to contribute towards the EU’s strive for creating a European ‘knowledge based society’, with ‘activation’ as a cornerstone of the EES. Due to the omnipresent influence of globalisation and changes in production models, constant developments of the labour market require the attainment of new skills of the workforce, which activation is considered to bring about (Kluve et al., 2007; Serrano, 2004, , 2007; Taylor-Gooby, 2004, etc.). Activation policies constitute (government initiated) actions that are targeted to bring (long-term) unemployed and/or

¹ Within the OMC, MS have to draw up National Reform Programmes (NRP: before the relaunch of the OMC in 2005 referred to as National Action Plans-NAP) in which the measures taken to achieve those goals are to be demonstrated. Subsequently, the MS are evaluating by the principle of ‘naming and shaming’ one another according to the objectives that have been achieved, which creates a form of peer pressure that is understood to lead to improvements among weak performers. Also, weak performing MS can learn from good performers within the process of the OMC.

² ‘Improving the performance of education and training systems at all levels and increasing participation in tertiary education’ as well as ‘Promoting social inclusion and combating poverty’ are further guidelines, that remain disregarded in this piece of work.

social assistance dependants (back) into the labour market by offering a range of training and education services and job subsidies. In addition to that, activation policies may constitute preventive measures that are geared towards people at risk of unemployment (Kluve et al., 2007, p. 29).³ While the initiation of the EES may have emphasised the shift from passive to active labour market measures, the European Social Fund (ESF) constitutes the main financial tool to achieve these EES objectives, as eligibility requirements to receive funding are directly linked to the EES targets (European Parliament and Council of the European Union, 1999; Verschraegen, Vanhercke, & Verpoorten, 2011). Thus, the financial incentives deriving from the availability of the Fund could enable an intensification of the impact of EU driven targets on domestic employment policies. This assumption is the starting point that requires further research into the exact workings of the ESF on domestic grounds, where the MS Spain seems to be a promising case to conduct investigation in, as it has been one of the “main receivers of European funds” (Mailand, 2008, p. 363). Moreover, as the process, where EU induced changes occur in domestic settings, is expressed in the theoretical approach of ‘Europeanisation’, this theory is further incorporated in the present research. Hence, the following research question will guide the investigation in this Master Thesis:

To what extent has Europeanisation through the use of the European Social Fund influenced activation policies in Spain?

This in turn, brings up more questions, such as: *How can the ESF cause domestic change and what changes may it induce?* Since Spain is a State of Autonomous Regions, where labour market policies are decentralised, it may likewise be questioned: *How may the ESF have an impact on the different levels of government in Spain? Who is using the ESF and for what purposes? And, how much can the ESF account for possibly observed changes?*

Accordingly, the aim of my Master Thesis research is to explore the influence of the ESF in Spain constructed on the theory of Europeanisation by disclosing the extent to which the ESF facilitates change in the setup of Spanish activation policies.

Although different notions of activation may exist, which can be classified, according to Serrano (2004), into whether activation is a goal, a method, a principle or an ideology, its semantic meaning is not the subject matter in this research project and therefore will not be called into question. However, the concept of activation rather ‘possesses’ features that can be derived from all those classifications, as activation policies are intended to mobilise the unemployed in order to facilitate their

³ There are debates about differences between the terms ‘activation policies’ and ‘active labour market policies’. Accordingly, ‘activation policies’ are considered to be a more general expression, involving active labour market policies as well as elements of unemployment benefits while ‘active labour market policies’ merely encompass direct policies such as training, job subsidies, etc.. Although authors use those two terminologies simultaneously (e.g. Ballester, 2005), the term ‘activation policies’ will mainly be used in this piece of work, as it entails a broader perspective on the topic of observation. Also, as will be shown in the course of this work, activation policies in Spain are closely linked with eligibility for unemployment benefits, which further requires using the broader definition.

participation in the labour market (goal), as they constitute instruments that increase the participation in the labour market (method), and involve the act of modernising and adapting to current socio-economic conditions by assigning certain self-responsibility to each individual in- and outside the labour market (principle).

This Master thesis is structured as follows. Firstly, the theory of Europeanisation, which has been addressed by a number of scholars and hence necessitates a demarcation from other policy areas, is presented and embedded in the context of this research. Deriving from these theoretical reflections the need of working with mechanisms to detect EU influence becomes apparent. This is intensified in the next sub-chapter on the state-of-the-art, which further reveals the importance of investigating the role of the ESF in research on the Europeanisation of activation policies. In the next step, grounded in a recent research conducted in Belgium, precise Europeanisation mechanisms through the ESF are unfolded. This makes it possible to construct the methodology consisting of the research design, case selection and method for the empirical research on Europeanisation mechanisms through the ESF in Spain. Hereinafter, chapter three introduces the exact functionality of the ESF and its implications on domestic (Spanish) grounds, by shedding light on characteristics of the Spanish labour market, the institutional framework of activation policies and the circulation of the ESF monies in Spain. All these are essential for grasping the complexity of domestic structures within which the Fund might induce change. The next chapter presents the empirical findings on Europeanisation mechanisms that have been detected in Spain, while in chapter five concluding remarks about those findings are contrasted with those in Belgium. The discussion, presented in the last chapter, answers the research question that has been raised in this introduction and accordingly establishes the theoretical relevance based on the empirical evidence which this present research will reveal.

2 THEORY

As Europeanisation is the underlying theory of the present research, this chapter clarifies what Europeanisation means in the context of social policies.

In the course of explaining and understanding “important changes occurring in our politics and society” (Featherstone, 2003, p. 33) the concept of Europeanisation has gained much importance among scholars. Especially since the end of the 20th century, the research agenda of academics shifted more towards explaining the phenomenon of Europeanisation. Nowadays, a range of definitions regarding this concept exist in the literature about the European Union and its impacts on domestic politics of its Member States (Börzel, 1999; Knill & Lehmkuhl, 1999; Radaelli, 2003, etc.) These definitions however, differ largely depending on different policy areas within the EU. Concerning the sphere of public policy though, Radaelli (2003), formulates a widely acknowledged definition that may serve the understanding of Europeanisation in this piece of work. He describes Europeanisation as

“processes of (a) construction, (b) diffusion, and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’, and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures, and public policies”(Radaelli, 2003, p. 30).

This definition grasps the understanding of Europeanisation in the sphere of public policies rather well, as the important element of change associated with domestic implications finds ground, while the wording of ‘in the making of EU public policy and politics’ does not exclude the possibility that domestic actors influence this ‘making’ as well, before incorporating it into national policies and/or politics.⁴

To further unpack the concept of Europeanisation, the term needs to be demarcated from other concepts within the study of the European Union and its interplay with domestic changes, namely with European integration, harmonization, convergence and policy formation. Accordingly, “Europeanisation is not political integration” (Radaelli, 2003, p. 33). While the latter captures issues that are concerned with sovereignty and the intentions of states transferring competences to the supranational body of the EU, Europeanisation should be seen as a possible effect of European integration. Thus, European integration is the precondition for Europeanisation, while Europeanisation is rather concerned with the process of adapting to Europe when the EU institutions are already in place (Radaelli, 2003). Relating this distinction between Europeanisation and integration to the social sphere, namely to social integration, differing insights become apparent. European social integration

⁴ This definition delimits the distinct character of Europeanisation in the public sphere from other definitions of Europeanisation that are focussed on e.g. hard EU law, expressed in Regulations and Directives, as those are implemented through the community method, thus, soft forms of governance are respected in Radaelli’s definition.

is defined as “a process that results from social policy-making and can be identified through the literal meaning of integration: to make parts into a whole. [...] Social integration results from the abolition of the legal and institutional barriers that lock individuals into the social system of their current state of residence, and facilitates their trans-national access to social institutions through the EU” (Threlfall, 2003, p. 124). Thus, precise demarcation as in the case of political integration cannot be established here, as MS in fact did not transfer competences to the EU in the social area but are here rather influenced by soft measures to adapt their domestic social policies to the European-suggested ones. Therefore, with regard to the definition of Europeanisation, Europeanisation appears as a precondition to social integration, as after “[...] policy paradigms [...] are] incorporated in the logic of domestic discourse” (see above), social integration might more likely take place on the grounds of these ‘Europeanised policies’.

Moreover, while harmonization can be an outcome of Europeanisation, both terms are distinct from each other. Europeanisation encourages domestic policy change, but not all states change equally through Europeanisation and some still retain their diversities, while through harmonization a reduction of diversity across the EU Member States takes place. Regarding convergence, Europeanisation can create convergence, where the latter should rather be seen as a possible consequence of the former. However, Europeanisation does not have to produce convergence but can lead to very different outcomes that may be distinct from one another, namely divergence (Radaelli, 2003). Here it may be stressed that “divergence at one level does not falsify the evidence of convergence at another level” (van Gerven, 2008, p. 223). Van Gerven (2008) suggests that convergence can be differentiated according to policy goals, policy instruments and policy outcomes. Here it is understood that while different MS may strive for the same goal, they can employ similar or different policy instruments, which may lead to differential domestic outcomes, which may be due to other intervening factors of heterogenic characteristics of domestic settings (van Gerven, 2008). This illustrates that Europeanisation may create convergence on one level but could simultaneously lead to divergence on another one.

Last but not least it has to be understood for conceptual reasons, that Europeanisation and policy formation on the EU level are connected but do not constitute the same. While the EU may be “best understood as an arena rather than an actor” (Goetz, 2002: 4, in: Radaelli, 2003, p. 34), policy formation is taking place in this arena, where “the outcomes of Europeanisation can feed back into the process of EU policy reformulation” (Radaelli, 2003, p. 34).

Debates about the nature of Europeanisation between primarily intergovernmentalists and supranationalists have reached a certain consensus. This is due to the fact that they have arrived at a common understanding that just like formulated policies on the EU level have an impact on domestic settings through domestic actors and/or institutions (through ‘downloading’), policy ideas from the

national level may likewise influence European policy making at an early stage (through ‘uploading’).⁵ Thus, Europeanisation is neither entirely a bottom-up nor a top-down process, but rather constitutes a two level circular process (Stiller & van Gerven, forthcoming 2012).

Having established the concept of Europeanisation, it is important to detect mechanisms that enable to put this theory under a test through empirical analysis. Here, Radaelli (2003) conducts a rather broad approach, introducing vertical and horizontal mechanisms of Europeanisation, where the former demarcates the EU and the domestic level from each other and EU policies are implemented in national settings through adaptational pressure. The latter, horizontal Europeanisation, is defined “as a process where there is no pressure to conform to EU policy models” (Radaelli, 2003, p. 41), but where different framing mechanisms determine domestic changes. Here, the OMC constitutes a soft framing mechanism of horizontal Europeanisation.

Börzel and Risse (2003) have elaborated on conditions under which domestic change is most likely to happen due to Europeanisation. Their identified ‘misfit’ of domestic policies on European ones constitutes a necessary but insufficient condition for changes in domestic policies, where facilitating factors, such as actors or institutions, fulfil functions of closing the gap that this ‘misfit’ reveals.⁶ Here, literature suggests that the OMC and the EES have (had) an impact on concepts used in domestic labour markets through which new policy ideas or new policy instruments as well as procedural policy changes are facilitated (Heidenreich & Zeitlin, eds., 2009).

The current state-of-the-art of research on Europeanisation in the field of employment policies (in Spain) is presented in the next chapter.

2.1 STATE OF THE ART

Research has shown that the EES has brought new policy instruments to the domestic labour market policies, among other things, a shift from passive to active measures is understood to have taken place in the EU Member States (Heidenreich & Zeitlin, eds., 2009; Kvist & Saari, eds., 2007). With respect to Spain, the influence of the EU in the field of social policies has been put forward by a number of scholars (Featherstone, 2003; Guillén & Álvarez, 2004; Mailand, 2008, etc.). Moreover, the policy shift from passive to active measures has not necessarily been self-motivated in its nature but may rather have been initiated by the EES (López-Santana, 2009). While the EES has allegedly (had) a strong impact on active labour market policies in Spain (Ballester, 2005; Börzel, 1999; Guillén & Álvarez, 2004), procedural policy changes, such as the enhancement of intra-governmental cooperation,

⁵ My research will be focused on downloading rather than shaping and uploading EU policies.

⁶ Furthermore, Börzel (2002) has done a study on institutional adaptation to European policy setting in Spain, which generates in depth insights into the political structure of the central state and the CCAAs and explains their task of sharing competences and implementing European policies into national ones.

are also purported to have taken place through the EES (Börzel, 2002; López-Santana, 2009). Other literature however claims that the cooperation between the different levels of government has not been improved through the EES, but that rather a very competitive and uncoordinated way of ‘dealing with things’ still persists between different Spanish governmental levels (Aragón, Rocha, Santana, & Torrents, 2007).

However, almost ten years before the launch of the EES, Spain already displayed EES priority policy approaches, due to their exposure to ESF money (López-Santana, 2007). This demonstrates, that policy shifts and procedural policy changes cannot solely be accounted for by the EES. Nevertheless, general research focusing on Europeanisation in the social sphere (Börzel, 1999; Featherstone, 2003; Knill & Lehmkuhl, 1999; Radaelli, 2003), and more particularly research on Europeanisation through the EES (Goetschy, 2003; Heidenreich & Zeitlin, eds., 2009; Mosher & Trubek, 2003) pays little to no attention to the impact the ESF may have on Europeanisation. Only a very small number of research articles establishes the link between the influence of the EES and the ESF, however, in most cases, this link is only given marginal importance (Guillén & Álvarez, 2004; López-Santana, 2009; Mailand, 2008). Literature linking multi-level governance to Structural Funds (Bache, 2007; Hooghe & Marks, 2001) pays much attention to the empowerment of sub-national actors, however, improved cooperation or the Europeanizing impact on the governance of employment through the ESF has been omitted in those researches. Furthermore, the ESF, from the liberal intergovernmental view is described as being “less an instrument of social and employment policy than a side payment to induce poorer Member States to accept deep economic integration” (Majone, 2005, p. 190, similar arguments also put forward by Brine, J., 2004). Further research on the ESF has been rather focused on its macro-economic effects on e.g. employment, growth, and regional welfare (e.g. Ederveen, Gorter, de Mooij, & Nahuis, 2003). These macro-economic models have however been criticised due their perceived inaccuracy and deficient insights into the Funds’ mechanisms regarding its instruments on the micro-economic level (Cappelen, Castellaci, Fagerberg, & Verspagen, 2003). These shortcomings in ESF research are attributed to the fact that, within the broader framework of the European cohesion policy, the activities of the ESF are strongly entangled with other Structural Funds of the EU, which poses obstacles to separate those from its broader framework and to assess the domestic effects of the ESF on a long-term basis. In general, it can be concluded that the number of studies focusing on the use of the ESF remains relatively modest.

As the theoretically driven assumptions on Europeanisation are rather broad, these need to be broken down for assessing the theory of Europeanisation through the ESF. Recently published research about Europeanisation through the European Social Fund on Belgian activation policies (Verschraegen et al., 2011) has disclosed precise Europeanisation mechanisms, which provide defined reference points for further research into the particular field of Europeanisation through the ESF. Verschraegen, Vanhercke and Verpoorten (2011) concluded that the European Social Fund in Belgium had three effects: it was a catalyst for innovative activation policy, it had an impact on the governance of labour (the cooperation between the actors), and it led to changes in thinking about activation.

These changes were due to different mechanisms deriving from the ESF, namely ‘Strategic Usage’, ‘Aid Conditionality’, and ‘Policy Learning’. Whether the ESF has similar or different effects in other European MS needs to be subject to further research. Thus, the added value of the research I am conducting in the field of Europeanisation is focused on the theory of Europeanisation through the ESF by researching these mechanisms and see what effects emerge on the test case of Spain. The following section describes those mechanisms in detail.

2.2 EUROPEANISATION VIA THE ESF – MECHANISMS

Verschraegen et al. (2011) have focused on disclosing ‘micro’ mechanisms of the ESF, rather than on macro effects. As the ESF is seen to be “part and parcel of the EU employment governance toolkit” (p. 56), the influence of this structural fund on all levels of domestic policies can be detected and analysed by three distinct mechanisms, namely *strategic usage*, *aid conditionality* and *policy learning*.

2.2.1 STRATEGIC USAGE

The first mechanism refers to domestic actors that make ‘strategic usage’⁷ of the ESF, where usage concerns “the transformation of EU resources into political practice with the intention of pursuing a specific goal: influencing a particular polity decision, increasing one’s capacity for action or one’s access to the political process” (Erhel et al., 2005; Jacquot and Woll, 2003: 6, in: Verschraegen et al., 2011, p. 56). Thus, in Belgium the ESF is having a leverage effect on activation. Also, at times of ‘political stalemate’ the ESF can serve, through its possible leverage effect, as a remedy to political non-action through funding and driving activation initiatives at the local level. Moreover, the partnership principle of the ESF, established through Council Regulation (EC) No 1260/1999 (Council of the European Union, 1999), requires cooperation for the preparation and implementation of ESF programmes between all different levels of government, including the supranational one as well as other public and private actors. At last, as the ESF is granted for a project duration of seven years, medium-term planning is necessary, which may enhance the effectiveness of the programmes.

2.2.2 AID CONDITIONALITY

The second mechanism through which the ESF is understood to influence domestic policies is ‘aid conditionality’ (Dobbin, Simmons, & Garrett, 2007; Verschraegen et al., 2011). Here, the conditions required to receive ESF funding are paving the way for realizing projects domestically that conform to the EES objectives. The framework and priorities of the ESF became redefined through the Regulation 1784/1999, which manifests that the ESF should support the EES for more consistency and complementarity regarding the improvement of labour market measures and human resource develop-

⁷ Also established by Erhel et al., 2005; Jacquot and Woll, 2003

ment (The European Parliament and the Council of the European Union, 1999). Consequently, the ESF is used for achieving the political objectives of the EES, while both reinforce each other, where on one hand the EES gives more legitimacy to the ESF, and on the other the ESF constitutes the financial instrument of the EES (López-Santana, 2009; Verschraegen et al., 2011). Projects that seek ESF funding but diverge from the EES objectives can thus be rejected by the Commission.⁸ Furthermore, the fact that the ESF is taken up in order to reach the EES guidelines constitutes a ‘concentration mechanism’ upon the ESF. But also, the additionality principle can play an important role within the mechanism of aid conditionality. While MS need to concentrate their ESF expenses on the EES framework, according to the additionality principle (Council Regulation, 1260/1999), the “(sub-) national governments are required to spend EU funds in addition to any planned expenditures” (Verschraegen et al., 2011, p. 65). Especially local governments can benefit from this, as they may be enabled to test certain activation programmes without legally having to establish binding rules upon them. The third condition for being eligible for the ESF fund is ‘sound financial management’. In order to enhance transparency of the initiated projects through ESF, the Commission as supervisor keeps control of the financial structures of the partners who are carrying out the projects (Council Regulation, 1260/1999). Hence, all these three conditions are understood to be influencing the effect(s) the ESF has on domestic settings.

2.2.3 POLICY LEARNING

The third mechanism through which the ESF is understood to have a domestic effect is ‘policy learning’. Learning in this context means “that domestic actors change their policy orientations because of their participation in the ESF” (Verschraegen et al., 2011, p. 57). Learning through the ESF may occur on different fronts. First, a shift towards the orientation on activation policies may already be happening due to the availability of the fund and the need to become familiar (and to comply) with the conditions to use the Fund. Second, mutual learning from other Member States as well as other regions may occur regarding the exchange about different activation practices. But also goals and preferences of key actors may change due to diffusion. Here, change is not deliberately pursued but it rather happens because “involvement in [...] ESF projects ensure[s] that this conviction spread[s] to a much broader circle of actors.” (Verschraegen et al., 2011, p. 67)

2.2.4 ESF EFFECTS IN BELGIUM

Previous empirical research has concluded that the three mechanisms through which the ESF operates account for differential effects in the Belgian regions. It has been stated that, the ESF has had catalytic effects on innovative activation instruments, on the governance of employment policies and on policy framing. Regarding innovative activation instruments, “the ESF seems to have provided a ‘creative margin’ for experimentation and innovation of Belgian labour market policies” (Verschrae-

⁸ This also demonstrates the important role the Commission plays in the functional relationship between the EES and the ESF.

gen et al., 2011, p. 60), where e.g. specific methods for guiding the unemployed have been developed through ESF resources, and better monitoring and evaluation studies of domestic labour market policies could be implemented.

Effects on the governance of employment policies became apparent through improved cooperation between different levels of government as well as between public and private partners, where moreover local innovative partnership-based projects were initiated through the ESF, including cross-level cooperation, such as regional-provincial or regional-municipal partnerships. Further governance effects through the ESF have been detected in the tendering procedures for granting ESF funds, where non-state actors can apply for possible participation in the fund, which has accordingly “raised the quality of the provision of services” (Verschraegen et al., 2011, p. 62). Moreover, due to the fact that sub-national actors can also apply for ESF funding, the ESF has empowered regional actors to develop employment policy frameworks.

The third effect that the ESF is understood to induce in Belgium is policy framing (Verschraegen et al., 2011). Here, the ESF has induced a shift in the cognitive and normative orientations about activation policies, where especially ESF programmes triggered a focus on long-term unemployed or on “‘unusual’ unemployed persons (that is with decent qualifications and work experience)” (Verschraegen et al., 2011, p. 62), and generally changed the thinking about the ability to reintegrate these persons into the labour market. Evaluation reports strongly contributed to a change in the thinking about activation, as they demonstrated that even two years after the training, ESF beneficiaries were still active on the labour market. Moreover, the ESF-initiated focus on specific risk groups framed domestic policies in a way that those individuals likewise receive stronger attention by policy formulations.

The theoretical insights about Europeanisation and the presented mechanisms through which the ESF has induced change in Belgium, create certain expectations about the workings of the Fund on domestic grounds and likewise its impact on the process of Europeanisation. Accordingly, the following hypotheses may be derived for the Spanish case:

H1: The use of the ESF facilitates Europeanisation by inducing effects on domestic activation policies.

H2: The use of the ESF facilitates Europeanisation by changing cooperation between different domestic actors and between different levels of government.

H3: The use of the ESF facilitates Europeanisation by promoting policy learning and inducing domestic policy shifts.

If these assumptions prove correct in the case of Spain or if different insights through the in-depth analysis of the ESF in Spain can be gained, may provide new objectives for research on Europeanisation through the ESF on domestic grounds.

2.3 METHODOLOGY

In order to assess ‘to what extent Europeanisation through the use of the ESF has influenced activation policies in Spain’, the following methodological approach is used in this research project.

2.3.1 RESEARCH DESIGN

Through a single case study on the mechanisms and effects of the ESF on activation policies, the theory of Europeanisation through the use of the ESF in the social area of the EU is put under a test. The unit of analysis is changes in Spain’s activation policy framework that are explained through ESF influence. The research is oriented on examined mechanisms and effects that Verschraegen et al. (2011) have identified in their study on Belgium, and to see whether the ESF is a catalyst for (domestic) innovative activation instruments, understand its effects on the governance of activation policies and on changes in the thinking about activation. The focus of attention is placed on the established mechanisms that may lead into those effects on national policies.

Findings by Haverland (2006) reveal, that research on Europeanisation by case selection is affected by no-variance problems, “following the counterfactual notion of causality, [...], it is therefore difficult – if not impossible – to establish the causal effect of the EU” (Haverland, 2006, p. 144). Due to the fact that national policy changes, improvements in cooperation or changes in the thinking about activation may have occurred without the influence of the EU, but through either domestic influences (internal pressures) or impacts deriving from globalization (global pressures), there can be a “lack of variation in the independent-EU-level-variable” (Haverland, 2006, p. 135). Internal validity would be challenged here due to the possibility that similar changes might have occurred if the EU did not exist. In order to minimise this no-variance problem within the research, the steering and amplifying effects will be accounted for.⁹ Steering effects imply that domestic decisions on implementing policies are a response to the ESF and changes would not occur without it, whereas amplifying effects mean that, the ESF reinforces domestic changes, but these changes may also have occurred if ESF was not available; hence, the ESF facilitates changes in national policies but is not the main driver for the implementation (Zohlnhöfer & Ostheim, 2007). Furthermore, due to the counterfactual concept of causation, Haverland (2006) suggests, that especially in single case studies on Europeanisation, a non-EU state, that has large similarities with the country of observation, should serve as the ‘control group’. However, as much as this could contribute towards making EU influence most visible and demarcate changes in Spain from other possible factors, that complexity of analysis is not feasible in this Master thesis. Nevertheless, as “in order for [the case] to serve its function, in order for it to be a case *of* something, cases must be similar to one another in some [...] respect” (Gerring, 2001, p. 174), the empirical research on Belgium by Verschraegen et al. (2011) allows to draw valid inferences through Europeanisation mechanisms and their effects on domestic activation policies, which are used for the research on Spain likewise.

⁹ and also the use of ESF funds is more easy to demarcate from influences of e.g. the EES, as money is more tangible

2.3.2 CASE SELECTION

Conducting an empirical research of Europeanisation through the ESF on the case of Spain proves to be interesting on several fronts. First of all, with the persistent problem of unemployment in Spain, which is among the highest in the entire EU, Spain has moved (as have other EU countries) from passive employment policies to the promotion of active ones (Aragón et al., 2007; Ballester, 2005; Kluge et al., 2007; Mailand, 2008). Whether the ESF is accountable for this policy shift needs to be unveiled for detecting the role of this EU instrument in this policy change. Second, Spain is a State of Autonomies, where the powers of the central-state and of the regional Comunidades Autónomas (CCAA) are separated. In order to ensure cultural pluralism, in both levels of government a degree of political and institutional autonomy prevails (Börzel, 2002), where the funding from the ESF is distributed by the central state and the implementation of the ESF programmes is merely the responsibility of the regional – the CCAA – level. Thus, especially concerning the effect towards improved cooperation between different levels of governments through the ESF conditionality, Spain reveals to be an interesting case for analysis. And third, “Spain has been [...] the country that benefits most from structural and cohesion funds in absolute terms [...]. In 2002, the financial balance for Spain (the difference between the amounts transferred from Spain to the Union and from the Union to Spain) was positive and consisted of €8,870m, that is 1.29 percent of Spanish GDP” (Guillén & Álvarez, 2004, p. 289). In the ESF programming period of 1999 – 2006 the ESF amounted to €11.916,760 mil. in Spain (MTIN, 2011), while in the current programming period 2007-2013, Spain receives the third highest amount of ESF funding (after Poland and Germany), and thus takes up with €8,057,328,822, 10.61 percent of total ESF funding (European Commission, 2011a). The effects that the ESF evokes in a country with high funding (as contrasted to Belgium, where the ESF is rather considered as a small financial fund) will furthermore enable to detect how strongly the ESF leverages domestic activation policies.

2.3.3 METHOD

Data in this case study is gathered through eleven semi-structured expert interviews¹⁰. The interviews are partly conducted on the central state level (in Madrid) with the Ministry of Labour and Immigration (MTIN), the ESF Unit, directors of the 1st May Foundation and the Economic and Social Council. On the regional and local level, ESF experts from the local development agency of the city council of Barcelona, associates from the Public Employment Office of Catalonia and from the regional Catalan ESF Unit are consulted. Furthermore, university scholars from the Universidad Complutense the Madrid, the Universitat Autònoma de Barcelona, MAPP Mundus Visiting Scholar at the Institute for International Studies in Barcelona, are interviewed. In general, the profile of the interviewees is oriented towards heterogeneity, however, due to limited availability of a number of experts, either because of their tight schedule, language difficulties or the rather short research period of this project, some interviews are answered by e-mail, and precisely adequate patterns of the in-

¹⁰ (see Aberbach & Rockman, 2002 for more information on semi-structured interviews)

interviewed persons as in the research about Europeanisation mechanisms in Belgium could not fully be accounted for.

The questionnaire consists of 19 questions, which are, according to the function of the interviewee, modified, shortened or discarded. The first three questions are general questions about the influence of the EES in Spain. The following section consists of seven questions about the possible effects in Spain through the ESF, accounting for the three effects the ESF had in Belgium. The last section addresses the Europeanisation mechanisms by which the ESF is understood to induce change. This part is the focus of this research, as mechanisms that lead to effects are essential for further investigation.

In order to analyse the data, the conducted interviews are recorded and transcribed. In certain circumstances the initial interview is translated into Spanish and sent by e-mail; here the answers are later translated back into English (for transcripts and translations please see Appendix). Subsequently, all documented interviews are categorised by the function of the respondent and labelled with an abbreviation according to that function. As in semi-structured interviews “open-ended questions [...] give] the respondents latitude to articulate fully their responses” (Aberbach & Rockman, 2002, p. 674), the focus of the interview evaluations remains with the answers directly related to mechanisms through which the ESF operates. This necessitates to narrow down extensive elaborations given on rather general topics (such as e.g. on the functioning of the Spanish labour market, the current crisis, and various possible effects of the ESF). The proximity of the interviewee to the ESF plays an important role for evaluating the given answers. Scholars and trade unionists rather present general views on the ESF, while individuals who are directly associated with the Fund can contribute particular information about its exact functionality, which enables to draw more inferences about the precise mechanisms which the ESF appropriates.

The findings through the interviews provide the main insights about mechanisms and effects of Europeanisation through the ESF on the example of Spain, while also possible bias in EU policy papers about the impact of the EU in the EU social sphere is overcome through the heterogeneity of the interviewees. Nevertheless, a deep analysis of official documents, legislation, European and national studies, administrative data on the ESF activation programmes, and general assessments of ESF programmes are additionally consulted. Furthermore, taking account of the decentralised nature of activation policies in Spain and the feature of the ESF that enables funding for different levels of government, the regional and local dimension of the research is exemplified by Catalonia, which is often seen as a forerunner regarding employment policies.

3 THE EUROPEAN SOCIAL FUND AND DOMESTIC IMPLICATIONS

This chapter sheds light on the purpose and the functioning of the ESF in the Spanish domestic setting. At first, a general description of the Fund, including its legislative framework is given, before its implications on the domestic Spanish ambit are presented.

3.1 THE EUROPEAN SOCIAL FUND

In order to reduce disparities between different levels of development in its various regions, the European Union is required to contribute “to the strengthening of its economic, social and territorial cohesion” (TFEU, Art. 174). This action is to be supported by Structural Funds (TFEU, Art. 175). The European Social Fund is the oldest Structural Fund, established in 1957 and operates on a multi-annual basis to execute its budget. In order to receive ESF funding, each Member State has to submit operational programme documents to be approved by the Commission, which state its development strategy including the identification of a set of priorities that are to be carried out with the financial support of the fund. After the Commission grants the ESF monies for the proposed actions, it depends on the institutional frameworks of the MS respectively, how these resources are distributed (European Commission, 2011a).

3.1.1 LEGISLATIVE FRAMEWORK OF THE ESF

Regulation (EEC) 2052/88 on the tasks of the Structural Funds¹¹ and Regulation (EEC) 4255/88, specifically addressing the provisions for the implementation of the ESF under Regulation (EEC) 2052/88, extended the principles of the fund by adding the programming, concentration and partnership principle to the principle of additionality (Council of the European Union, 1988a, , 1988b). Reforms on the Structural Funds in 1999 repealed the former two regulations and replaced them with Regulation (EC) No 1260/1999¹² and Regulation (EC) No 1784/1999¹³. The most significant change through these reforms was the creation of a new framework for the ESF by establishing close ties between the Fund and the EES and thereby designating the ESF tasks precisely towards measures combating unem-

¹¹ ‘and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments’

¹² This regulation lays down the general principles under *Title I* on the funds’ objectives and tasks (*Chapter I*), on its eligibility (*Chapter II*), on its financial provisions (*Chapter III*), and on its organisation (*Chapter IV*), including complementarity and partnership (Art. 8) and additionality (Art. 11). Furthermore, under *Title II* the Programming of the fund is presented, taking account of the specifics of the programming concerning Objectives 1, 2 and 3, and including the strive for Innovative actions (Art. 22), global grants (Art. 27), *Title IV*, Monitoring (Art. 34), Financial control and corrections (Art. 38 & 39) and Evaluation (Art. 40)

¹³ This Regulation constitutes the tasks (Art. 1), the scope (Art. 2), the eligible activities (Art. 3), the concentration of assistance (Art. 4), the Community initiative for combating all forms of inequalities and discrimination in the labour market (Equal) (Art. 5), and among others, the framework of innovative measures and technical assistance (Art. 6) of the European Social Fund, and replaces former Regulation (EEC) 4255/88. It is applied in accordance with the general provisions on Structural Funds defined in Regulation (EC) No 1260/1999.

ployment, promoting human capital and social integration related to the labour market and the contribution of high levels of employment, gender equality, sustainable development, as well as economic and social cohesion. Thus, activities formulated in the National Reform Plans, which lay down detailed national strategies for achieving the EES guidelines, are to be supported by the ESF.

The scope of the ESF is rather broad, comprising the development and promotion of activation policies for combating and preventing (long-term) unemployment of males, females, young people and other disadvantaged individuals, while offering access to funding and taking account of supporting local initiatives that are dedicated to achieving the EES objectives (European Parliament and Council of the European Union, 1999). The reform of the Structural Funds for the programming period of 2007-2013 is laid down in Regulations 1083/2006 and 1081/2006, which further links the ESF to the OMC.¹⁴

3.2 THE EUROPEAN SOCIAL FUND IN SPAIN

In Spain, the ESF is subject to the division of power between the central state and the Autonomous Regions (CCAA) and is devoted to address the main challenges the country is facing, such as low human capital, low female labour market participation, low productivity and insufficient employability. EU recommendations to Spain have related to increasing activation policies, modernisations of the Public Employment Services (PES), gender equality, training, and among others, modernisations of the work organisation, focussing on the increase of permanent and part-time work contracts (European Commission, 2011b; Mailand, 2008). ESF priorities in Spain target the improvement of adaptability of workers, employers and enterprises, as well as the reduction of temporary work contracts (European Commission, 2011a). For the last programming period (1999-2006) ESF funding in Spain amounted to roughly €11.9 billion and in the current programming period (2007-2013) to €8.1 billion. But how is this bulk of money distributed in this 'State of Autonomies' where labour legislation power lays within the central government and the design and implementation of labour policies within the Autonomous Regions (CCAA)? The following sub-chapters will shed light on the Spanish labour market situation, on the institutional framework of activation policies in Spain and at last on the circulation of the ESF monies in the decentralised structure of the country.

3.2.1 THE SPANISH LABOUR MARKET

As the late transition to democracy delayed the development of the welfare state in Spain, "the degree of protection afforded by social policy and the number of people it covers are currently significantly lower than in other parts of Europe" (Aragón et al., 2007, p. 13). Temporary work contracts were introduced in 1984 with the intention to reduce unemployment, by raising flexibility in the la-

¹⁴ As it is too early to assess the impacts this reform has on the current workings of the Fund it does not find further application in this piece of work.

bour market. As a consequence the Spanish labour market is very segmented with highly paid permanent employees protected by high dismissal costs and low paid employees on fixed-term contracts. Spain's welfare state can be classified as a hybrid model of conservative and liberal welfare states, where the family still has a central role in the national welfare system while a hyper-protection for labour market insiders and under-protection for the outsiders exist, accompanied by flexible labour market policies, causing an internal polarisation of the labour market (Esping-Andersen, 1990; Pierson, 2006).

Legislative reforms in 2002 and 2003, introducing 'new' Employment Acts clearly incorporated the notion of activation into the legal framework of the Spanish welfare state by linking unemployment benefits to activation programmes, where the former is to be restricted if the latter is not followed. Here, the unemployed must sign a 'commitment to be actively available for work' and is subsequently required to take up job placements that are considered as suitable by the PES (Aragón et al., 2007). However, general strikes led to the abolishment of the compulsive measures in the reform, and the integration agreement became rather voluntary (Kluve et al., 2007).

Despite some progress in the past decade, the Spanish labour market still has major imbalances, with a generally low rate of employment, high unemployment rates, the salient persistence of low female participation in the labour market and further disadvantages of labour entry for the youth, with the prevalence of a high proportion of temporary labour contracts especially for the young, and significant and persistent disparities between the (un)employment levels by regions (Aragón et al., 2007). While major investments (though only with low to no reserves) into the housing industry caused a sharp increase of employment in construction, the creation and the final burst in 2007 of this speculative housing bubble resulted in overall unemployment rates in 2010 of 20.1%. Figure 1 contrasts the development of the unemployment rates in Spain and the EU 15. The overall unemployment rate, and moreover youth unemployment rates of 41.6%, are the highest levels in the EU (Eurostat, 2011).

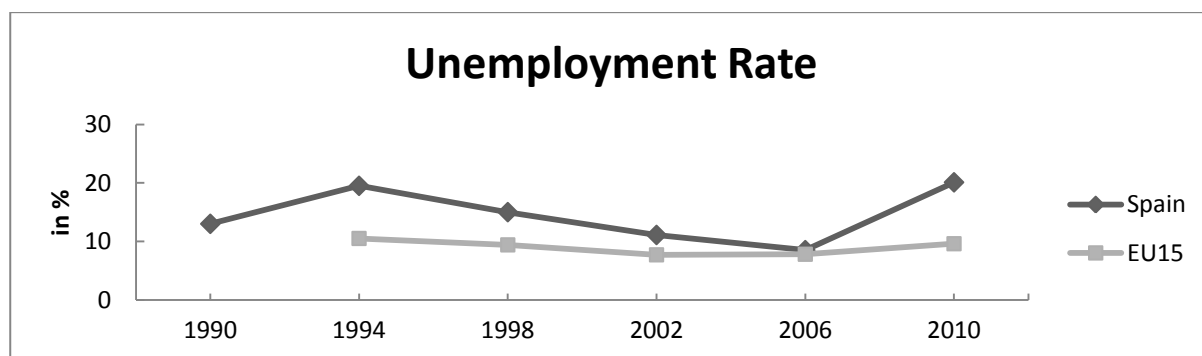


Figure 1: Unemployment Rate in Spain & EU 15 (Source: Eurostat)¹⁵

¹⁵ 1994 indicator for EU 15 retrieved from Kluve et al., 2007

Furthermore, the wide gap between university graduates and early school drop outs has resulted in either over- or under qualifications of the Spanish labour force, while, due to the bursting of the housing bubble, the construction sector has suffered large losses in employment, leading to 'major sectoral reallocation of employment' with the risk of skill mismatches (European Commission, 2011a).

The activation policies in place in Spain find application in training programmes targeting the young, long-term and the low-skilled unemployed, as well as vocational training and workshop schools; (financial) incentive schemes, where the promotion of permanent work contracts takes up the biggest share of this measure, but also includes the promotion of start-up activities; direct job creation schemes, where long-term unemployed are profiting from a cooperation between the central PES and the third sector that enables them to be contracted by those organisations for 'socially useful activities' (Kluve et al., 2007).

Against the backdrop of the persistent problem of unemployment, which became much more intensified through the current economic crisis (especially noticeable through the bursting of the housing bubble), the launch of a labour market reform was initiated in late 2010 through a law that "aims to reduce labour market duality and youth unemployment, increase the employability of vulnerable groups and increase flexibility at company level" (European Commission, 2011b, p. 4). This New Act of Employment (Royal Decree 3/2011) focuses on activation policies and a strengthening of the employment services with regard to their national and regional coordination and their role for advising and guiding. However, it is too soon to assess how strongly this new law will contribute towards combating youth and long-term unemployment as well as segmentation.

3.2.2 INSTITUTIONAL FRAMEWORK OF ACTIVATION POLICIES IN SPAIN

Since the end of the 1970s, arising from the end of the Franco dictatorship, the strive for self-government of Spanish regions accompanied by their strong sentiment of regional identity (Moreno, 2001) made the development of political decentralisation a necessity in Spain. Taking account of its 17 Autonomous Communities (CCAA), comprising 52 provinces that in turn consist of 8,108 municipalities at the local level, a complex institutional framework through the process of decentralisation exists in Spain, manifested in the Spanish Constitution of 1978 (Aragón et al., 2007; Ruiz, 2003).

Despite many attempts by the CCAA to obtain decision-making power regarding EU-related issues (see Börzel, 2002), the central government remains the interface between the European Institutions and the CCAA and channels the information from the supranational level to the regional one. After engaging in a number of lawsuits against the central government to the detriment of the CCAA and due to the regional level's lack of access to European decision-making bodies, the CCAA had to realize that they "did not have sufficient resources to cover all European issues that were of regional

concern” (Börzel, 2002, p. 117). Thus, their main focus remained predominantly on European-funded areas (Börzel, 2002).

The implementation of Spanish employment policy measures is embedded in a complex institutional framework, where administrative responsibilities are (strongly) decentralised. While the seventeen CCAA are responsible for the design and implementation of local legislation, the state remains in charge of the formulation of framework legislation (Moreno, 2001; Ruiz, 2003). The design of employment policies is coordinated by the Ministry of Labour and Social Affairs (MTIN), which is also the responsible unit for communicating those policies in the annual NRP. While the State Public Employment Service (SPEE)¹⁶ had been the main responsible for the coordination, management and evaluation of the central employment programmes, due to “inefficient management of active employment measures” (Aragón et al., 2007, p. 175) the SPEEs’ ‘exclusive’ competencies in this area were abolished in 1994. These competences were devolved to non-profit employment agencies and public and private non-profit organisations, leading to a rise especially at the local level of new forms of employment agencies increasingly engaged in the management of activation policies. As a result of the continuing decentralisation process, up from 1996, each CCAA¹⁷ started to create its own regional Public Employment Service (PES), including self-management of policies such as training, career guidance and job placements (Aragón et al., 2007; Ruiz, 2003).

The Employment Act of 2003 had as its purpose to establish more efficiency in Spanish labour market operations and consequently created a new structure between the state and the CCAA. Here, the central SPEE and all regional PES (composed in the so called SPECA) are assembled under the National Employment System (SNE). Despite the devolution of activation policies, the central government retains control over the management of cross-regional policies. Labour market policies (active as well as passive ones) are monitored and coordinated by the SNE at all levels of government, with the central SPEE having technical responsibilities such as implementing the SNE working plan or conducting investigation about the implementation of ALMP, while the SNE defines the national policy line, which plays an important role in the Conferencia Sectorial de Asuntos Laborales (CSAL) (López-Santana, 2011).

The CSAL is a political instrument for the public employment service and provides an important part of the framework for intergovernmental coordination and cooperation in Spain.¹⁸ These intergovernmental conferences are composed of the Minister for Labour as well as of the ministers from the

¹⁶ Before Law 56 of Employment (2003) called INEM (National Institute for Employment)

¹⁷ With exception of the Basque Country: The Basque Country stands out for its unwillingness to consent with the central state on most political matters. In the course of ‘fighting’ for its independence, a number of attempts by the central government of coming to an agreement with this CA have widely been rejected. In general it may be established that although the Basque Country is in a constant struggle with the central state, after enduring negotiations, agreements, also in the sphere of employment, have been reached, resulting in different contract conditions from CA to CA (Aragón et al., 2007; Börzel, 2002, etc.).

¹⁸ These ‘Conferences’ date back to 1981 and came legally in force in 1983 (Mazzarella, 2009)

PES in each CCAA. Both levels decide on the allocation of money for activation policies, annually approve the NRP, and draft the design of other labour market related activities (Ruiz, 2003). It needs to be pointed out though that these conferences, although they are established to provide a space for cooperation and coordination on a horizontal (between CCAA) and on a vertical (between CCAA and central state) dimension, many shortcomings exist, as consensus is rarely reached and no formal nor institutionalised mechanisms to establish cooperation between CCAA are in place (Boronska-Hryniewiecka, 2010).

The central SPEE and the regional SPECA jointly draft the NRP, while the central SPEE is in charge of the coordination of activation policies and the CCAA are responsible for the management of their activation policies. The CCAA also may design and implement their own activation policies, if those are in line with the bilateral agreement which each CCAA has to sign with the central government (Ruiz, 2003). This illustrates that despite the shift from national exclusive competencies in the activation realm to shared competences, some concentration of decision making power remains with the central government, which, as current research shows, facilitates intergovernmental coordination as a certain amount of control over the diffused tasks is still exerted by a central body (López-Santana, 2011).

Nevertheless, as the division of power constitutes an important element regarding the management of the ESF, the following section will shed light on the rather complex 'circulation process' of the ESF monies.

3.2.3 CIRCULATION OF THE ESF MONIES

The UAFSE (*Unidad Administradora del Fondo Social Europeo*) is the Spanish Administrative Unit for the ESF and responsible for the organization and the distribution of the ESF resources on the central and the regional levels. Operational Programmes, which have to be submitted to the European Commission in order to receive ESF funding, are in Spain organised in a way that respects the Spanish 'State of Autonomies', where Regional Programming documents are developed and submitted by the Autonomous Regions (CCAA) and Multiregional Programming documents by the central administration. With regard to the institutional framework of employment policies, the SPEE (State PES) and the SPECA (regional PESs) assemble in the SNE to draw up the Multiregional operational programmes for the ESF, which are subsequently communicated to the MTIN. The MTIN and the ministers from the regional PES then decide in the CSAL about these proposed Multiregional operation programmes and deliver those to the UAFSE, which submits them to the European Commission. Regional Programming documents are directly submitted by the CA to the UAFSE (MTIN, 2011).

Next, if the European Commission approves the operational programmes, the UAFSE receives notification and the ESF funding for the beneficiaries. Subsequently, the UAFSE distributes the ESF money to the SPEE (national level) and to the SPECA (regions), where the former implements ESF pro-

programmes horizontally among the various regions and the CCAA implement ESF programmes by determining the amount and the types of programmes and opening tendering procedures where beneficiaries of a range of different types, such as public administrations, NGO's, and social partners in the field of active employment apply for funding through a form of competition. The regional authority then decides which ESF applicant to grant the money to (López-Santana, 2011; MTIN, 2011). Accordingly, Figure 2 illustrates the process of the circulation of the ESF monies.

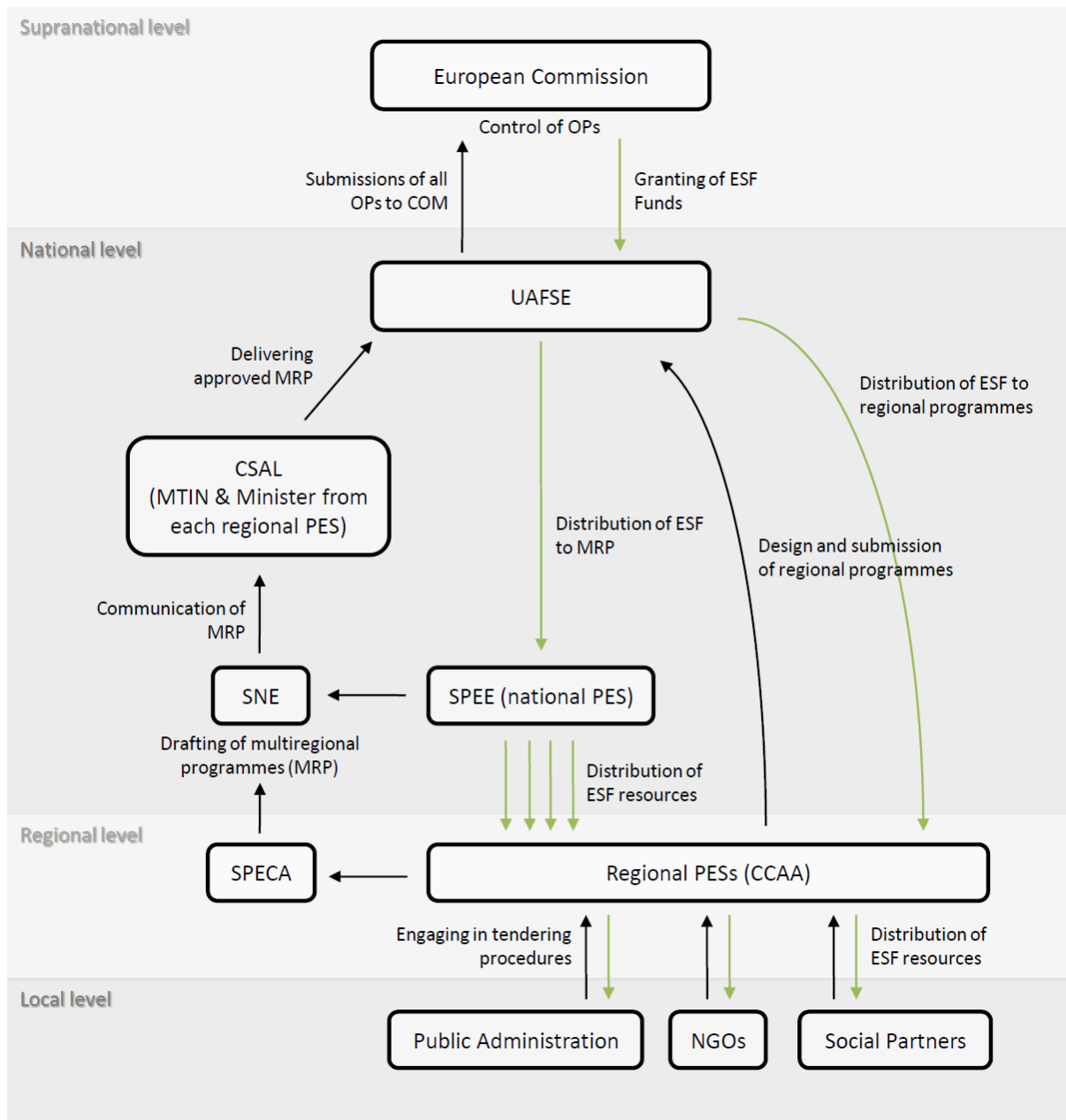


Figure 2 Process of ESF Circulation in Spain (designed by author)

4 EUROPEANISATION MECHANISMS – EMPIRICAL FINDINGS IN SPAIN

In order to empirically analyse the influence of the ESF on domestic activation policies, three mechanisms are consulted, which have been detected to be liable of ESF induced change in a case study on Belgium. As the architecture of the Spanish labour market is rather complex with a range of intervening factors deriving from the decentralised structure of active labour market policies and the multitude of actors engaging in the take-up of this EU Fund, the analysis through certain mechanisms contributes towards producing “deeper causal knowledge of social processes and their interrelations” (Elster, 2007, etc. in: Verschraegen et al., 2011, p. 58). Moreover, “social mechanisms are ‘causal generalisations about recurrent processes’ which seek to explain a given social phenomenon – a given event, structure, or development – by identifying the processes through which it is generated” (Mayntz, 2004, in: Verschraegen et al., 2011, p. 58). Since Europeanisation is a process and may occur on different levels, the framework about the use of social mechanisms established in the analysis of Europeanisation mechanisms in Belgium (Verschraegen et al., 2011) also underpins the research in this research project, as it enables to probe the causes of complex interrelations that especially occur in an environment, where supranational, national, regional and local actors are involved in the allocation of activation policies. As clarified in Chapter 2.2, the mechanisms under analysis are *strategic usage*, *aid conditionality* and *policy learning*. These have been examined on the test case of Spain. This chapter presents the empirical findings, primarily generated by conducted expert interviews in Spain, while EU legislation, other official documents and European and national studies are further consulted.

4.1 STRATEGIC USAGE

The ESF may have a leverage effect on activation through strategic usage. As introduced in Chapter 2.2 “usage refers to the transformation of EU resources into political practice with the intention of pursuing a specific goal: influencing a particular policy decision, increasing one’s capacity for action or one’s access to the political process” (Erhel et al., 2005; Jacquot and Woll, 2003: 6, in: Verschraegen et al., 2011, p. 56). This sub-chapter analyses to what extent the ESF has influenced domestic activation policies through strategic usage by disclosing precise funding possibilities, which the ESF appropriates for domestic actors, namely *reintegrating inactive people*, the *partnership principle*, and *budgetary commitment*.

4.1.1 IMPROVING REINTEGRATION

In Spain, approaches towards the (re-)integration of inactive people into the labour market have existed in rather an underdeveloped form through subsidised employment, general training, guidance and labour assistance since the late 1980s and early 1990s (Aragón et al., 2007).

“[It was not] a radical shift but the ESF has reinforced an existing trend” (Interview CCOO-2).

Consequently, the use of the ESF money gave national and regional governments more resources for developing activation policies and equipped local actors with additional resources to implement a wider range of activation programmes (Interviews LDA, IBEI, PES-CAT, ESF-CAT). Sub-national levels would have remained restrained from expanding their actions in the case of no ESF access, which might have intensified the impact of the current crisis likewise (Interview CCOO-3).

“The ESF funds have been crucial for the development of active measures” (Interview MTIN/ESF).

While different domestic actors have access to ESF funding, their strategic use of the Fund has been most responsible for the increase of activation programmes in Spain. Furthermore, it was put forward that the implementation of local projects has had a significant impact on the population, as many of those projects were only possible through the ESF (Interviews PES-CAT, ESF-CAT, LDA). Likewise, the ESF has improved the quality of those actions and consequently the impact of activation programmes on the population, and targeted ESF funding towards special risk groups has sometimes shown stronger impacts and better results than domestic mainstream activation policies (Interview MTIN/ESF). Moreover, ESF Global Grants further constitute an important measure for involving sub-national actors in developing activation programmes with a fraction of the ESF money, as “local authorities, regional development bodies or non-governmental organisations” (Council of the European Union, 1999), in agreement with the national level, can receive ESF money directly through Global Grants, which increases their commitment to intensively engage in activation policies (Interview MTIN/ESF).

Furthermore, (innovative) ESF projects as well as projects carried out under the Community Initiative EQUAL (Council of the European Union, 1999, Art. 20)¹⁹ contributed to changing the mainstream activation policies of the Spanish labour market by realising targeted training for certain risk groups, formulating integrated pathways to employment and focussing on entrepreneurship. Those became recognised as important features in new policy formulations (Interview MTIN/ESF). This impact on the legislation is demonstrated by the Employment Acts of 2002 and 2003, which put stronger emphasis on activation, by linking it to eligibility requirements of unemployment benefits.²⁰ Moreover, the recently introduced Royal Decree of 2011 that addresses ‘urgent measures to improve employability and reform active employment policies’ (Real Decreto-ley, 3/2011) includes labour intermediation and active employment into the general Spanish legislative employment policies, where the provision of individual and personalised pathways to employment constitute means to achieve im-

¹⁹ The Community Initiative Equal aims at combating all forms of discrimination related to the labour market and is exclusively funded by the ESF. The Initiative constitutes 4.1% of ESF budget in Spain. (MTIN, 2011)

²⁰ Direct reference to the EES is given in the Employment Act of 2003, stressing that Spanish employment policies should correspond to the EES (Aragón et al., 2007).

provements in employment. Although more research into the exact creation of this law is necessary, it was stated that the ESF projects contributed towards this focus in the new legislation (Interview MTIN/ESF).

“Many of the innovative actions now incorporated in mainstream programmes are coming from the Community initiative ... [e.g.] in some regions of Spain there are self-employment actions that are really innovative, and are changing the way we are looking to these types of measures ... it is clear that the ESF is a main element of change” (Interview MTIN/ESF).

The strategic use of the ESF by sub-national levels has further induced changes to the current state of managing Multiregional Programmes in Catalonia. Instead of predetermining the amount and types of programmes that the regional level has to follow, the national level will come up with a sort of “menu”, featuring a broad list of different activation programmes. Subsequently, the regionally selected “policies must fall within the umbrella of national policies which were bilaterally agreed on” (López-Santana, 2011, p. 21, Interview IBEI). This counteracts the former ‘same policies for all’- management of the Multiregional Programmes, with a shift of flexibility from the national to the regional level.

“The regional level now has more independence when it comes to not following what the national level tells them to do ... and by locality ... this [the ESF] is extra money that they get to experiment.” (Interview IBEI)

Accordingly, the management of the ESF takes place on a less restrained basis, which enhances the use of more appropriate activation policies by matching these policies with the different needs of each region and enabling the local responsible to ‘experiment’ with the extra money of the ESF (Interview IBEI).

To conclude, through strategically using the ESF different public and private actors in Spain furthered their capacities for creating and implementing activation programmes, which improved the reintegration of inactive people into the labour market. This likewise contributed towards influencing national labour legislation. Moreover, a new form of managing Multiregional Programmes has resulted from the intense strategic usage of the Fund and furthermore empowers sub-national actors to possibly use the ESF money for innovative regionally adjusted measures.

4.1.2 PARTNERSHIP PRINCIPLE

According to Article 8 of ESF Regulation 1260/1999, “the Commission and the Member State, together with the authorities and bodies designated by the Member State within the framework of its national rules and current practices” shall work in partnerships regarding the preparation and implementation of ESF programmes. Whereas, ‘authorities and bodies’ refer to regional and local au-

thorities and other public authorities, economic and social partners or 'other relevant competent bodies' within the framework of the MS respectively (Council of the European Union, 1999).

Indeed, due to the requirement of the partnership principle, the regional Public Employment Office of Catalonia initiated certain partnerships with a number of sub-regional public and private actors. With these partners a range of activation policies (corresponding to the EES targets of the ESF, according to European Parliament and Council of the European Union, 1999, Art. 2) have been implemented in Catalonia (Interviews PES-CAT, ESF-CAT). However, the leverage of the partnership principle to induce collaboration between different actors should not be idealised, as the Spanish framework for the preparation and implementation of programmes already includes social partners and employer organisations in the process of drafting activation programmes (Aragón et al., 2007, Interview CES/CCOO-1,2), where each CCAA independently allocates the ESF money that has been assigned to them.

"In theory the regions are following the partnership principle and want to open up the participation to all actors, but in practice ... it depends on regions, inside the region it depends on the kind of actions in which department ... So, it is not easy to answer" (Interview MTIN/ESF).

This illustrates the difficulty of assessing whether this range of partnerships is explicitly due to the ESF partnership principle (Interviews IBEI, MTIN/ESF). One respondent stated that the ESF "has not developed the coordination between the state and the regions, so for some things it may be wrong or right but I think the ESF is not the responsible, it's not the cause" (Interview CES/CCOO-1). Then again, in order to be eligible for ESF funding under the partnership principle, a number of public regional and local actors initiated ESF programmes through the participation of non-state entities, such as trade unions and employer organisations (Interview CCOO-3).

Apart from that, the Community Initiative EQUAL intensified the impact of the ESF partnership principle as

"It changed the form of participation and collaboration among the various actors (State, autonomous regions, local entities, social partners, NGOs etc.) and realised interesting innovative pilot projects." (Interview CCOO-3, authors translation)

This illustrates that the partnership principle of the ESF is underpinned by the partnership requirements of the Community Initiative. Moreover, collaborations are initiated in order to be eligible for ESF funding which consequently extends the actors capacities to activate. However, due to the complexity of domestic interrelations, the ineffective management of regional PESs, that caused the involvement of trade unions and other public and private actors to initiate training programmes (Aragón et al., 2007; Kluve et al., 2007), and due to the perceived need for greater collaboration in-

duced by the current crisis (Interviews CES/CCOO-1/2, LDA), the leverage from the partnership principle of the ESF cannot fully be demarcated from national efforts that promote partnerships.

4.1.3 BUDGETARY COMMITMENT

The general provision of the ESF programming period regarding its budgetary commitment for a medium-term duration of seven years (Council of the European Union, 1999, Art. 14) facilitates the strategic planning of the projects and establishes a stable framework for the implementation of activation programmes in Spain (Interview MTIN/ESF, CCOO-3, PES-CAT, ESF-CAT). Also, the option of undertaking adjustments with regard to the duration and the previously set objectives, which were in fact needed in reflection of the current crisis, is an appreciated asset of the General Regulation as it makes the fund a flexible tool (Interview LDA). In Spain, the budgetary commitment of the ESF has a leverage effect on planning as the participants can work more result orientated with a long term perspective (Interviews CCOO-3, LDA, PES-CAT). This ESF component is especially important in the (re-)integration of disadvantaged people into the labour market, as individualistic approaches require a medium-term component. Unfortunately, the advantages of the seven-year budgetary commitment are constrained by the fixed-term contracts of the professionals working in the ESF activation projects, which counteract the continuity and consequently the effectiveness of those projects (Interview Min/ESF). Still, the ESF provides its participants with long time horizons which induce leverage on the planning of activation programmes.

4.2 AID CONDITIONALITY

The following sub-chapter addresses the mechanism of aid conditionality (conditional funding) imposed by the ESF. Here, the functional relationship between the ESF and the EES is seen to create a *concentration mechanism* on the domestic spending efforts, while the *additionality principle* requires domestic actors to supplement the EU Fund with national expenditures. *Sound financial management* is a further condition imposed on all ESF participants, which enables the Commission to scrutinise the money spent.

4.2.1 FUNCTIONAL RELATIONSHIP ESF – EES

As required by ESF Regulation 1784/1999, the ESF shall be used to achieve the objectives of the EES. Accordingly, this strong link to the EES gives more legitimacy to the ESF, while the ESF equips the EES with a direct financial instrument. Although the use of training and guidance programmes in Spain already existed prior to the legal link between the ESF and EES (Aragón et al., 2007, Interviews CES/CCOO1,2, IBEI), the mutual reinforcement between the ESF and the EES led to a stronger focus of the ESF programmes on EES priorities, while the perceived breadth of the EES objectives enabled ESF programme developers and implementers to realize a wide range of programme initiatives (Interview MTIN/ESF). The link between the ESF and the EES became especially salient through the in-

creased targeting of specific risk groups in Spain (Interviews MTIN/ESF, MTIN/Tec., PES-CAT, ESF-CAT, PES-Prov.). Women, the young, long-term unemployed, and immigrants became a priority for (re-)integration in the labour market, while targeted training on one side and the inclusion of employers on the other side (for subsidies and training cooperation) were initiated (Interview CCOO-3).

Furthermore, the ESF contributes from 50% to 85% of co-funding in Spain depending on the different regions (European Commission, 2011a), and makes up around 50% to 70% of the activation budget at the local level in Catalonia (Interview PES-CAT, PES-Prov.), which motivates the ESF participants to focus (which is also part of the eligibility requirement) their actions on EES priority objectives (Interviews PES-CAT, LDA). The majority of respondents emphasised that the ESF is strongly contributing towards realising activation policies on the national, regional and local levels in Spain, while the EES objectives provide all actors with a clear focus (Interviews MTIN/ESF, PES-CAT, ESF-CAT, LDA) but also with the needed justifications to be eligible for the ESF money (Interviews MTIN/Tec., CES/CCOO1, 2, 3, UCM, IBEI).

“It [the ESF] gives a clear incentive ... then you base your different policies on the guidelines of the EES, on the type of policies that they want. It is difficult to say that activation is only due to the EU because of course you have the OECD and national dynamics ... but the ESF provides a clear incentive and I think a more powerful one than any other to have these types of programmes because it means more resources for the local, regional and national level to have policies and programmes In the case of Spain the ESF is crucial.” (Interview IBEI)

However, to conduct sub-national differences in Spain regarding the ‘concentration’ of ESF resources on the total activation budget improvements on measurement tools are needed (Interviews MTIN/ESF, CCOO-3, QUIT, PES-Pro).

“It is very impossible to measure it [the concentration of spending efforts]. We have to develop new ways of measuring the impact of the ESF.” (Interview MTIN/ESF)

Moreover, the additionality principle of the ESF, which requires that EU funds need to be supplemented by (sub-) national expenditures (Council of the European Union, 1999, Art. 11), “was strongly reinforced by the Commission from 1988 onwards” (Bache, 2008: 24, in Verschraegen, et al, 2011). As a consequence, the different regions and within those the different localities in Spain, according to their economic situation, have more financial means at their disposal to develop and implement activation policies.

“The only way that they [the sub-national levels] can innovate and explore with different other possibilities is through the money of the ESF. This notion of activation is not new but ... local levels are forced to think, we would like to create these types of programmes, because

we are going to receive additional recourses, and with these programmes we can be creative and innovative in different ways.” (Interview IBEI)

On the other hand however, due to the current crisis, the financial ability of the regions and of the localities within the regions to afford this domestic counterpart is becoming more problematic. In order to overcome possible bottlenecks of financial means, partnerships (public, private and inter-governmental) between the different actors augment, so as to come up with the financial counterpart required under the additionality principle (Interview PES-Prov.).

Thus, it can be assessed that due to the ample amount of ESF spending in Spain, all actors profited from the latitude that this co-financing tool provided. Actors increasingly developed and implemented ESF programmes and due to the functional relationship between the ESF and the EES further focused their actions on the EU employment priorities.

4.2.2 SOUND FINANCIAL MANAGEMENT

The sound financial management principle, as stipulated in the Treaty on the Functioning of the European Union, specifies that,

“The Commission shall implement the budget in cooperation with the Member States, (...), on its own responsibility and within the limits of the appropriations, having regard to the principles of sound financial management. Member States shall cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management” (TFEU, Art. 317).

In order to comply with this principle, references regarding economic, efficient and effective measures have to be indicated, where evaluations of the programmes implemented have to be conducted according to verifiable objectives defined by the Commission. As the ESF is subject to this sound financial control, any take-up of ESF monies has to account for the ‘proper’ use of the money spent (Council of the European Union, 1999, Art. 8).

Although it is considered as a necessity to scrutinise the use of this ‘European money’, the control and audit requirements by the Commission are perceived as a strong bureaucratic burden that imposes obstacles to the ‘optimal’ use of the ESF (Interviews MTIN/ESF, MTIN/Tec, LDA, PES-Prov.).

“There are numerous audits and suspensions of funds but not because of fraud but because they simply ‘miss one paper’ ... many public and private entities involved in the budget devoted a significant amount of staff for the management and control of the projects financed by the ESF Small entities that have few resources ... have difficulties to focus on projects that have to be developed” (Interview CCOO-3, author’s translation).

Due to the perceived control- “obsession of the Commission” (Interview MTIN/ESF), about half of the ESF programmes were stopped, and some organizations involved in activation programmes are even considering to cancel their use of the ESF.

“Here in the ESF Unit there are 50-60 people working and ... [most of them have to deal] with the control and the audit problems ... and that is just crazy, because the people should be working on the thematic issues and we cannot do it because the control requirements are not allowing this kind of work...” (Interview MTIN/ESF).

The stringent control through the principle of sound financial management requires a considerable amount of personnel (from all entities that are using the ESF) to be devoted to fulfilling the Commission's audit requirements. This leads on one side, to the constraint of think-tanks that could and should be devoted to thematic issues instead of to financial control impositions, and on the other side to the inability of small entities that seek ESF funding, to either manage their administrative eligibility at all or to focus on the development and implementation of appropriate (and needed) projects (Interview CCOO-3, LDA).

In general, the proceedings by the Commission regarding the sound financial management requirements are criticised for their lack of sustainability, and are perceived as an imposition of too many obstacles that complicate the effectiveness of the development and implementation of activation programmes (Interviews MTIN/Tec., MTIN/ESF, CCOO-3, LDA, PES-Prov.).

To conclude, aid conditionality of the ESF, which entails the eligibility requirements for the Fund, is crucial to understand the ability of the ESF to induce change in Spain. Firstly, through the concentration of spending efforts on EES objectives, the ESF participant is encouraged to implement measures that promote EU employment goals. Secondly, the additionality principle offers a certain latitude to the ESF participant to experiment with the extra ESF money, which creates a further (domestically initiated) incentive to engage with the Fund. While however thirdly, the strict control imposed through sound financial management requires domestic actors to devote a decent amount of effort towards complying with the supranational rules, and may simultaneously hinder further impacts of the Fund as this scrutiny is considered to be too stringent.

4.3 POLICY LEARNING

Policy learning may occur through the *usage of the ESF*, through *mutual learning* and through ‘*dissemination*’²¹. Accordingly, the following sub-chapters present the findings where “domestic actors

²¹ Originally, Verschraegen et al. (2011) have referred to diffusion rather than to dissemination. However, due to emerged discrepancies, the term ‘dissemination’ is used instead in this empirical part.

change[d] their policy orientations because of their participation in the ESF” (Verschraegen et al., 2011, p. 57).

4.3.1 LEARNING THROUGH USAGE

In Spain policy learning regarding activation has clearly emerged from the strategic usage of the ESF (Interviews MTIN/Tec., MTIN/ESF, IBEI). One interviewee stated that,

“In Spain, they pretty much bought the message that they need to modernise the welfare state and how they do it, well, they are getting the money to do it and they want to be Europeans, then they have to do what the others are doing and that is activation ... it is a continuation and a deepening of the activation agenda ...” (Interview IBEI).

Consequently, while the ESF has empowered key actors to better pursue their goals, they readjusted their strategies in order to extend their financial resources and possibly influence legislation, and thus learned how to strategically make use of the Fund.

“The ESF plays an important role ... because of the orientation, and I think this is a very interesting instrument in European policy and we have learned quite a lot from it. It has helped to tidy up our policies because ... everyone was doing whatever they wanted. We appreciate the ESF.” (Interview CES/CCOO-1)

However, although policy learning through the ESF is taking place in Spain, it has been emphasised that influencing the decision makers and hence the policy outcomes is problematic, as access to those civil servants is rather difficult and this problem is intensified by the size of the Spanish policy administrative system (Interview MTIN/ESF).

4.3.2 MUTUAL LEARNING

Mutual learning, which is understood to be “a combination of enhanced awareness of different approaches and performance standards elsewhere on the one hand, and reflexive self-assessment, including improvements in institutional capacity for information gathering and monitoring on the other” (Zeitlin and Pochet, 2005: 479, in: Verschraegen et al., 2011, p. 66), has in the Spanish ESF context been promoted by the ESF Unit, which is actively engaging in compiling and sharing “good practice and [in] fostering thematic exchanges” (Interview MTIN/ESF). Moreover, to some degree, transnational and interregional projects, as well as collaboration and networking have facilitated mutual learning in Spain (Interview CCOO-3). Especially the Community Initiative Equal promoted transnational exchanges and offered actors in the same regions a platform to collaborate, to share best practices and to contribute to innovation.

“There were a lot of organisations working in the same territory but without experience about how to work together and the people working there were not used to working with other people, so it was a fantastic experience to change mentalities and organisational structures.” (Interview MTIN/ESF)

However, although there also are examples on the sub-national level that engage in mutual learning activities through cooperation initiatives²², it was stressed that in Spain:

“Policies have not been coordinated, in the sense that successful policies from one region could be useful for another region ... there are some interesting proposals but there is almost no export of good practice from one region to another” (Interview UCM)

Therefore, it needs to be emphasised that due to the persistent problems in inter- and intragovernmental cooperation and coordination, which are partly caused by the competitive behaviour between the Spanish regions and the regional and sub-regional levels within one region, many opportunities of mutual learning are not exhausted and much potential for improving policy learning still remains.

4.3.3 DISSEMINATION

The dissemination of the concept of activation, which rather happens through realising the value-added of activation, also had some impact in Spain. However, a “shift in normative orientations of national and local policymakers about activation of welfare clients” (Verschraegen et al., 2011, p. 67) is difficult to attribute to the added value of activation, as evaluation studies on activation turn out rates are rather poor in Spain.

“We see the evaluation is a big part of the problem” (Interview CCOO-2).

The national ESF monitoring authority faces a number of obstacles regarding the data collection from the regional and local levels, while evaluation studies are not commonly implemented and quantified targets as well as professional objective criteria are mostly not applied at the subnational level (Interviews MTIN/ESF, QUIT, UCM, PES-Prov.). This can hamper the spread of the concept of activation, as there is neither sufficient reliable data that demonstrate credible success rates nor commonly agreed benchmarks that can determine the (long-term) added value of the implemented activation policies. Nonetheless, dissemination of the activation idea through “‘trickling down of ideas’ and ‘changes in mentality’” (Verschraegen et al., 2011, p. 67), has emerged in Spain as a number of respondents supported the important contribution that activation policies entail (Interviews MTIN/Tec., MTIN/ESF, IBEI, PES-CAT, ESF-CAT). Thus, in Spain the dissemination of activation must be

²² Network ‘Foro de Ciudades por el Empleo’ (interregional), COPEVO project and Network of Local Development Agencies, Projects of ‘Trabajo en los barrios’ and ‘Trabajo en las 4 comarcas’ (regional and local)

attributed to other factors. Investigation in this research project has revealed that dissemination of the activation paradigm is on one hand due to the noticeable spread of activation policies that is strongly supported by the financial means of the ESF and on the other hand to the general Spanish receptiveness towards the EU:

“References to the EU have very much been pushed forward in the way to justify the political reforms and as well in the political debates in the parliament, it was said ‘we need to be like Europe if we want to have the same outcomes in terms of social progress and economic outcomes’ ... That is very important to consider in Spain, that everything that Europe is, Spain is not yet and if you want to have the same outcomes you have to follow the demands and proposals that are being promoted by the EU Institutions. It is a symbol of modernity, a symbol of social progress and that is the reason why for Spain this symbol has been very strong.”
(Interview UCM)

Thus, the dissemination of the activation idea in Spain has taken place because changes in mentality are attributable to the extra financial incentives provided by ESF funding and to the positive Spanish attitude towards adopting European virtues.

To conclude, policy learning about activation has taken place in Spain on several fronts. Learning through the intense usage of the Fund has enabled participants to reset their strategies and to possibly influence legislation. Although mutual learning is promoted by the ESF unit and practiced also by other regional and sub-regional networks, the competitive character within and between Spanish regions hampers the promotion of mutual learning about activation, while the dissemination of the concept of activation should rather be regarded as ambiguous since no profound evaluation studies of activation programmes prove the value-added of activation and a justification to strive after it. Rather, the boost of activation programmes induced by the ESF as well as the popularity of the EU and European norms, are responsible for spreading support for activation policies domestically.

5 CONCLUSION

In this Master research project, the theory of Europeanisation through the use of the ESF for activation policies has been put under a test on the case of Spain. The analysis was grounded on the research conducted by Verschraegen et al. (2011), who had identified three precise mechanisms of Europeanisation that led to certain domestic activation effects in Belgium through the use of the ESF. On the basis of the present investigations in Spain, it can be established that those mechanisms, namely *strategic usage*, *aid conditionality* and *policy learning* have also been detected and can clearly be identified as amplifiers of domestic activation policies. However, this happens with different intensities and within different realities than in Belgium. Moreover, although no systematic patterns regarding the responses of the interviewees became explicitly evident, it can be noted that respondents directly associated with the ESF in the form of managing or of receiving the Fund, have attributed positive implications to the ESF, while especially two scholars put forward certain criticism related to it, although these were rather aimed at the consequences of activation policies. In spite of that, this conclusion aims to present the empirical findings on Europeanisation mechanisms by the ESF in Spain on activation policies in the light of the Belgian case.

Strategic Usage

To begin with, while in Belgium “the ESF made it possible to circumvent the political stalemate” (Verschraegen et al., 2011, p. 64) by making money for activation available irrespectively of national political circumstances, the Spanish situation does not demonstrate such direct links to circumventing political stalemate. Rather, the ESF was made available in times of very underdeveloped activation policies where neither national resources for such policies nor too much effort to introduce such had been on hand. Therefore the increased use of activation policies through the strong financial support of the EU monies paved the way for expanding the range of activation policies which came to be included in the Acts of Employment legislation of 2002, 2003 and 2011.

Secondly, while in Belgium the ESF has been used to foster social inclusion indirectly by stretching the objectives of the ESF away from primarily labour market goals towards the fight against social exclusion in general, no interviewee in Spain indicated such ‘misuse’ of the ESF money, but rather referred to the very broad policy goals of the EES that the ESF participants follow.

“If you take the experience of the EES, you can almost include everything. I don’t think there are so many examples of actions taken out because they are not fitting with the EES.” (Interview MTIN/ESF)

Thus, it was indicated that in Spain the EES targets (which ESF participants follow), are not stretched due to the perceived breadth of those targets. However, these broad targets may also invite to apply

them indirectly towards social inclusion strategies and for fighting poverty, which signalises that further investigation to detect possible 'misuse' of the ESF is required.

Thirdly, in Belgium, the partnership principle of the ESF can explicitly account for the initiation of partnerships between local public centres and other public as well as non-state actors, who initiated those in order to increase their ESF eligibility requirements. Yet, regarding Spain, on the one hand, the partnership principle has been responsible for the initiation of cooperation between local and regional actors and for the increased inclusion of social partners in order to receive ESF funding. However, on the other hand the Spanish 'architecture' of providing activation policies already encourages the creation of partnerships, which makes it difficult to trace the exact role of the ESF in inducing partnerships.

Finally, considering the mechanism of strategic usage, the ESF budgeting period of seven years, equipped Belgian as well as Spanish ESF participants with "long-term time horizons" (Verschraegen et al., 2011, p. 64) and in consequence facilitated strategic planning of activation projects. However, the independence from legislation periods that the ESF budgetary commitment generated in Belgium does not prevail in Spain, as their duration of a legislative period does not necessarily have impacts on the implementation of activation policies, because there are "civil servants that have a fixed position and [...] are] not related to partisanship" (Interview IBEI). This detaches activation implementation from legislation periods in Spain. Also both the centre right and the centre left favour activation, so there is no political division regarding the support for activation policies.²³ Thus, leverage on planning is more salient in Belgium, while in Spain medium- to long-term planning is hampered by the short-term work contracts of the employees working within the Spanish ESF programmes.

Aid Conditionality

The functional relationship between the ESF and the EES induced considerable changes in Belgium regarding the orientation of ESF programmes on the EES objectives, which further legitimised the former and strengthened the promotion of the goals of the latter. The same development has been observed in Spain, where an increase in targeted funding on specific risk groups became especially salient. However, while in Belgium it has been possible to assess the concentration mechanism of the ESF programmes by pointing to concrete advantages, that the ESF created, such as the ability to employ a "social assistant to help welfare beneficiaries make their way onto the labour market" (Verschraegen et al., 2011, p. 65). The fact that evaluation reports accounting for the exact impact of ESF activation programmes still demonstrate significant shortcomings, made it unattainable to explicitly disentangle the real impact of the ESF regarding this concentration mechanism in Spain. Nevertheless, further congruencies became apparent regarding the additionality principle, which in Belgium as well as in Spain equipped especially the local level with additional resources that "allowed some

²³ However the conditions imposed on the unemployed regarding activation do constitute a division between these political formations.

‘playing around’ with this money, which was sometimes considered as relatively ‘cheap’ (as [at least] half of it came from the EU)” (Verschraegen et al., 2011, p. 65). However, as in this current research the regional level is exemplified through Catalonia, it was not attainable to establish differences between the regions regarding their ability to come up with the domestic counterpart for ESF funding, whereas Verschraegen et al. (2011) detected considerable distinctions between the Belgian regions in the ESF take-up, which were attributed to variations in the availability of domestic financial resources. At last, sound financial management as part of the ESF conditional funding, raises the same issues in Spain as in Belgium, as its stringent financial scrutiny is considered to serve accounting requirements rather than substantive purposes.

Policy Learning

While in Belgium policy learning through ESF usage has had considerable effects on legislative developments regarding activation policies, this influence has been less obvious in the Spanish case. Nevertheless, learning through usage has occurred in Spain in the form that ESF participants have reset their strategies towards activation, which further may have influenced subsequent legislative developments that focussed on activation policies. Furthermore, in Belgium, mutual learning through the ESF has enabled the exchange of ideas and practices between actors from different regions and has been shown to be a further important element of change in the context of the ESF (although some shortcomings had been indicated as well). However, reflecting on mutual learning in the Spanish ESF context reveals that merely the ESF Unit and the Community Initiative Equal might be explicitly accountable for fostering mutual learning, while the rather competitive relationship between and within the regions hampers further developments of mutual learning. At last, ‘diffusion’²⁴ has been detected in Belgium as an element of policy learning, where national and local policy makers realised the value-added of activation and subscribed to the view that “people far from the labour market [not only] *could* be activated, but also that they *should* be” (Verschraegen et al., 2011, p. 67). In Spain however this form of disseminating the activation idea appears to be rather a controversial issue, as to a lesser extent the *proven* added value of activation can account for the spread of the activation efforts but rather can the financial incentives from the ESF to introduce activation policies. Moreover, the general ‘openness’ towards European standards spread the activation paradigm, while the effectiveness of its use in Spain may however raise further issues. Nevertheless, normative shifts in activation policies have taken place in Spain and have been induced by means of the ESF.

Yet, despite some differences between the Belgian and the Spanish case, the mechanisms through which the ESF has operated in Belgium have clearly also been detected in Spain. The empirical findings in this research project therefore further support the claim that the use of the ESF facilitates Europeanisation as it has amplifying effects on domestic activation policies. Moreover, as public and private actors on different levels intensified their collaboration due to ESF incentives, the process of

²⁴ As laid down in chapter 4.3, in the empirical context of this Master research project, the term dissemination is used (instead of diffusion). Nevertheless, in the Belgian context the term diffusion remains unchanged.

Europeanisation is clearly strengthened through this financial tool. At last, the ESF has further facilitated Europeanisation, as it has contributed to promote policy learning about activation and has to some degree induced policy shifts towards greater incorporation of activation policies into the Spanish labour framework.

Beyond these findings, the investigation of the ESF in Spain shows additional insights about the mechanisms through which the ESF operates that further deepen the “causal knowledge of social processes and their interrelations” (Elster, 2007, etc. in: Verschraegen et al., 2011, p. 58). Despite its small financial volume, which is 4.1% of the total ESF monies in Spain, the *Community Initiative Equal* has been referred to as an important ‘element of change’. The Equal Initiative has reinforced the impact of the ESF through innovative actions to reintegrate inactive people into the labour market, which have subsequently been incorporated into national legislation. Likewise, the requirement to engage in partnership under the Equal Initiative has further underpinned the ‘general’ partnership principle of the ESF. Moreover, the Initiative has accelerated mutual learning about activation by promoting transnational cooperation as well as inter- and intra-regional collaborations, while furthering the dissemination of the ‘activation idea’. Thus, in conclusion, the Community Initiative Equal constitutes an important pillar of the mechanisms through which the ESF operates and needs to be taken into consideration when assessing the domestic impact of the Fund. The theoretical relevance of these findings is elaborated in the following discussion.

6 DISCUSSION

The research conducted for this Master thesis has highlighted that the ESF is an important constituent for explaining the amplification of activation policies. With reference to the three effects that the ESF had in Belgium, it can be established that the ESF also has in Spain “a catalytic impact on the innovation of activation instruments, the governance of employment policies and on policy framing” (Verschraegen et al., 2011, p. 67). However, as already put forward in the conclusion, ESF related effects in Spain also occurred with different intensities and within different circumstances than in Belgium.

The impact on the innovation of activation instruments in Spain has not been as salient as in the Belgian case, however, the targeted training for certain risk groups, working with integrated pathways to employment and focussing on entrepreneurship are innovative instruments, as well as initiated actions by the Community Initiative Equal have been of innovative character. Assessing the impact on the governance of employment policies in Spain, the institutional context of activation policies plays a crucial role. López-Santana (2009) has established that intra-governmental coordination in Spain has been strengthened after the launch of the EES. This happened through the process of drafting the National Reform Plans, which gave representatives of the CCAA a ‘say’. This observation has also been detected in this piece of work, where likewise the ESF has played an important role regarding the ‘acting’ by lower levels of government as those subsequently received financial assistance for initiating action. Also, the structure of the circulation of the ESF money (Chapter 3.2.3) illustrates the intensified coordination between all levels that the Fund effectuates. Furthermore, partnerships between different public and private entities have facilitated coordination and cooperation of implementing employment measures. The impact on policy framing in the Spanish case however seems to be less due to assertive evaluations than to the strength of the financial support of the ESF and the positive anticipation towards EU values.

With regard to Haverland (2006), who raised issues about no-variance problems, due to the counterfactual notion of causality (see chapter 2.3), as internal and global pressures may have induced the observed changes rather than the EU, it now can be assessed that the EU through the ESF did not have a steering effect on activation in Spain because the “ESF funding did not put activation on the political agenda” (Verschraegen et al., 2011, p. 63). Rather, the participation of a number of national, regional and local actors in the Fund led to a considerable increase of activation policies on all those levels. Thus, the ESF in Spain has amplifying effects on activation policies. Accordingly, with reference to the Research Question, which raised the issue: *to what extent has Europeanisation through the use of the European Social Fund influenced activation policies in Spain?*, the following can be established: while the ESF significantly underpins Europeanisation as it strongly contributes to incorporate the process of constructing, diffusing and institutionalising EU specified “procedures, policy paradigms, styles, ‘ways of doing things’, and shared beliefs and norms [...] in the logic of domestic dis-

course, identities, political structures, and public policies” (Radaelli, 2003, p. 30), the ESF has selectively amplified (Visser, 2005, in Verschraegen et al, 2011, p. 63) activation policies in Spain.

These insights about the influence of the ESF are pivotal to be considered in future research about Europeanisation in the social sphere as they break open new grounds on ‘where and how Europe matters’. As laid down in chapter 2.1, only little or no attention has been paid to the ESF in the context of Europeanisation through the EES. However, the fact that ESF monies have to be spent carefully on EES priorities, can in consequence significantly strengthen the impact of the EES on domestic settings. Researchers who have criticised the EES for being ineffective (e.g. Daly, 2007, etc.) as it solely operates through OMC soft measures, such as peer pressure and ‘naming and shaming’ (chapter 1), have omitted the financial incentives that the ESF appropriates for implementing the EES. Thus, although it may be true, that soft pressure from the EES may not show effective outcomes in the MS, for as it lacks hard law imperatives, it is inevitable to include the ESF as a reinforcing financial instrument into further assessments about EES effectiveness.

Furthermore, future research about the ESF and its domestic impacts may follow the approach on concentrating on the mechanisms through which the ESF operates, yet it is crucial to bear in mind that these mechanisms are partly intertwined and thus cannot be completely disentangled from each other. This goes in line with country-specific differences, which may determine the degree to which Europeanisation through the ESF can take place. Moreover, as the ESF works on different governmental levels, where the ESF money can directly be channelled to regional and local actors, research on multi-level governance (Bache, 2007; Hooghe & Marks, 2001) may pay more attention to the Europeanising impact on the governance of employment through the ESF, as improvements of cooperation have been substantiated through the study in Belgium and in Spain. Likewise, as in this present research the regional level is exemplified by Catalonia, it is necessary to conduct further research in other Spanish autonomous regions, so that explanations for possibly different ESF impacts and take-ups within one MS can be accounted for since strong socio-economic differences prevail between the Spanish regions.

Grasping all these different insights and applying them to an even wider perspective of social policies within the European Union, further implications become evident. As the ESF facilitates Europeanisation, the reinforcing role that the ESF adopts in this process might as well ‘pave the way’ for European social integration to move forward, as Europeanisation can constitute a precondition for social integration (see chapter 1). However, as European social integration involves considerations that address far more areas (e.g. social security, pensions, healthcare, etc., see Threlfall, 2003), the ESF can here rather be attributed to possibly contribute to European social integration in a narrower sense.

At this final stage, I would like to raise issues about possible consequences of the impact of Europeanisation through the ESF on activation policies. Research on European activation policies puts for-

ward that a destabilisation and deregulation of labour market policies may occur in the Spanish case through the spread of activation policies, as the use of activation policies can constitute a reversal of formerly established causalities, where the market is now viewed as 'the victim' of unemployment and not vice versa (Serrano, 2004). The implications this may have in Spain can be rather severe, as the availability and the creation of jobs poses a major problem to the country (especially after the burst of the housing bubble). Related to the activation debate in Spain, one respondent put forward that "activation can be helpful in other countries but you cannot export a policy to all European countries without taking into account the specific characteristics ... activation is completely unsuitable for the Spanish situation" (Interview UCM).

Building on these propositions, future research should moreover focus on the consequences that the process of Europeanisation has in different country-specific circumstances and how possibly European social integration would add up to that. Yet, this Master thesis has ultimately highlighted the magnitude that the ESF entails for analysing Europeanisation and has emphasised its role as a selective amplifier of activation policies.

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APPENDIX

LIST OF INTERVIEWS

| | Interview | Function of Interviewee | Date |
|-----|--|--|--------------------------|
| 1. | IBEI | Assistant Professor at Department of Public and International Affairs at the George Mason University (Washington D.C., USA) MAPP Mundus Visiting Scholar at IBEI Barcelona (Institut Barcelona d'Estudis Internacionals) | July 2011 |
| 2. | UCM | Researcher and Lecturer at Complutense University of Madrid (Faculty of Political sciences and Sociology) Leading scholar | July 2011 |
| 3. | CES/CCOO-1 & CCOO-2 | Economist & Director 1 st May Foundation (research Institute) & Member of Economic and Social Council (CES), Director on Employment, Industrial Relations and Collective Bargaining, Department 1 st May Foundation | July 2011 |
| 4. | MTIN/Tec | General Technical Secretariat, Ministry of Labour and Immigration, (Responsable del Consejero Técnico, Subdirección General de Estudios sobre el Empleo Ministerio de Trabajo y Asuntos Sociales) | July 2011 |
| 5. | MTIN/ESF | Administrative Unit ESF, Ministry of Labour and Immigration | July 2011 |
| 6. | CCOO-3 | Confederal Secretary of Employment and Migration of CCOO | Sept. 2011 (by email) |
| 7. | QUIT | Director, Sociological Research Group of Everyday Life and Work (QUIT), Sociology Department Autonomous University of Barcelona (UAB) | Sept. 2011 |
| 8. | LDA | Local development agency of the City Council of Barcelona) Institutional Cooperation, Fundraiser & Cooperation projects officer | Sept. 2011 |
| 9. | ESF-CAT | Responsible for monitoring ESF projects | Sept. 2011 (by email) |
| 10. | PES-CAT | Public Employment Service of Regional Government of Catalonia (Servei d'Ocupacio de Catalunya de la Generalitat de Catalunya) | Sept. 2011 (by email) |
| 11. | PES-Prov. | Barcelona Province Employment Service (Partnership-Planning), Manresa City Council (Employment Promotion/Social Economy Entrepreneurship) | Sept. 2011 (by email) |

TRANSCRIPTS OF INTERVIEWS

Outline of the Semi-Structured Interview: The European Social Fund and the SPANISH activation policies: effects and mechanisms

| |
|---|
| Alterations to the initial questionnaire were made according to the position of the interviewee |
|---|

Date:

Location:

Interview number + abbreviation of interview partner

Let me shortly start with a few questions specifically regarding the EES in Spain and then in the following questions we go in detail into the effects and mechanisms the ESF may have in Spain.

1. The EES/OMC (Section 1)

1.1. The literature (Heidenreich and Zeitlin (eds), Kvist and Saari (eds) among others) suggests that OMC and the EES have brought new policy ideas or new policy instruments to the domestic labour market policies (among other things a shift from passive to active measures). With respect to Spain, do you consider that, the OMC, and more specifically the EES, has had an impact on the concepts used in the labour market in Spain? (Substantive policy changes)

1.2. Or has the EES brought about procedural policy changes rather than substantive ones, meaning that e.g. cooperation between different levels of governments has been changed through the EES or the inclusion of social partners in social matters has been enhanced etc.?

And the last question about the EES:

1.3. Has the EES become stronger or weaker (or remained unchanged) since the revision of the Lisbon Strategy in 2005?

2. Introduction to ESF (Section 2)

Previous research came to the conclusion that the European Social Fund in Belgium had three effects:

- It was a catalyst for innovative activation policy;
- it had an impact on the governance of labour (the cooperation between the actors);
- it led to changes in thinking about activation.

At this stage of the research we try to understand whether the ESF has had similar - or other - effects in Spain. If this is indeed the case we will understand the mechanisms by which the ESF has certain effects. If these effects can be detected in Spain, we would like to understand why.

| |
|--|
| The first questions are about possible <u>effects</u> of the ESF (what does the ESF do?) |
|--|

A) Innovating the activation policy

It is often assumed that the ESF has been a stimulus to accompany unemployed labour policies: for example through training and education required to do after 6 months of unemployment, or as a "system" to bring the unemployed into labour market guidance.

2.1. Has the ESF encouraged such innovative labour market institutions in Spain?

B) Effects on the *governance* of activation policies

Verschraegen, Vanhercke and Verpoorten (2011) have detected that in a federal state like Belgium, the ESF encouraged (or enhanced "cooperation") between governments but also between public and private sectors (e.g. NGOs, trade unions, etc.). Also, in Belgium local innovative partnership-based projects were initiated through ESF, including cross-level cooperation, such as regional-provincial or regional-municipal partnerships.

2.2. Are there such a "cooperation or partnership effects' also to be found in Spain, at the national and/or regional, local level? Can you give me some examples?

Also, in some countries, the ESF strongly involves the subnational level in European decisions: regions, provinces, cities, etc.

2.3. Is it true that cities in Spain or other sub-national governments became involved designing regional employment policy frameworks through the ESF? (towards e.g. non-hierarchical governance, no monopoly of central governments)

In Belgium local innovative partnership-based projects were initiated through ESF, including cross-level cooperation, such as regional-provincial or regional-municipal partnerships.

2.4. Is this the same case in Spain?

Regarding the cooperation between the CCAA (Comunidades Autónomas),

2.5. Are there some CCAAs that work better together than others? Or some CCAA where this cooperation has improved more than in others (including possible collaborations)? Which CCAA are those where it worked better? Can you think of why? (optional question)

C) Changes in *thinking* about activation

In Belgium, the clearest impact of the ESF is a change in the thinking about activation. In Belgium, especially the shift from a passive to an active labour market during the 90s was strongly supported by the ESF. This was done mainly by financing training and education of unemployed workers and those at high risk of unemployment. Especially at the local level, the ESF has had a noticeable effect: people who lived on assistance in Belgium in the late '80s were considered as "lost", but through the financial support from the ESF they were still eligible for active policies.

2.6. Do you think the ESF in Spain has changed the thinking about activation as well?

Or does scepticism towards the effectiveness of activation remained after initiated projects and assessments of effectiveness of activation projects?

A more specific change in thinking about activation in Belgium had to do with the focus on particular risk groups: women, persons with disabilities, immigrants, etc. Measures on these groups were strongly encouraged by the ESF (as a condition to receive ESF-money).

As in Spain ESF labour is also targeted to specific groups (e.g. women and young people),

2.7. Did this have an impact on the Spanish labour market in general?

3. Mechanisms (Section 3)

→ In the next section, the mechanisms by which the ESF induces change are addressed (the mechanisms have been determined by Verschraegen et al.)

These mechanisms refer to 'usage', 'aid conditionality' and 'learning'

The overall question focuses on how some of the effects through the ESF can be explained.

D) Usage (Leverage Effects)

It seems that the ESF has had an amplifying effect on activation rather than an steering effect. Thus, the ESF has been used by a number of players to increase (not initiate) the focus on activation.

The question is:

3.1. To what extent has the use of the ESF funds regarding the creation of activation by national, regional or local governments facilitated the improvement of re-integration of inactive people in Spain? (where e.g. the creation of certain activation policies would not have been possible only with money from the national government)

Regarding the "partnership principle of the ESF", here, the chances of local public centres for funding are strongly increased if they initiate cooperation with other centres or public employment agencies or with non-state actors (trade unions, NGOs, employer's organizations)

3.2. Do you know of any projects that have been initiated due to the partnership principle of the ESF?

Regarding the budgetary commitment for medium-term, as the ESF is granted for a project duration of 7 years, medium-term planning is necessary, which may enhance the effectiveness of the programmes.

3.3. Do you agree with this when thinking of ESF projects in Spain?

E) Conditional funding ('aid conditionality')

Formally speaking, the ESF money will be spent within the target of the European Employment Strategy (EES). In practice it can be rather different.

3.4. How closely was the ESF in Spain to the objectives of the European Employment Strategy?

The objectives of the ESF have been also used to foster e.g. social exclusion indirectly, which would have (legally) not laid in the competencies of the EU. However, in Belgium projects with this 'stretched' objective from the labour market towards social inclusion have been implemented. (leverage in other areas through ESF...)

3.5. To what extent was possibly Spain for the same reasons stopped by the Commission?

Assuming that the ESF funds indeed go towards activation policy, there is a difference locally regarding "concentration" of resources.

3.6. Can you estimate what percentage (approximately) of the activation budget at the local level (e.g. City) comes from the ESF? Are there things that could not have been done on activation without the ESF? (example Belgium: social assistant (personnel) was only possible to be employed to help jobseekers, due to ESF, otherwise, no personnel assistant for them!)

ESF money should always be supplemented by (approx 50%) national flows.

3.7. Have there been problems in Spain regarding the financing? Was this extra money spent on activation (such as the ESF regulations required)?

The ESF is finally also subject to strict financial control ("sound financial management").

In Belgium, there are strong complains about the financial and administrative complexity of the ESF, particularly since the Commission is seen to be more interested in the accounting of the ESF than in substantive requirements. (e.g. whether people really continue to find a job).

3.8. Do you know how this financial control is perceived in Spain?

F) Policy learning

Referring to "policy learning" in the European context may be wrong or right.

3.9. Is there evidence that the ESF in Spain led to learning, e.g. from other countries, practices in other regions cities? Do you know if policy learning in Spain is actively encouraged by the ESF? Would you have some concrete examples (e.g. locally)?

Finally, any tips about literature and people to interview are profoundly appreciated.

Thank you very much for this interview!

Remarks about Transcripts:

- No numbering of sub-questions in transcripts: semi-structured interviews require flexibility, answers pre-empt certain further questions (Section numbers remain)
- Additional/Differentiating questions written in CAPITAL letters
- Necessary descriptions apart from spoken word in *italic*
- The answers of the respondent are placed between " "
- The point in time is marked in brackets (hh:mm:ss)

