



Study supporting the Impact assessment of the future European Social Fund proposal.

Achieving structural change: conditions for success in the areas
of ESF intervention

FINAL REPORT

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Introduction

The study was carried out to provide the European Commission with comprehensive, evidence-based support for the Impact assessment of the future European Social Fund proposal. The overall aim of the study is to expand the knowledge base on causal mechanisms and necessary conditions for successful structural change in broad areas of European Social Fund Plus (ESF+) intervention, i.e., employment, skills, and social inclusion. The results of the study should feed into policy discussions as to how the Commission can more effectively support Member States in implementing the European Pillar of Social Rights, country-specific recommendations, and other European Union (EU) employment and social policies.

The study has two specific objectives:

1. To provide a map of structural reforms carried out in Member States in 2014 – 2022 in employment, skills, and social inclusion policy areas. Map and explore the origin (stemming from EU legislative or policy frameworks, national or sub-national government) of structural reforms and their impacts in the broader domains supported by the ESF+ (employment, skills, social inclusion):¹ which were the building blocks for reforms and where did they originate from?
2. To contribute to a better understanding of an interplay between a broad range of factors affective initiation and design, implementation, and follow-up of structural reforms. These factors include the support and/or push from the EU; support for the reform among key national regional stakeholders (including social partners); key elements of reform design and characteristics of processes for initiation implementation and follow-up of reforms, and administrative capacities.
3. To assess, to the extent that this is feasible, assess which EU tools are the most effective, under which conditions, and for which Member States?

The evidence base and the overall findings rely on the following sources and methods (for more details, see *Methodological Annexes 1-4*):

- Mapping of structural reforms implemented between 2014 and 2022 across all EU Member States was carried out to provide insights derived from the analysis of the database and highlight the factors that constitute structural reforms in the broad ESF(+) policy areas and the extent to which those factors played a role in implementing reforms across EU countries. The data was collected through extensive mapping of reforms from the country-specific recommendations database (CSR database), National Reform Programmes (NRPs), and consultations with National Experts, identifying 292 reforms across 27 Member States.
- Case studies were carried out with the aim of providing an in-depth analysis of selected reforms identified during the mapping exercise. The case studies explored the factors that determined the success or obstacles to reform implementation, as well as their link to the ESF and the Common Provisions Regulation (CPR) (insofar as these regulations may introduce certain constraints to programme and deploy the Funds strategically, focusing on structural reform needs efficiently). In addition, the case studies enabled a better understanding of how country-specific historical, political, and economic factors influence reform implementation. Overall, 10 case studies were carried out, covering 10 EU Member States, covering all European geographical regions and five broad policy areas under ESF+ areas of intervention (labour market, education, social inclusion and equal opportunities, institutional

¹ European Commission (2024). Main priorities | European Social Fund Plus. Available: <https://european-social-fund-plus.ec.europa.eu/en/main-priorities>

capacities, and healthcare). The results of the case studies are available in Annex 3.

- Online Survey of national authorities and key stakeholders aimed to gather their views (other than those included in the case studies) on the factors that may help or hinder the achievement of structural change in the ESF+ areas of intervention. In total, 183 responses were received of which 74 were complete and 109 were partial. More details about how the survey was implemented and an overview of the respondents are provided in Annex 2.
- A hybrid (on-site and online) workshop was held in Warsaw to present the study findings to the client and national policymakers, facilitate discussion and collect additional insights from the participants. The workshop was held on the 20th of September 2024 and brought together 62 national policymakers and social partners. A summary of the workshop is presented in Annex 4.

Significant efforts were made to build a solid and broad evidence base for the study. The objectives and scope of the study are ambitious, encompassing structural reforms across Member States spanning a decade, and despite the best efforts of the project team, each data point should be interpreted carefully. To overcome the limitations of each data collection method, a triangulation approach utilising multiple data sources was adopted.

Table 1 below outlines the chapters and sections of the report and how they reflect the implementation of study tasks, as outlined in the Tender Specifications. Notably, the report is written in such a way that each section of the report integrates findings from the implementation of multiple or all study tasks.

Table 1. Study map

Structure of the report	Respective study tasks covered
Introduction	
1. Conceptual considerations and methodology	
1.1. Conceptual considerations	Task 1. Mapping and documentary review Task 2. Case studies Task 3.1. Online survey with national policymakers and stakeholders
1.2. Methodology	Task 3.2. Policy workshop
2. Dynamics of reforms in employment, skills and social inclusion in the EU Member States	
2.1. Characteristics of reforms	Task 1. Mapping and documentary review Task 3.1. Online survey with national policymakers and stakeholders
2.2. Success factors and obstacles to structural change	Task 1. Mapping and documentary review Task 2. Case studies Task 3.1. Online survey Task 3.2. Policy workshop
3. The role of the EU in supporting structural change	
3.1. EU tools to support structural change	Task 1. Mapping and documentary review Task 2. Case studies

3.2. Effectiveness of EU support for structural change	Task 3.1. Online survey with national policymakers and stakeholders
4. Conclusions and ways forward	
4.1. Policy and academic debate: do reforms happen and how?	Task 4. Theoretical framework
4.2. Reformers' dilemmas: moving forward under imperfect circumstances	
4.3. EU support for reforms	

1. Conceptual considerations and methodology

1.1. Conceptual considerations

“Structural reform” is a term broadly used to describe significant changes implemented in a country’s economic and political policies that are aimed at improving its overall efficiency and productivity. Structural reforms are generally understood as changes in policy frameworks that have the capacity to improve the social, institutional and economic fabric in which people and organisations operate.² Accordingly, structural reforms should entail a significant shift in policy and respective institutions with the view of supporting growth, social fairness, and inclusion. Although its meaning has, to some extent, hollowed out over the years,³ structural reforms remain indispensable tools for fostering and maintaining social cohesion and economic growth.

A technocratic “textbook” approach assumes that reforms are designed and implemented following a clear sequence of steps. These include evidence-based problem definition, establishment of clear objectives, cost-benefit analysis of potential options, selection of the most effective and efficient solutions, smooth legislative approval, coordinated implementation, and continuous monitoring and evaluation. However, reforms do not always follow this path. This is due to the *bounded rationality* of actors (i.e. difficulties in collecting and absorbing all information), politically contested objectives, resistance from special interest groups, bureaucratic inertia, and electoral cycles, among other factors. As a result, reforms tend to significantly differ in terms of sequence of steps, key design and implementation elements, duration, scale, involved stakeholders, factors for success and obstacles faced. This poses a number of conceptual and methodological challenges for quantitative comparative analysis:

- How do we identify a reform when we see it? Major shifts may be achieved through multiple small changes extended over a longer period of time and may not necessarily be recognised by policymakers or stakeholders as a major reform at the time of implementation. A comprehensive reform package may fail to secure legislative approval and yet its key elements may resurface years later through different implementation mechanisms. Alternatively, some reforms loudly

² European Central Bank (2017). What are structural reforms? Available at: https://www.ecb.europa.eu/ecb/educational/explainers/tell-me/html/what-are-structural_reforms.en.html

³ Peck, J. (2001). Neoliberalizing states: thin policies/hard outcomes. *Progress in Human Geography*, 25, 445 - 455. <https://doi.org/10.1191/030913201680191772>.

proclaimed as “structural” by policymakers may deliver little significant change in the economy, society, and its major institutions. As a result, policymakers, key stakeholders, academia, and society at large are not likely to agree on what structural reforms have been initiated, whether they were actually implemented and to what extent they produced significant positive / negative impacts.

- How do we assess, if a reform has been successful? The challenge is posed due to several factors. First, it takes a long time (at least a couple of years, but sometimes decades) for the effects of structural reforms to fully manifest. Second, it is difficult to establish empirically sound causal links between a reform and socioeconomic outcomes of interest, such as levels of employment, reduced risks of exclusion, and others. This is because multiple factors have impacts on socio-economic outcomes, reforms being just one of them. As a result, empirically sound impact evaluations tend to emphasise many shades of success rather than provide a ‘black or white’ assessment. Third, structural reforms tend to be politically contested, their initial objectives and impacts widely discussed, socially constructed, and continuously reconstructed. Therefore, the government behind the reforms, political opposition, stakeholders, and experts tend to disagree on the extent to which the reforms were successful as well as whether adopted changes, in fact, constitute a major (structural) reform.
- There are also numerous methodological and practical challenges. Most of the academic and policy work (e.g. evaluations) focus on enabling conditions and impacts of one or comparison of several structural reforms. This is because the enabling conditions are deeply embedded within the social, economic, institutional, and political fabric. Similarly, the implementation and impacts of reforms manifest themselves within a particular administrative and normative context. As a result, there are only a few efforts that have previously aimed to collect data on policy changes over a prolonged period of time and across multiple countries. Labour Market Reforms Database (LABREF) is one of such longitudinal and cross-national databases that contains information on labour market and welfare policy measures / changes across the EU from 2000 until 2018.⁴ It has been developed over multiple years and yet, we cannot make use of its protocols and data due to several reasons. First, the thematic and temporal scope of the present study is significantly wider. Second, it provides information on adopted policy measures or policy changes but does not aim to conceptually and empirically capture whether multiple changes constitute a more pronounced policy shift, i.e. a structural reform. Third, it does not contain information on enabling conditions behind the adoption and implementation of these measures or the level of success – these are key for the present study.

Our response to the above challenges is as follows:

- We adopt a broad definition of reform as a set of policy changes that share similar objectives and were adopted within a reasonable time window. This is an inclusive definition that covers large and smaller policy changes; they may or may not be successfully (or fully) implemented; it covers comprehensive reform packages as well as incremental changes (a series of smaller policy shifts), which may or may not be conceived as a major reform at the initial stages.
- We use several different methods and metrics to map out reforms implemented in Member States and assess their success and enabling conditions. While each method and metric is (taken individually) far from perfect, triangulation of different methods and data points should improve our overall confidence in the results of the analysis.

⁴ European Commission (n.d.). Databases and indicators - LABREF – Labour Market Reform Database. Available: <https://ec.europa.eu/social/main.jsp?catId=1143&intPageId=3193>

The next sub-chapter discusses methodological tools and approaches for collecting and analysing data on implemented reforms.

1.2. Methodology

The evidence base collected for this study relies on four methods: mapping, survey, case studies and a workshop. Below we briefly discuss these, while **Annexes 1-4** provide detailed methodological overviews.

1.2.1. Mapping

The objective of a mapping is to develop a database of reforms that were adopted in the EU Member States (MS) in 2014-2022 in the broad areas of ESF(+) intervention. Given that reform efforts may significantly differ by policy area over time and across countries, we aimed to ensure consistency and traceability of data collection by relying on the same set of documents for data collection – National Reform Programmes (NRPs). Due to potential inconsistencies, we discarded other potential alternatives, such as a collection of data from national policy documents (e.g., government programmes or national strategic plans in selected policy areas) or a survey of national experts (since they may differently interpret what constitutes a reform).

Mapping was based on a combination of bottom-up data collection and top-down verification:

- Bottom-up analysis of policy measures as reported in the NRP, submitted by Member States. For the sake of transparency and consistency, we relied on the same types of documents (NRPs) that report policy changes (big and small) in the ESF(+) areas. These changes were then thematically clustered into larger groups that constituted a reform. This included the following steps:
 - **Selection and extraction of relevant CSRs**, as provided by the Commission to each Member State. This was done with the view of identifying relevant national policy measures (see next step).
 - **Extracting policy measures as outlined in the NRPs per each CSR**. The policy measures constitute the smallest unit of analysis: they are the building blocks of structural reform.
 - **Coding of measures**. Based on the description of measures, a small core team developed variables and coded the measures in order to obtain insights into their characteristics
 - **Cluster policy measures** into groups of policy shifts that could constitute a reform. The policy measures were grouped into larger clusters, based on their policy objectives / challenges addressed. We also calculated aggregate indicators (based on the variables describing measures), which characterise the reforms.
- Top-down analysis and verification. National experts were then asked to review the list of reforms obtained through bottom-up analysis and clustering of measures as well as to validate the values of aggregate indicators. Furthermore, national experts provided their judgements on the scale and success of the reforms, based on existing national information and their expert knowledge. Only a few national experts identified missing reforms or argued that some of the reforms (identified bottom-up) should not be treated as such.

A database of reforms is the main outcome of the mapping. It contains a list of reforms, and measures that constitute the reform as well as some of the descriptive variables per

reform, which we extracted from the information provided in NRPs. The key implications of the adopted mapping approach are as follows:

- We identified reforms based on the groups of measures reported in NRPs. In total, we analysed 175 NRPs, identified 3728 relevant reported policy measures, and coded and clustered them into 293 reforms.
- The mapping data should be treated and interpreted with caution, despite data quality and robustness checks that the study team has performed. In particular:
 - There is a risk of omission of important reforms if they were not reported in NRPs. While this risk has been mitigated to the extent that this is possible by national experts' review and verification of the mapped reforms, their judgement, based on in-depth knowledge and expertise, is still subjective. Therefore, some risk of omission remains.
 - There is also a risk of affirmative bias: identification of reforms when, in fact, no major changes have been initiated or implemented. This could arise due to window dressing, whereby Member States are inclined to demonstrate policy steps taken in response to each CSR, even if these changes are of little relevance, scale, or scope.
 - Some subjective judgement was deployed when grouping reported measures into reforms.
- With all this in mind, we aimed to minimise the risks by calibrating our coding process across countries and policy areas as well as by validating the results with national experts.

1.2.2. Survey

The survey aimed to collect stakeholders' views on the factors, processes, and conditions that may help or hinder the achievement of structural change in the ESF+ areas of intervention. Policymakers, social partners and civil society representatives from all Member States were invited to participate. The survey was launched in June 2024 and was open until September 6th for 86 days. The questionnaire was structured around the key themes of the study: key characteristics of reforms, their success, challenges faced, enabling conditions, and the role of EU instruments such as ESF+ in supporting national reforms. The survey also sought to gather perspectives on future needs and recommendations for ongoing reform efforts. To ensure accessibility, the questionnaire was translated into 22 official European languages, excluding Irish and Maltese, and was designed to be concise, taking approximately 10 minutes to complete to facilitate higher response rates. The survey used a mix of closed and open-ended questions, though the number of open-ended questions was kept minimal to avoid reducing the response rate. A more extensive and detailed methodology for the survey can be found in **Annex 2**.

The invitation to participate in the survey was sent to 760 civil servants, social partners and civil society representatives working in the ESF+ areas of intervention in all EU Member States. The list of respondents was compiled by national experts. Overall, the survey received 183 responses (24% response rate), comprised of approximately 60% partial responses and 40% complete responses. Although, in the end, the response rate was sufficient to represent the diversity of voices across EU Member States and derive valuable insights, it does necessitate some caution when interpreting survey results. Non-response could be higher among those who: 1) perceive the reforms as irrelevant to their role or area of expertise, 2) are too time-constrained to complete the survey. As such, those more involved in reform design or implementation, invested in or affected by the reforms in some way, may have been more likely to respond in full, potentially biasing the data towards the perspectives of more actively engaged stakeholders.

Importantly, 85 respondents identified important reform initiatives implemented in their area of expertise and answered the remaining questions on factors supporting or hindering successful structural change (although the exact number of responses differs by question).

The survey results offer responses from all of the targeted groups of stakeholders as well as all EU Member States. On the other hand, all standard caveats regarding the interpretation of survey results apply: the respondents were asked to share their views and opinions (rather than official positions or evaluation results); hence, they should be treated as such.

1.2.3. Case studies

Ten in-depth case studies were conducted to uncover the key mechanisms behind selected reforms. This included identifying factors that contributed to their success or failure and their link to the ESF and CPR, which may pose constraints on strategic programming and deploying funds for structural reforms.

Several principles guided the selection of the 10 reforms studied. First, a long list of 20 reforms was created based on the following criteria:

1. **Availability of information:** Priority was given to reforms with sufficient, high-quality data, such as thematic evaluations or national/operational programme (OP)-level assessments.
2. **Success balance:** We included not only successful and unsuccessful reforms but also those with mixed results to understand diverse influencing factors.
3. **Policy coverage:** Reforms were selected across three ESF+ Policy Objective 4 areas: employment, skills/education and training systems, and social inclusion.
4. **Geographical balance:** Reforms were chosen from Northern, Southern, Western, and Eastern EU regions.

To finalise the selection of the 10 case studies, additional criteria included:

1. **Link with ESF/ESF+:** Reforms with strong connections to ESF/ESF+ policy domains were prioritized.
2. **Single vs. multi-intervention:** A balance was sought between single and multi-intervention reforms.
3. **Relevance to EU policy:** Priority was given to reforms contributing to broader EU employment, skills, and social inclusion policies.
4. **Contribution to European Pillar of Social Rights (EPSR) targets:** Reforms that helped achieve EPSR targets were favoured.
5. **Administrative balance:** Reforms implemented at national, regional, and local levels were considered.

These criteria resulted in the selection of the final ten case studies. The first one (Tackling youth unemployment in Italy) was conducted as a pilot to test the proposed approach and refine it – as necessary – before implementing the remaining nine case studies.

Table 2 Selected case studies

N.	Subregion	Country	Reform	Broad policy field	Specific policy field
1.	Central and Eastern EU	PL	VET reform	Education	VET

2.	Central and Eastern EU	BG	Implementing the National Strategy on public procurement	Institutional capacities	Other
3.	Central and Eastern EU	LT	Developing active labour market policies	Labour market	ALMPs
4.	Northern EU	FI	Reforming the pension system	Labour market	Elderly workers
5.	Southern EU	IT	Tackling youth unemployment	Labour market	NEETs
6.	Southern EU	ES	Reinforcing social protection, especially for the unemployed, improve support for families and promote social inclusion	Social inclusion and equal opportunities	Poverty reduction and social inclusion
7.	Southern EU	PT	Ensuring adequate coverage of social assistance while ensuring effective activation of the benefit among recipients in Portugal	Social inclusion and equal opportunities	Poverty reduction and social inclusion
8.	Western EU	IE	Ensuring inclusion of people with disabilities in the labour market	Social inclusion and equal opportunities	Inclusion of people with disabilities
9.	Western EU	DE	Nursing and care professionals: addressing supply and demand imbalances	Healthcare	Quality of healthcare procession
10.	Western EU	NL	Improving the employability of older workers	Labour market	Elderly workers

All case studies, starting from the pilot, relied on both desk research and stakeholder consultation. The development of the case studies began with the **review of relevant documentary sources** (CSRs, policy documents, potential evaluations or progress monitoring papers, national legislation, academic papers, etc.) already identified during Task 1. Documents were consulted both in English and in the original language of the country for the selected case studies, thanks to the involvement of national experts. In addition to desk research, we also identified and contacted relevant actors and stakeholders involved in the implementation of the selected reforms. This included policymakers, government officials, implementing organisations and managing authorities, social partners, evaluators, third-sector organisations and non-government organisations (NGOs).

Their contribution through **in-depth interviews** was critical in supporting the case studies to complement desk-based information on one hand and fill in knowledge and information gaps on the other. A total of 56 interviews were conducted over the 10 case studies, as reported in the table below.

Table 2 Interviews conducted

Country	Reform	N. interviews
BG	Implementing the National Strategy on public procurement	5
DE	Nursing and care professionals: addressing supply and demand imbalances	4

ES	Reinforcing social protection, especially for the unemployed, improve support for families and promote social inclusion	6
FI	Reforming the pension system	7
IE	Ensuring inclusion of people with disabilities in the labour market	3
IT	Tackling youth unemployment	13
LT	Developing active labour market policies	7
NL	Improving the employability of older workers	1
PL	Implementing VET reform	7
PT	Ensuring adequate coverage of social assistance while ensuring effective activation of the benefit among recipients in Portugal	3
Total		56

1.2.4. Workshop

The workshop with policymakers had two main objectives:

- To present and validate our preliminary findings
- To gain an in-depth understanding of interesting reform cases as well as facilitate peer-to-peer exchanges between policymakers.

The workshop took place in Warsaw (Poland) on 20 September 2024. To facilitate broad participation, it was organised as a hybrid event with some participants and speakers on-site, while others joined remotely. In total, 62 policymakers and social partners, representing all EU Member States participated. The discussions in the break-out rooms provided valuable feedback for the interpretation of preliminary findings, while five other presentations focused on selected reform case studies in Germany, Finland, Spain, and Poland.

1.2.5. Triangulation

While each of the adopted methods has its own strengths, we recognise that none of them individually is sufficient in answering the main study questions. Therefore, when presenting our results, we aim to triangulate the findings from all methods. In particular, the results of mapping and survey are used in parallel to quantify the answers to the study questions, whereas insights from case studies and the workshop provide deeper qualitative insights.

2. Dynamics of reforms in employment, skills and social inclusion in the EU Member States

2.1. Characteristics of reforms

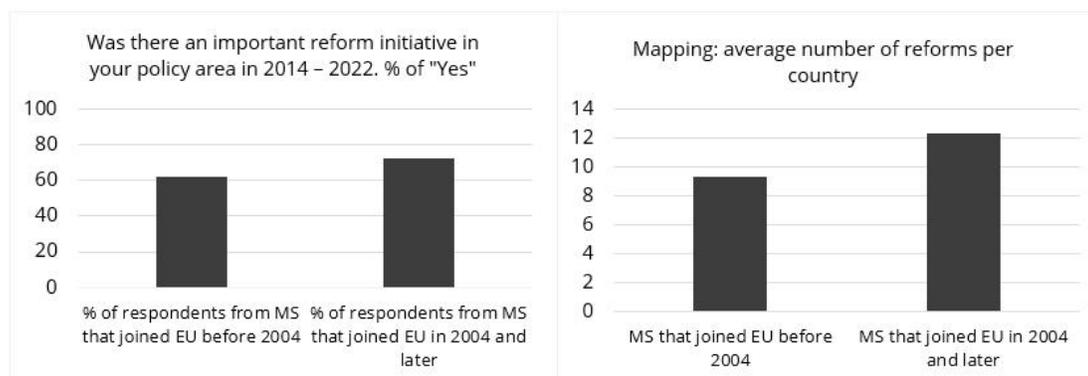
2.1.1. Reform efforts across the EU

An academic and policy discussion, largely sparked by the euro-crisis of 2009-2013,⁵ focused on the extent of reform fatigue in Europe. The debate focused on the (un)willingness of European governments to undertake necessary, but potentially unpopular labour market and social insurance reforms, which could alleviate fiscal pressures as well as address long-standing economic growth and demographic challenges. Yet our research does not lend support to the reform fatigue argument.

We found that between 2014 and 2022, EU Member States have implemented numerous reforms in the areas covered by the ESF+. The mapping of reforms identified 293 reforms across Member States during this period. A survey of civil servants and civil society representatives also indicates that a number of reforms have been carried out: 67% of respondents argued that important reform initiatives have taken place in their country and the policy area within which they work.

Further analysis suggests that “new” MS (i.e. Member States that joined the EU in 2004 and later) were slightly more active in implementing reforms (see Figure 1). This could be interpreted in the light of the need for a “new” MS to achieve nominal and real convergence with the EU. Nominal convergence refers to the adoption of the EU rulebook, while real convergence encompasses the alignment of living standards, productivity levels, wages, and broader economic performance between “new” and “old” EU economies. Achieving both – nominal and real convergence – implies a need for structural reforms.

Figure 1. Results of the survey (left) and mapping (right)



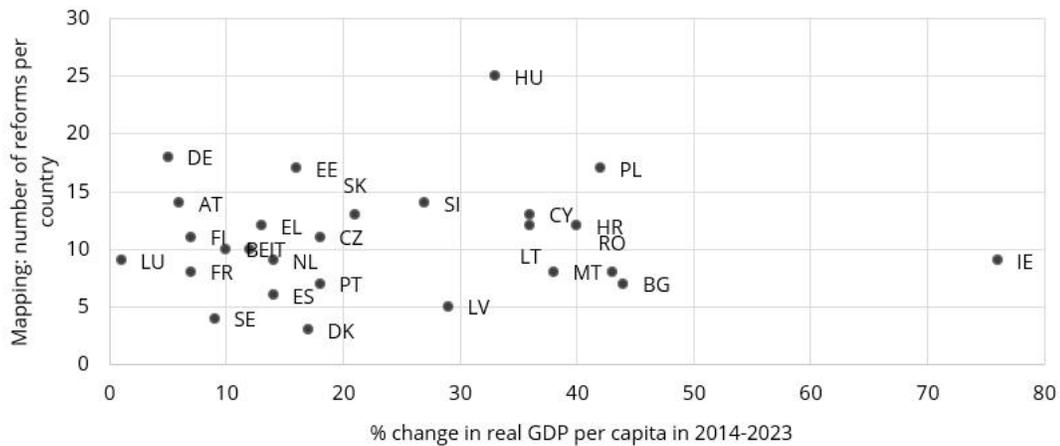
Source: Visionary Analytics based on online survey results and mapping database

We also tested whether the number of reforms initiated in 2014-2022 correlates with real GDP growth in 2014-2023 (see Figure 2). GDP was chosen for correlation because it provides a relatively comprehensive measure of overall economic performance, reflecting the cumulative impact of reforms across policy areas. While there is a positive correlation,

⁵ For example see: Gros, D. (2015). "Structural Reforms in the Euro Area: How Far Have We Come?". *Intereconomics*, 50(1), 4-12. DOI: 10.1007/s10272-015-0525-x. Pisani-Ferry, J. (2014). *The Euro Crisis and Its Aftermath*. Oxford University Press. Krugman, P. (2012). *End This Depression Now!*. W. W. Norton & Company

it is rather weak (coef. 0.05). This could be due to multiple factors. First, this clearly shows that reforms in employment, skills and social inclusion policies are necessary, but insufficient conditions to alone explain differences in economic growth. Second, this could be due to limitations in the mapping methodology (e.g., some reforms may be omitted) as well as the fact that we cannot reliably measure the scale of reforms. Third, there are several outliers in the data (e.g., Ireland exhibited fast economic growth due to a speedy recovery from deep crisis in 2008-2011).

Figure 2. Number of reforms and change in real GDP per capita

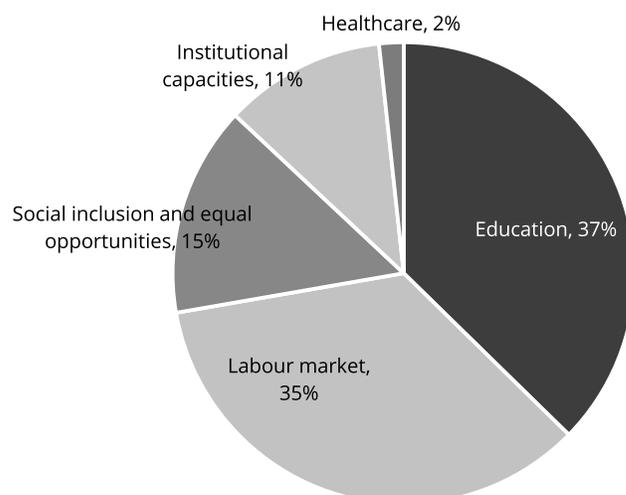


Source: Visionary Analytics, based on Eurostat data and mapping database

2.1.2. Reform initiatives by policy area

To gain a better understanding of the types of reforms carried out, we grouped all mapped reform initiatives into five main policy areas: education, labour market, social inclusion and equal opportunities, institutional capacities, and healthcare. The results of mapping suggest that the largest share of reforms were implemented in education policy (37% of all initiatives), reflecting a strong emphasis on improving educational quality and addressing persistent challenges in this field. Labour market reforms closely followed, representing 35% of the total, signalling a clear focus on enhancing employment policies and systems across many EU Member States. For a full break-down of reforms by policy area see **Figure 3**.

Figure 3. No. of reforms per broad policy area

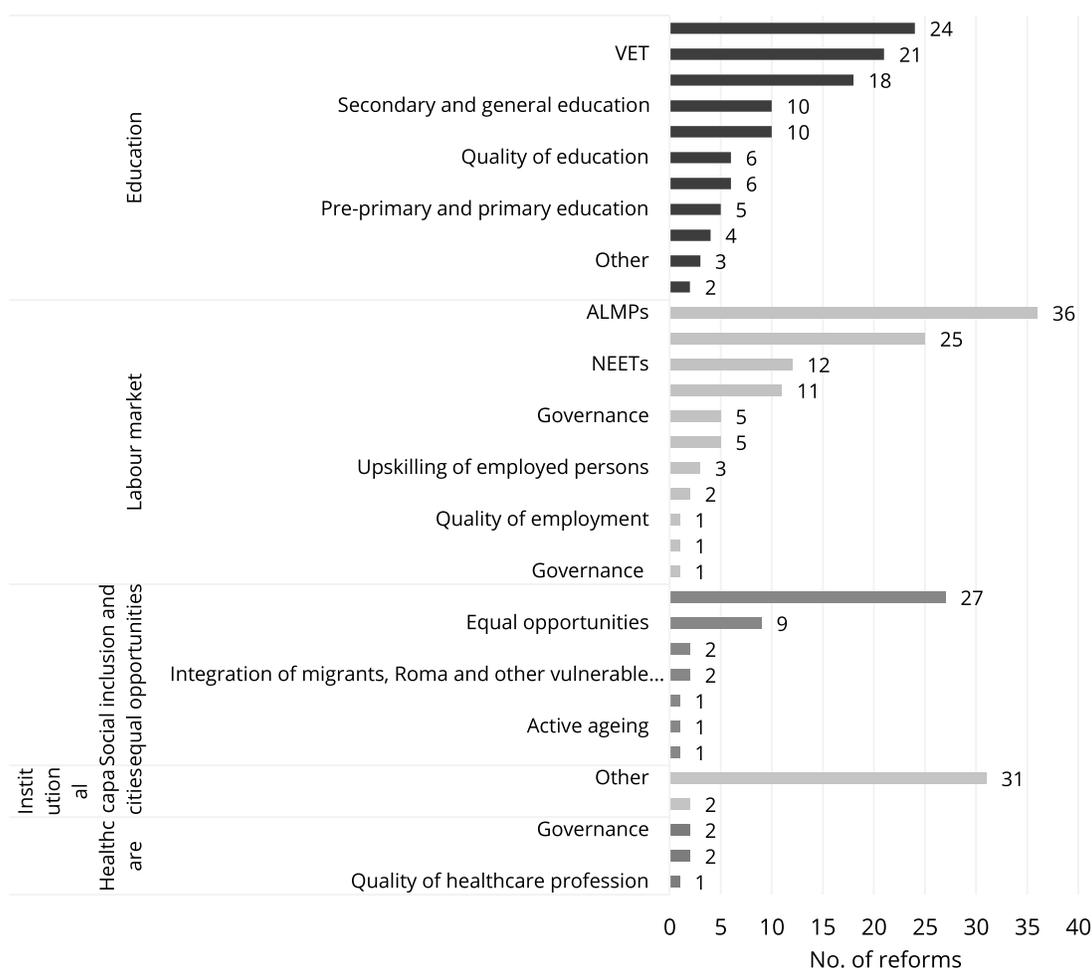


Source: Mapping database

A look at more detailed policy areas (see **Figure 4**) reveals that most reforms were, in fact, concentrated in several sub-groups:

- Within the education policy area most reforms focused on improving governance, vocational education and training (VET) and adult education. This is in line with the broad priorities of improving the effectiveness and efficiency of education systems (hence, reforms in governance), as well as ensuring a better match between labour market skills demand and supply (hence, reforms in VET and adult education).
- Within the labour market policy, most reforms focused on Active Labour Market Policies (ALMPs), which have been among the top policy priorities at the EU level and in most Member States for more than a decade now. Furthermore, a significant share of reforms focused on labour market regulation, which has been among the top priorities after the above-discussed euro crisis of 2009-2013 (our database covers reforms carried out in 2014-2022).
- Poverty reduction and social inclusion reforms dominated the social policy field, which is hardly surprising, given the need to address rising poverty levels after the global financial crisis and the euro crisis as well as political emphasis on social cohesion in most MS.
- Within the institutional capacities policy area, multiple and quite diverse reforms have been pursued. This is likely due to the different priorities and needs of Member States.

Figure 4. Distribution of reforms across specific policy fields, 2014-2022



Source: Mapping database

2.1.3. Types of reforms: comprehensive vs. incremental approaches

Reforms are diverse in their nature and scope. They can range from comprehensive overhauls of entire sectors to relatively minor tweaks of existing policies. While structural reforms may take multiple forms, they typically fall on a continuum between two “ideal” types. The first type follows a rationalist view that treats structural reform as a *comprehensive reform package*, thoroughly designed, and meticulously implemented, typically in a top-down manner.⁶ The policy design phase typically includes a clear definition of problems and objectives, a thorough comparison of alternative courses of action, extensive discussions with social partners and the proposal for comprehensive changes to multiple legal acts or codes (e.g., labour code). Characteristically, policy implementation relies on top-down approaches to ensure coherence and synergies. Prime examples include major labour market reforms in France, also known as the “Macron Orders”,

⁶ Ilzkovitz, F. & Dierx, A. (2011). Structural Reforms: A European Perspective. *Reflets et perspectives de la vie économique*, L, 13-26. doi:10.3917/rpve.503.0013.

consisting of 36 concrete measures across five orders carried out in 2017,⁷ and the Children's institutional care reform in Lithuania, carried out in 2014 – 2018.⁸

However, most structural reforms do not follow such a rational, top-down pathway. As the incrementalist school of public policy argues, such an approach to policy design and implementation is limited by:⁹

- *Bounded rationality*. At the policy design stage, it is not possible to assess all sensible alternatives and their impacts, due to imperfect information and inherently limited computational capacity of the human mind. Faced with high uncertainty, policymakers may prefer to move forward in small steps: initial successes provide momentum for further reforms, “failures” can be more easily remedied, while the implementation process provides vital information when designing the next steps due to ongoing feedback loops that can prove instrumental in moving the reform forward in a gradual way.
- *Conflicting values, objectives and interests* of key stakeholders and decision-makers. Comprehensive reform packages may be “watered down” during the adoption stage due to opposition in the parliaments, and resistance by stakeholders or society at large. While deliberations and attempts to form broad consensus are essential elements of democratic decision making and ensure long-term sustainability of reforms, this may also act as a barrier to comprehensive reform packages. Furthermore, policy-drift may occur at the implementation stage due to the interpretation of new legal acts by public administration and the courts.

The second type of structural reform can be characterised as *incremental*, whereby numerous small policy changes produce significant discontinuities within the social and economic fabric and respective institutions. Such reforms are guided by abstract vision or broadly formulated objectives, but at the outset do not rely on a comprehensive reform package, nor have an explicit plan for implementation. Instead, they are carried out in gradual changes allowing for better adaptation and reducing the risk of significant disruption. Policymakers engage in continuous negotiations on what is politically acceptable. Public administration muddles through the implementation. Past successes and failures inform the choice and design of the next steps. The policy community, through conflict and learning, incrementally develops shared meanings and understanding of ultimate reform objectives and the most effective means to achieve them. Such reforms need not be slow: agreement on and implementation of multiple minor changes takes less time and energy than deliberations on momentous policy shifts.

In practice, it is difficult to distinguish between comprehensive and incremental reforms as well as reforms that are “in-between”. We can (at least to an extent) capture this by exploring two metrics:

- How many different measures, as reported in NRPs, did a reform entail? Comprehensive reforms are typically composed of several major changes (e.g., adoption of a new Labour code), while incremental reforms are constituted by multiple small-scale measures;
- Over how many years have the measures, constituting a reform, been implemented. Comprehensive reforms are typically adopted over a short time span, while incremental reforms may take a longer time, even decades.

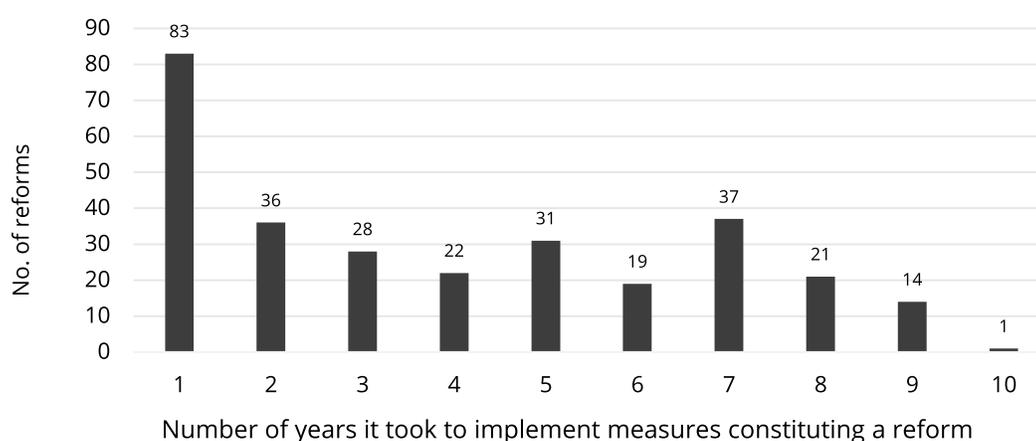
⁷ Polk, D. (2017). Macron Reform – Labor Law Orders. Available: https://www.davispolk.com/sites/default/files/2017-09-05_macron_reform_labor_law_orders.pdf

⁸ https://2014.esinvesticijos.lt/uploads/main/documents/files/Post%202020/Programos%20rengimas/Institucines%20globos%20pertvarka_2020-04-28_final.pdf

⁹ Lindblom, C.E. (1979). Still Muddling, Not Yet Through. *Public Administration Review*, 39(6), p.517. doi:10.2307/976178.

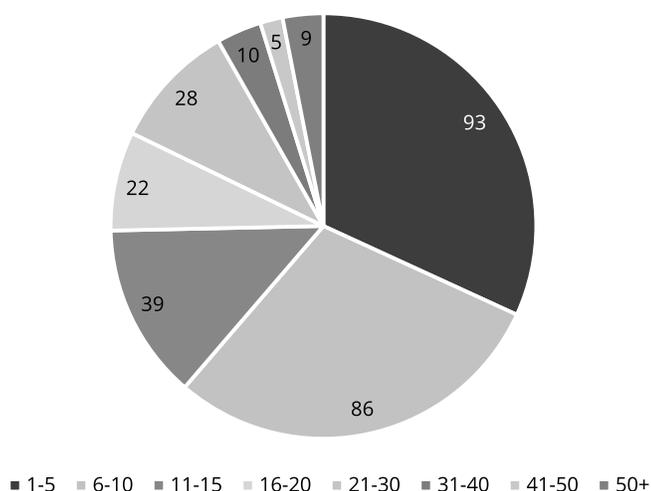
Figure 5 and **Figure 6** below provide data reflecting the above metrics. While we cannot draw definitive conclusions, it appears that around 1/3 of reforms in the mapping database could be categorised as comprehensive. 93 reforms (out of 293) contained 1-5 measures (as reported in NRP) and a similar number (119) of reforms were designed and implemented over 1-2 years. The remaining reforms covered a significantly larger number of measures and were carried out over a prolonged period of time – these could be classified as incremental reforms. An example of comprehensive reform includes changes in the Labour code (e.g., Lithuania’s “Flexible employment relationships” reform) which required only one measure (change in Labour code) as reported in the NRP. Reforms aimed at improving the refugee integration system in Germany provide an example of incremental reform: it included a wide array of measures spanning multiple years and policy areas (including education, social inclusion, and the labour market).

Figure 5. Duration of reforms



Source: Mapping database

Figure 6. Distribution of reforms per number of measures that constitute a reform



Source: Mapping database

Case studies also identified a range of comprehensive and incremental reforms. Selected examples are discussed in the text boxes below.

Comprehensive reforms

- **Poland's Vocational Education and Training (VET) Reform:** Poland's VET reform was launched in response to the growing need to modernise vocational education and align it with labour market demands. The reform fits the comprehensive reform model due to its significant scale and the detailed, top-down approach. The reform aimed to modernise vocational education across Poland and included extensive involvement from the Ministry of Education, changes to infrastructure, and legal adjustments to align with EU standards. There was a clear definition of objectives and extensive consultation with social partners (including employers and education professionals) even though certain bottlenecks (e.g., insufficient teacher training) were noted. The reform sought to introduce structural changes to the entire VET system, consistent with a comprehensive, rationalist approach.
- **Lithuania's Active Labour Market Policies (ALMP) Reform:** Recognising the need for systemic improvements in employment services, the government initiated a wide-ranging reform with substantial support from the ESF. The reform focused on simplifying administrative procedures, such as streamlining cost accounting methods and integrating over 40 national registers to better track labour market data. This allowed for more tailored interventions to help unemployed individuals reintegrate into the workforce. The reform also involved close cooperation between municipalities and employment services, ensuring that local needs were addressed within the broader national strategy. International cooperation, facilitated by EU instruments, played a significant role in the reform's success, as it allowed Lithuania to adopt best practices from other EU Member States. This holistic reform, designed from the top down with clear goals and a structured implementation plan, demonstrates the characteristics of a comprehensive reform.

Incremental reforms

- **Italy's Youth Guarantee (YG) and Youth Employment Initiative (YEI):** Italy's efforts to tackle youth unemployment through the Youth Guarantee (YG) and Youth Employment Initiative (YEI) represent an instrumental reform, characterised by incremental changes over time. These initiatives aimed to reduce the high levels of youth unemployment, particularly in Southern Italy. While the reforms introduced measures such as financial incentives for employers to hire young workers and improvements in public employment services, they were implemented gradually, adapting to local needs as issues arose. For instance, while initial efforts focused on offering quick solutions, such as traineeships, policymakers later realised the need for more localised outreach to engage vulnerable groups, such as NEETs (Not in Employment, Education, or Training), who were not easily accessing services. This led to the flexible use of ESF funds to complement YEI activities. The iterative nature of the policy, continuously shaped by feedback and ongoing needs, showcases the incremental, step-by-step approach typical of instrumental reforms.
- **Germany's Nursing and Care Professionals Reform:** Faced with an ageing population and a growing shortage of healthcare workers, Germany's reform of nursing and care professions took an incremental approach to address the imbalance between the supply and demand of healthcare staff. Instead of a sweeping overhaul, the government introduced gradual policy changes, such as financial incentives to attract foreign workers and the recognition of international qualifications, which quickly helped to increase the workforce. However, the reform also sought to introduce domestic training incentives over time, acknowledging that the impact of such measures would be slower to materialise. The federal nature of

Germany's governance created additional complexity, as individual states competed with one another to attract healthcare professionals, leading to uneven implementation of national standards. This reform demonstrates the instrumental, adaptive process of making small, incremental changes to address long-term demographic and workforce challenges.

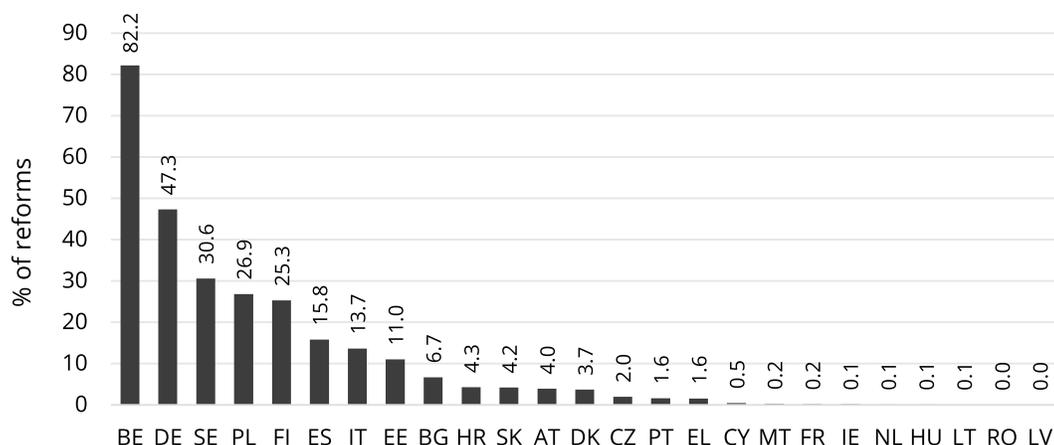
2.1.4. Reforms carried out at a regional level

Measurement of reforms carried out at a regional level

We identified reforms based on the groups of measures reported in NRPs. Based on the description of the measures, we aimed to assess, if they had a regional dimension, i.e. were implemented in a specific region only. Accordingly, we calculated the share of measures (constituting a reform) that included the regional dimension, i.e. were targeted at specific regions rather than nationally.

The majority of reforms (57.4%) were implemented only at the national level, while the rest included at least some measures undertaken at regional or local levels. As could be expected, the distribution differs significantly across Member States. **Figure 7** suggests that the largest share of reforms with a regional dimension were carried out in BE, DE, SE, PL and FI. This is closely related to the Constitutional structure of a country, its size and the autonomy that regions enjoy in particular policy areas.

Figure 7. % of reforms with a regional dimension by Member State



Source: Mapping database

Note: Analysed reforms in LU and SI were all implemented at the national level.

2.2. Success factors and obstacles to structural change

2.2.1. Success of implemented reforms

A successful structural reform refers to a sustainable policy change¹⁰ or set of policy changes implemented by a government that leads to significant and positive transformations in a country's economic and social structure. These reforms are designed to address systemic issues, remove obstacles to growth, enhance competitiveness, and promote sustainable development. Moreover, successful structural reforms often result in improved economic indicators, increased productivity, job creation, and better living standards for the population.¹¹ Although the concept of successful structural reform is defined similarly by various academics, its assessment is challenging and complex. This is because:

- There is usually no clear-cut distinction between successful and unsuccessful structural reforms. The impact of a structural reform may extend far beyond its initial objectives, with both intended and unintended consequences shaping its overall impacts.
- Structural reforms typically unfold over long periods of time, and therefore, their impacts – including potential indirect effects – may not be immediately apparent. The temporal dimension can complicate assessments, leading to varied interpretations of a reform's success on immediate versus long-term outcomes.
- Diverse and often subjective benchmarks are used to gauge effectiveness, reflecting the priorities and values of diverse stakeholders. The success of structural reform can be subjective and context-dependent, varying based on the goals and criteria set for evaluation. Economic indicators alone may not capture the broader societal implications of the reform, such as distributional effects or social well-being.¹²

Before discussing the success of the reforms identified and analysed through the mapping database and survey findings, we first examine the European Commission's evaluation of the implementation progress of Country-Specific Recommendations, which served as the starting point and the foundation for the mapping of structural reforms across EU Member States. We extracted recommendations from the Commission's [CSR database](#), selecting those issued between 2014 and 2022 that cover three broad policy areas of ESF+: employment, social inclusion, and skills (the methodology is discussed in detail in **Annex 1**). As part of the CSR database, the European Commission provides its assessment of the progress of each CSR's implementation according to the criteria outlined in **Box 1** below.

¹⁰ Sustainable policy change refers to financially feasible, relevant in the long-term, resilient, and flexible to changing political, economic, and/or social circumstances.

¹¹ European Central Bank, What are structural reforms?, 2017, available at: https://www.ecb.europa.eu/ecb/educational/explainers/tell-me/html/what-are-structural_reforms.en.html.

¹² Dalio, R. (2014). Productivity and Structural Reform: Why Countries Succeed & Fail, and What Should Be Done So Failing Countries Succeed. Bridgewater Associates, LP.

Box 1. Commission's assessment criteria for CSR implementation progress

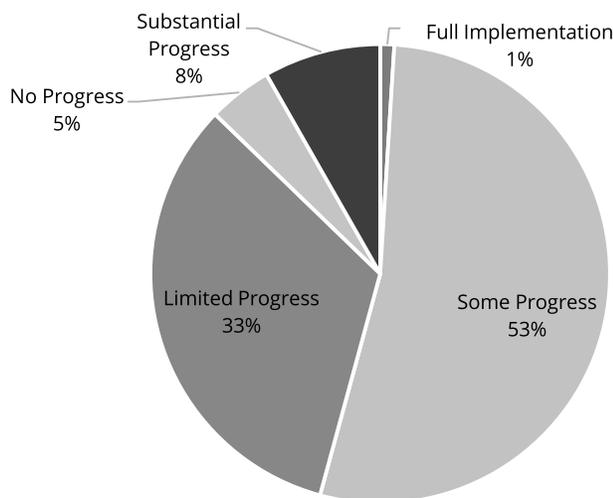
An Assessment by the European Commission of progress achieved in the implementation of CSR according to the following criteria:

- 1 = full implementation
- 0.75 = substantial progress
- 0.5 = some progress
- 0.25 = limited progress
- 0 = No progress

A total of 636 unique country-specific recommendations were issued between the years 2014-2022 in the ESF(+) policy areas of intervention. The European Commission provided progress assessments for 509 of these recommendations. Due to the large variation and often multiple number of policy areas that a single CSR aims to address, analysis by policy field was not feasible.

Figure 8 shows that, overall, only 9% of analysed recommendations (across all countries, years, and policy areas) have been evaluated by the Commission as having progressed *substantially* (8%) or have achieved *full implementation* (1%). The vast majority of recommendations were assessed as having achieved only *some* (53%) or *limited progress* (33%).

Figure 8. The Commission's average assessment of CSR implementation



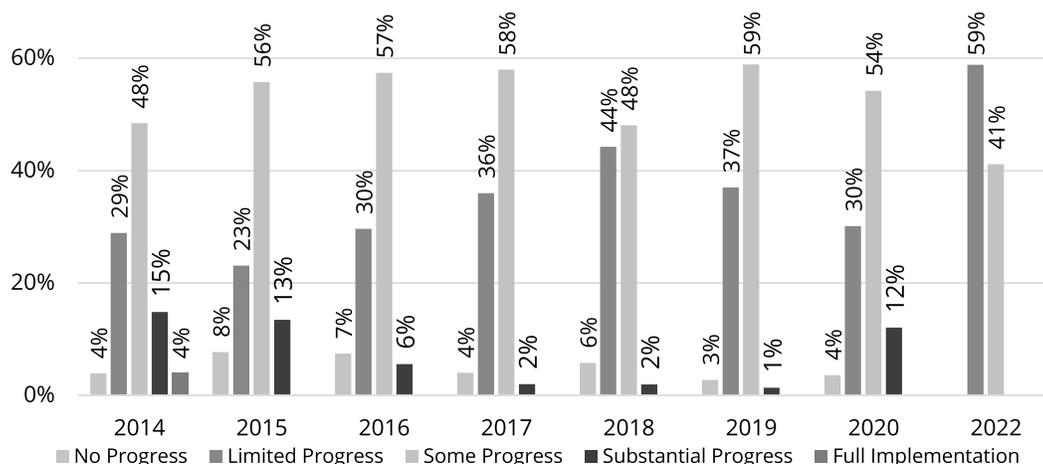
Source: Visionary Analytics based on the [CSR database](#).

According to the Commission's assessment, the implementation of recommendation progress has, on average, decreased over time. **Figure 9** below illustrates the Commission's assessment of implementation progress by the year in which the recommendation was first issued. CSRs issued in 2014 were assessed as having progressed the most, with 15% showing *substantial progress* and 4% achieving *full implementation*. Over the years, the trend indicates that progress has slowed, with a notable spike in *substantial progress* in 2020, likely due to the pandemic crisis. This situation created a "window of opportunity" for necessary and swift policy change.¹³ While this trend in progress slowdown is unexpected, it could be at least partly explained by a tendency towards incrementalism, where multiple actions over several years are required to address a single recommendation, and thus progress takes longer to manifest. This explanation,

¹³ Kingdon, J. (2010). *Agendas, Alternatives and Public Policy*, (2nd ed.). New York: Pearson.

however, likely applies to only a small portion of the recommendations, as the mapping data shows that approximately 50% of the analysed reforms were implemented over three years or less (see **Figure 5** in **Chapter 2.1.**). A single reform is usually comprised of multiple measures that aim to address more than one country-specific recommendation. This fragmentation may also contribute to the perceived slowing progress in implementing CSRs.

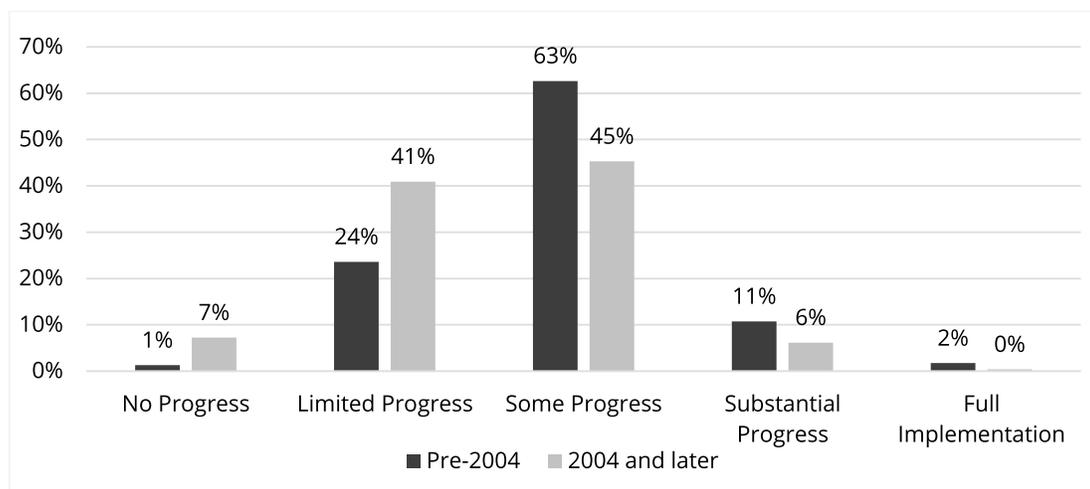
Figure 9. The Commission's assessment of CSR implementation progress over time (2014-2022)



Source: Visionary Analytics based on the [CSR database](#).

Notable differences in the perceived progress of implementing CSRs can be observed between Member States that joined the EU before 2004 and those that joined after the 2004 enlargement. On average, pre-2004 Member States have been evaluated as achieving greater progress compared to post-2004 Member States (see **Figure 10**). Specifically, 63%, 11%, and 2% of recommendations issued to pre-2004 Member States were assessed as having achieved *some progress*, *substantial progress*, and *full implementation*, respectively. In contrast, for the countries that joined in 2004 and later, these figures were 45%, 6%, and 0%, respectively. Post-2004 Member States had a higher incidence of *limited progress* evaluations – 41% of recommendations compared with 24% in pre-2004 MSs – and a higher incidence of no progress evaluations – 7% compared with 1% in pre-2004 MSs.

Figure 10. The Commission's assessment of CSR progress by EU Membership entry



Source: Visionary Analytics based on the [CSR database](#).

The differences between the two groups of Member States could be explained by two inter-related factors:

- The “new” EU Member States faced convergence challenges, i.e. the need to carry out deeper and more extensive reforms – as such, these are more challenging.
- Previous academic literature¹⁴ pointed to significant differences in governance and institutional capacities of “old” and “new” Member States.

The Commission's assessment of the progress of the implementation of CSRs is not a measure of success of the measures carried out to address a particular recommendation. Rather, it serves only as an indicator of the extent to which a Member State has taken action to address the recommendation. While this measure cannot be used as a proxy for the success of the policy measures as it does not capture impact or effectiveness, it does provide insight into the commitment of the Member States to the process of CSR implementation.

Given the complexity of measuring reform success, extensive evaluation of each reform identified through the extensive mapping exercise (**Annex 1**) and online survey (**Annex 2**) was beyond the scope of this study. As such, the analysis relies on two quantitative sources, complemented by in-depth case study findings:

- National experts' assessment of success as part of the mapping database. This score is based on experts' judgment of the extent to which reforms identified in their country have been completed i.e., achieved their intended objectives, scored on a scale from 0 to 1 (see **Box 2** below). This assessment mirrors that of the European Commission's assessment of CSR implementation in that it does not aim to evaluate the success of implemented reforms directly but rather to judge the extent to which the identified reforms have progressed in achieving their objectives. The evaluation is based on informed opinion and the available evaluative evidence. Nevertheless, it allows for the quantification of the progress achieved in reforms as well as a comparison between policy fields.
- National policymakers and stakeholders' view of the success of identified reforms as part of the survey. This measurement aims to assess the respondents' view of success of reforms they have identified in their country and policy area. This source aims to measure the success of the reforms directly. The assessment is subjective, based on the respondents' in-depth knowledge of their national context and expertise in their relevant policy area.

Box 2. National experts' evaluation criteria for reform progress

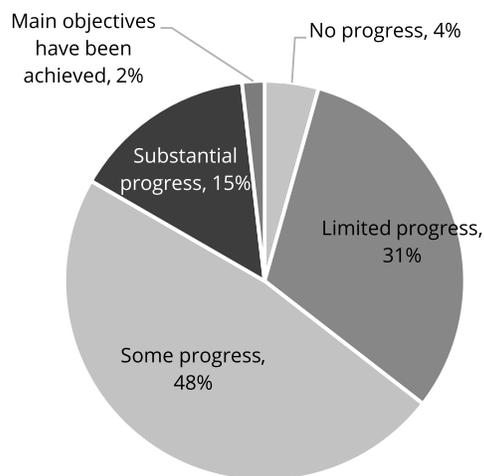
National experts rated each identified reform in their country according to the following criteria:

- 1 = The main objectives of reform have been achieved, and no major further reforms/policy improvements are necessary
- 0.75 = substantial progress has been achieved, but there is still some room for further improvements
- 0.5 = some progress has been achieved, but there are significant challenges ahead
- 0.25 = limited progress has been achieved
- 0 = no progress has been achieved

¹⁴ Charron, N., & Lapuente, V. (2018). "Quality of Government in EU Regions: Spatial and Temporal Patterns.", QoG Working Paper Series 2018:2. Becker, T., Daianu, D., Darvas, Z., Gligorov, V., Landesmann, M., Petrovic, P., & Weder di Mauro, B. (2019). "Whither Growth in Central and Eastern Europe? Policy Lessons for an Integrated Europe." Bruegel Policy Brief. Borzel, T. A., & Schimmelfennig, F. (2017). "Coming Together or Drifting Apart? The EU's Political Integration Capacity in Eastern Europe." *Journal of European Public Policy*. 24(2), 278–296. <https://doi.org/10.1080/13501763.2016.1265574>

The two measures – reform “progress achieved” assessed by the national experts and reform “success” evaluated by surveyed national policymakers and stakeholders – used in the following analysis are not fully comparable. Nevertheless, both indicators point to largely the same conclusions: most of the reforms have not been entirely successful. **Figure 11** below, shows that national experts, on average, evaluated the vast majority of the reforms as either having made *some progress* (48%) or *limited progress* (31%). Only 17% of the reforms from the mapping database have been evaluated as having made *substantial progress* or achieved *full implementation* (15% and 2%, respectively).

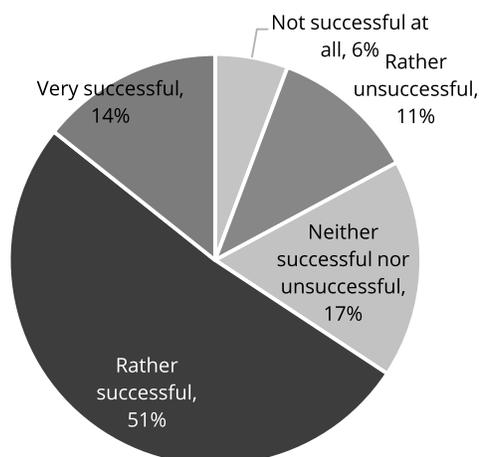
Figure 11. National experts' evaluation of the extent to which mapped reforms have achieved their objectives / addressed challenges



Source: Mapping database

Conversely, surveyed national policymakers and stakeholders tended to, on average, evaluate the success of the majority of their identified reforms more favourably, with 51% being scored as *rather successful* and 14% scored as *very successful* (see **Figure 12**). It may be the case that policymakers and stakeholders directly involved in the development and / or implementation of reform may naturally view them in a positive light, influenced by their commitment and investment in these initiatives and thus, leading to a more favourable interpretation of the outcomes. In contrast, independent experts, who maintain a degree of separation from the implementation process, may be more critical in their assessments.

Figure 12. National policymakers and stakeholders' view of the success of identified reforms

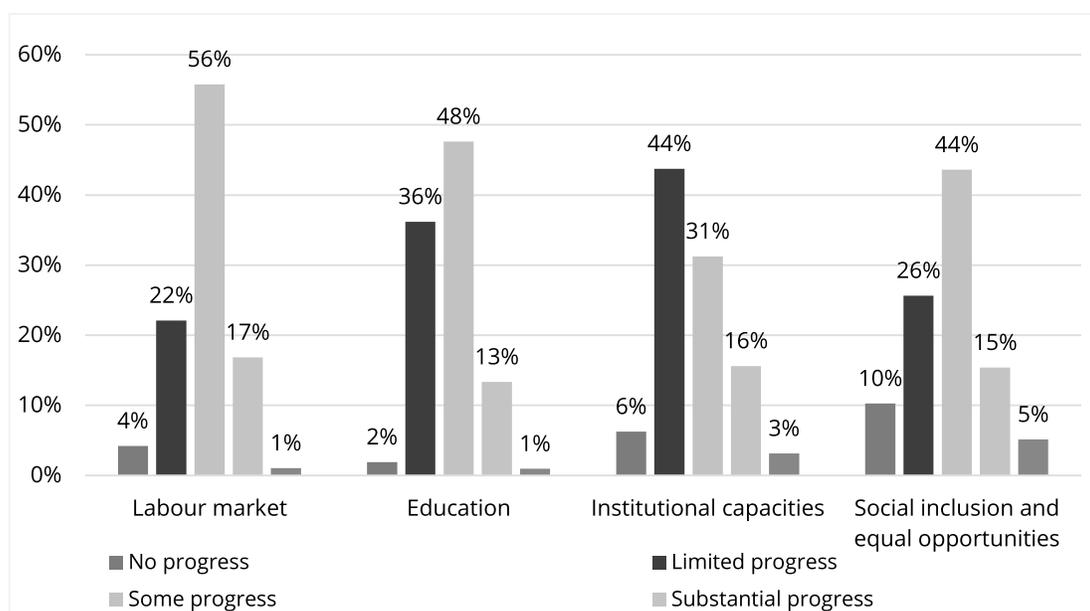


Source: Online survey

In the assessment by national experts, labour market reforms, on average, were evaluated as having achieved more progress compared with other analysed broad policy fields (see **Figure 13**). Structural change in the institutional capacity policy area has been assessed by national experts as having had the least progress in implementation, with 44% of reforms in this area judged as having *limited progress* and 6% *no progress* at all. The greatest differences within policy areas are seen in the social inclusion and equal opportunities reforms, which scored the highest at both end tails of the distribution, with 10% of evaluated reforms scored as having achieved *no progress* and 5% *all objectives achieved*, representing the highest proportions for both categories across all analysed policy areas.

These data do not necessarily imply that labour market reforms were, in fact, the most successful. However, reforms in this policy area often have clear, measurable objectives, such as reducing unemployment or improving job creation. This can make it easier to assess the progress and effectiveness of labour market policies compared to, for example, institutional capacity reforms. The latter often involves overhauling bureaucratic processes, governance structures or administrative procedures that lead to qualitative benefits such as enhanced efficiency, transparency and accountability. Such outcomes are generally more difficult to measure and may not be immediately apparent, thus leading to the perception of limited progress.

Figure 13. Reform progress achieved by broad policy area



Source: Mapping database

Note: Healthcare policy area has been excluded from the analysis due to a very small number of total reforms that have been identified in this area.

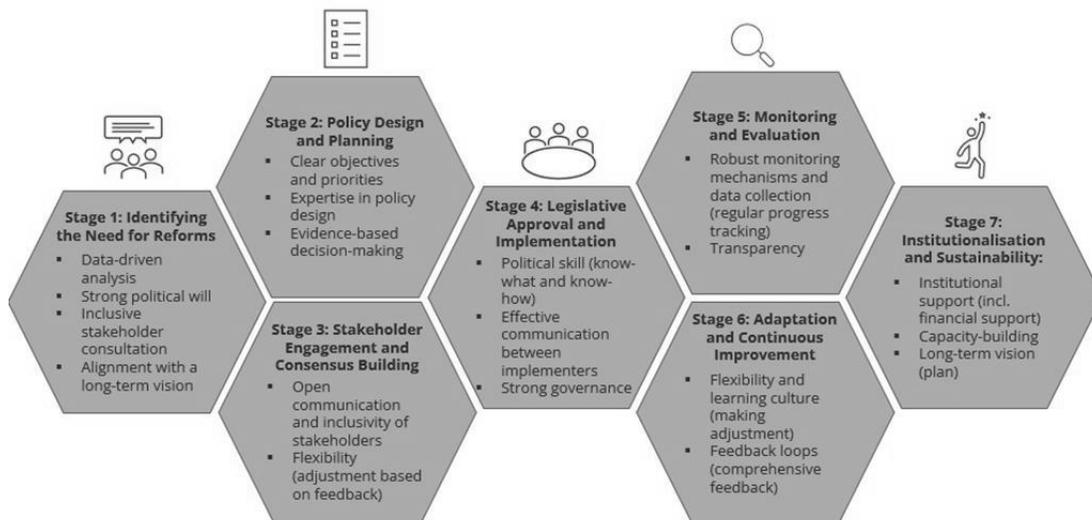
Additionally, reforms implemented over shorter periods were, on average, rated as more successful by national experts. Reforms that took seven or more years to implement received considerably lower ratings from national experts. It is not necessarily the case that longer reforms are inherently less effective. Instead, this may point to the challenges in addressing wicked policy problems. The latter concept refers to complex issues that are difficult to define and which are inherently resistant to attempts by policymakers to address them. Examples of wicked policy problems include poverty and social inequality, improvements in educational outcomes, and ageing populations. Interdependencies, inherent contradictions, changing requirements, and unclear endpoints characterise these problems, and when reform processes extend over long periods, maintaining momentum, alignment with evolving societal needs, and consistent political support becomes

increasingly challenging.¹⁵ Additionally, longer timelines can complicate the implementation process due to the increased likelihood of emerging unforeseen circumstances, such as global crises or wars.

2.2.2. Enabling conditions for successful reforms

The process of structural reform is difficult to define, precisely because reforms take place within diverse political and economic contexts, tackle issues that may be polarising, contradictory, or not universally agreed upon, and may require grand or incremental solutions to solve with varying resource availability. Regardless of the type of structural reform, their implementation is usually a complex and cyclical process. The reform cycle refers to an iterative process of problem identification, reform design, implementation, and evaluation. This cyclical nature is driven by changing economic conditions, evolving policy priorities, and the need to address emerging challenges. This implementation cycle can be broken down into seven major stages, summarised in **Figure 14** below. It is worth noting that reform processes may not always move from “start” to “finish” but can be ongoing and recurring as well.

Figure 14. Enabling conditions for successful reform implementation



Source: Visionary Analytics based on various sources.^{16,17,18,19}

Although reforms may undergo significant changes during legislative approval and implementation phases, their success is ultimately measured by their tangible impacts on addressing social needs and challenges. While having certain enabling conditions can create a favourable environment, they may not align perfectly with the specific needs of a given reform and cannot ensure for certain that the reform will achieve its intended outcomes. Therefore, defining a successful reform can be complex and it is comparatively easier to identify unsuccessful reforms through specific criteria: those that were announced but did not receive legislative approval, those that were approved but not implemented, and

¹⁵ Head B.W. (2022). *Wicked Problems in Public Policy. Understanding and Responding to Complex Challenges. Palgrave Macmillan Cham*. DOI: <https://doi.org/10.1007/978-3-030-94580-0>

¹⁶ Marrazzo, M., & Terzi, A. (2017). Structural reform waves and economic growth. ECB Working Paper No. 2111, Available at: <http://dx.doi.org/10.2139/ssrn.3071545>

¹⁷ Macaes, B. (2013). What are structural reforms?. *European View*, 12(1), 153-159.

¹⁸ Douglas, R. (1990). The politics of successful structural reform. *Policy*, 6(1), 2-6

¹⁹ Mensch, G. O. (1990). Why Some Reforms Succeed. In *The Evolution of Economic Systems: Essays in Honor of Ota Sik* (pp. 68-76). London: Palgrave Macmillan UK.

those that were implemented but failed to achieve their objectives or address the underlying problems.

The survey data highlights several enabling conditions that contribute to the success of reforms and drive effective policy change (see **Figure 15** below). **Clear political commitment and vision that has support among key stakeholders** was by far the most frequently cited factor, with 82% of the respondents emphasising its importance. Political commitment is fundamental in the early stages of reform implementation, relying on legislators and stakeholders to maintain the necessary support through the legislative approval stage and maintaining access to resources needed for continued implementation. It is the driving force that stimulates the reform implementation process and progress.²⁰ This notion was echoed during the policy workshop, where discussions with policymakers and social partners often centered around the idea that the success of reforms is closely linked to active participation from both government and stakeholders.

Related to the need for political commitment and support among stakeholders is the idea of *reform ownership*, which refers to the degree to which national governments, institutions, and stakeholders identify and take responsibility for the design and implementation of reforms. Some EU-driven reforms, however, may be perceived as top-down, disconnected from national needs, and even invasive, leading to limited national ownership and superficial compliance.²¹

The findings from the case studies revealed a similar trend. For example, in Poland, political willingness combined with the constructive feedback of social partners facilitated the implementation of VET reforms. Similarly, in Finland, the deep involvement of social partners in the pension reform was instrumental to its success, while in Ireland, political consensus and widespread social acceptance enabled the smooth rollout of employment strategies for people with disabilities. Likewise, another significant success factor was **stakeholder engagement and cooperation**. In several cases, the active involvement of stakeholders, including social partners, local communities, and private entities, ensured the buy-in necessary for reforms to succeed. For instance, private employment centres in Italy played a pivotal role in youth employment initiatives, aided by financial incentives. Similarly, the success of Bulgaria's public procurement reforms was linked to early public consultations, which helped mitigate implementation risks.

A smaller, but significant share of survey respondents identified **strong internal administrative capacities within ministries and agencies** as a key enabler. Administrative capacities comprise the technical expertise, resources, and organisational infrastructure necessary at various stages of design, implementation, monitoring, and institutionalisation of reform, in order to develop effective policy changes, execute them well and efficiently, and ensure their long-lasting impact. The quality of institutions and well-functioning administrations matter for ensuring that EU funds are utilised effectively and have an impact within Member States. It relates to the ability of the governing institutions and implementing bodies to manage their human and financial resources to actually deliver on their designed policy objectives.²² Administrative capacity is widely considered an important factor in assessing the quality of the government precisely because

²⁰ Castanho, R.A., Vulevic, A., Naranjo Gómez, J.M., Cabezas, J., Fernández-Pozo, L., Loures, L. and Kurowska-Pysz, J. (2019). Political commitment and transparency as a critical factor to achieve territorial cohesion and sustainable growth. European cross-border projects and strategies. *Regional Science Policy & Practice*, 11(2), pp.423–435. <https://doi.org/10.1111/rsp3.12201>.

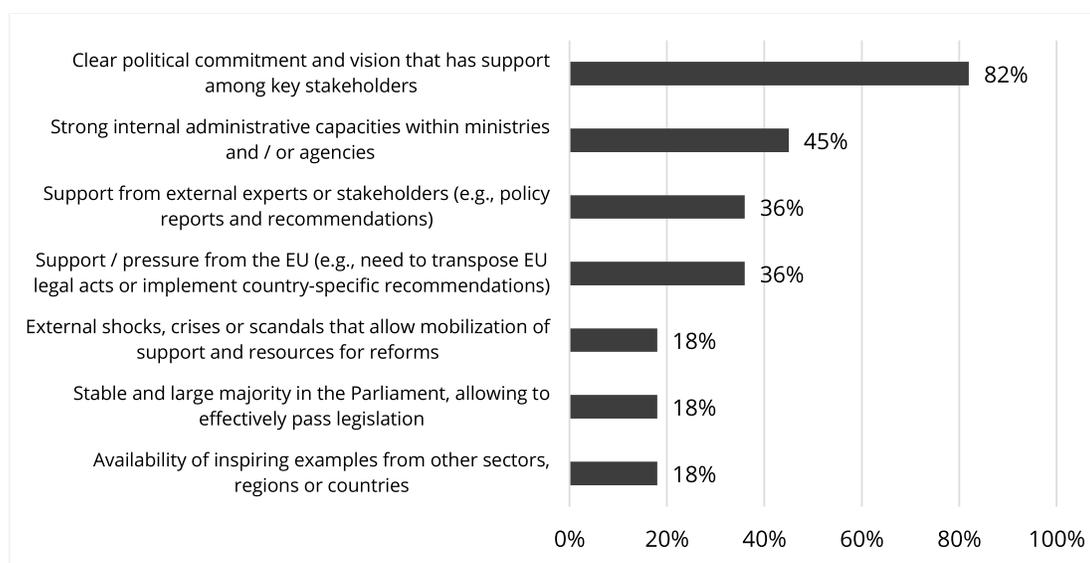
²¹ Nakrošis, V., Dan, S. and Goštautaitė, R. (2023), "The role of EU funding in EU member states: building administrative capacity to advance administrative reforms", *International Journal of Public Sector Management*, Vol. 36 No. 1, pp. 1-19

²² El-Taliawi, O. G., & Van Der Wal, Z. (2019). Developing administrative capacity: an agenda for research and practice. *Policy Design and Practice*, 2(3), 243–257. <https://doi.org/10.1080/25741292.2019.1595916>.

the successful implementation of reforms requires capable organisations.^{23,24} Additionally, experienced administrations have a greater capacity to create connectivity, that is, the effective interaction and integration between the different actors and components of the system,²⁵ and thus, maintain institutional knowledge, ensuring continuity, even through political transitions.

Institutional capacity and governance structures were key enablers identified during the case studies as well. Countries that successfully implemented reforms benefited from established institutions with the capacity and experience to manage these processes. In Lithuania, the integration of national registers and the simplification of cost-accounting methods streamlined the implementation of labour market policies. Additionally, in Italy, the set up of an ad hoc multi-level governance structure allowed for better coordination across regional and national bodies, facilitating the implementation of youth unemployment initiatives. These institutional frameworks not only ensured better coordination but also enabled adaptability and responsiveness to local contexts.

Figure 15. Key enabling conditions for the success of the reform implementation



Source: Online survey

Social partners' role in structural change is imperative, institutionalised through mechanisms like the European social dialogue, including discussions, consultations, and negotiations at various levels of political and industrial organisation.²⁶ The success of reforms involving social partners depends to a large extent on the existing culture of social dialogue and partnership within a country. For example, countries with a strong tradition of corporatism and cooperative industrial relations are more likely to see successful implementation of ALMPs through tripartite institutions.²⁷ Based on the analysis of the mapping database, 145 of the 288 analysed reforms²⁸ (or 50.3% of the total) included at

²³ Farazmand, A. 2009. "Building Administrative Capacity for the Age of Rapid Globalization: A Modest Prescription for the Twenty-First Century." *Public Administration Review* 1007–1020. doi:10.1111/j.1540-6210.2009.02054.x.

²⁴ Wu, X. M., Ramesh, and M. Howlett. 2015. "Policy Capacity: A Conceptual Framework for Understanding Policy Competences and Capabilities." *Policy and Society* 34 (3–4): 165–171. doi: 10.1016/j.polsoc.2015.09.001.

²⁵ Nakrošis et al., 29.

²⁶ Häusermann, S. (2011). Post-industrial social policy reforms in continental Europe: what role for social partners? In: Conference of Europeanists. Barcelona, Spain.

²⁷ Mosley, H., Keller, T. and Speckesser, S. (1998). The role of the social partners in the design and implementation of active measures. In: *EMPLOYMENT AND TRAINING PAPERS*. Geneva: International Labour Office.

²⁸ Excluding 4 for which values on social partner and civil society were not available.

least some involvement of the social partners in the design or implementation of specific measures that constitute reforms. However, we believe that the true value is likely to be significantly higher. This is due to imperfect data sources: stakeholders likely participated in the design or implementation of a larger number of measures, but these were not explicitly reported in NRPs and, therefore, were underestimated by our mapping exercise. Nevertheless, the in-depth case studies of structural reforms initially identified in the mapping database underscored the significance of the role that social partners play in reform design and implementation. A particularly compelling example from Finland is discussed in **Box 3** below.

Box 3. Pension reform in Finland

The 2017 Finnish pension reform aimed to address challenges linked to an ageing population and the sustainability of the pension system. Finland had struggled with low employment rates among older workers compared to other Nordic countries, and the financial strain on public finances post-2008 crisis made pension reform urgent. The key measures included gradually raising the retirement age, linking it to life expectancy, and adjusting pension calculations to ensure long-term sustainability.

Social partners, including major trade unions and employer organisations, played a pivotal role in shaping the reform. Building on Finland's tradition of tripartite negotiations, these partners were central to discussions on increasing the retirement age and revising pension mechanisms. Their involvement not only ensured that the reform met labour market needs but also helped secure public and political acceptance. By negotiating key details, social partners were able to protect workers' rights while promoting longer careers and a more sustainable pension system.

Their involvement not only helped avoid major political confrontations but also facilitated the reform's acceptance among the public. The close collaboration between social partners and government, combined with access to robust data provided by expert institutions, was crucial in addressing the challenges posed by Finland's ageing population and ensuring the sustainability of the pension system.

2.2.3. Obstacles to structural change

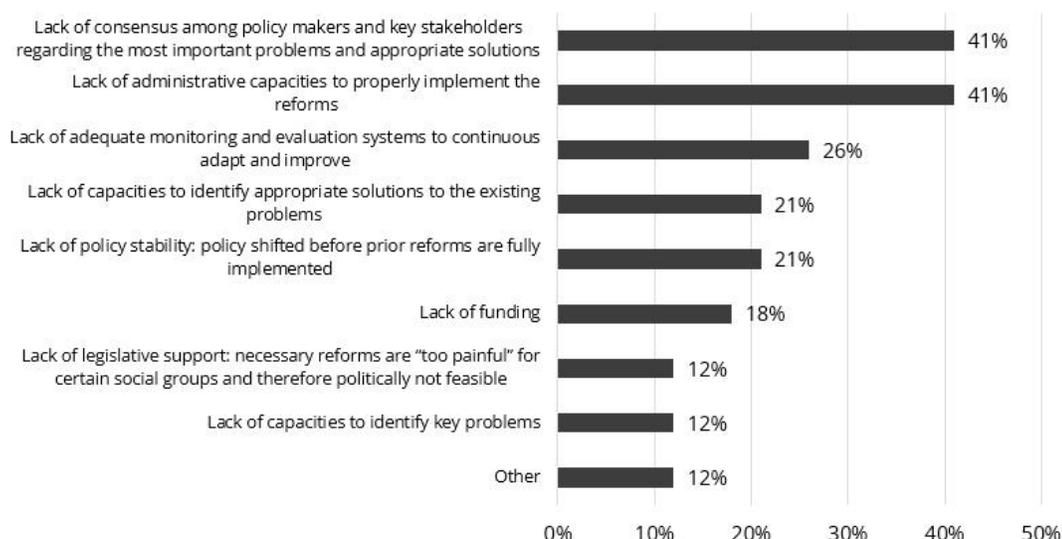
Not all structural reforms achieve successful outcomes and can fail due to a confluence of factors that are, to a large degree, related to the absence of the key enabling conditions for success that are summarised in **Figure 14** (page 28). Additionally, it is important to note that implementers do not always have the power to ensure successful implementation either. For example, sometimes the success of structural reform may depend on the specific economic, political, social, and cultural context. More specifically, some areas can be politically or economically sensitive, and reforms in these areas may lead to greater resistance from key stakeholders (e.g., reforms during the financial crisis in 2009), which, in turn, can lead to the reduced effectiveness of the reform. In addition, national-level political institutions do not always have the required capacity and financial resources to initiate and implement the needed reforms. For this purpose, specialised European-level institutions step in to support national governments with specific recommendations, guidelines, and financial aid.

Results of the survey conducted as part of this study show that the most prevalent challenges reported mirror the key enabling conditions for success. Namely, the **lack of consensus among policymakers and key stakeholders** regarding the most important problems and their solutions and a **lack of administrative capacities** to properly implement the reforms (see **Figure 16**). Gaining and maintaining political support for implementing challenging reforms can be difficult because politicians and governments operate within short-term policy cycles and often prioritise policies that deliver immediate benefits or appeal to voters in the short term. This tendency towards *political short-termism*

can undermine the pursuit of comprehensive structural change that is needed to address deeper, systematic issues.²⁹ In theory, achieving political consensus can help, to some extent, mitigate short-termism through shared responsibility. However, in practice, political consensus often involves compromise, which lends itself to the preference for incremental change.

Nevertheless, even well-designed reforms that have the political commitment and wider support to be implemented can fail if the governing institutions do not have quality administrative capacities to deliver on the reform objectives.

Figure 16. Key challenges to the success of the reform



Source: Online survey

Comprehensive, large-scale reforms often capitalise on "windows of opportunity"—such as periods of crisis or a strong political mandate following an election—to push through significant structural changes. Kingdon's Multiple Streams Approach offers a valuable perspective on policy change, suggesting that policy reform happens when three independent streams—problems, policies, and politics—come together. Each of these streams encompasses different stages of policy implementation, and reforms are possible when a window of opportunity arises, allowing them to converge.³⁰ Such opportunities provide a conducive environment for enacting reforms that might otherwise face resistance.³¹ For example, a prolonged period of high unemployment can create urgency for reforms in labour market policies while a newly elected government with a strong majority might have the political capital to pursue ambitious social or economic overhauls.

However, building political consensus is generally easier for smaller, incremental policy adjustments than for sweeping, comprehensive reforms. This is because incremental changes often address specific, less controversial issues, making it easier for policymakers to find common ground.³² As such, comprehensive reforms that have the potential to disrupt existing structures and interests are more likely to stall during the early stages of reform implementation (see **Figure 14** detailed in page 28), particularly at the stage of legislative,

²⁹ Ogami, M. (2024). The Conditionality of Political Short-Termism: A Review of Empirical and Experimental Studies. *Politics and Governance*, [online] 12. doi:<https://doi.org/10.17645/pag.7764>.

³⁰ Jones, M. D., Peterson, H. L., Pierce, J. J., Herweg, N., Bernal, A., Lamberta Raney, H., & Zahariadis, N. (2015). A River Runs Through It: A Multiple Streams Meta-Review. *Policy Studies Journal*, 44(1), 13–36. doi:10.1111/psj.12115

³¹ Cairney, P. (2018). Three habits of successful policy entrepreneurs. Available at: <https://bristoluniversitypressdigital.com/view/journals/pp/46/2/article-p199.xml>

³² Lindblom, C. E. (1979). Still Muddling, Not Yet Through. *Public Administration Review*, 39(6), 517. doi:10.2307/976178

administrative, and executive approval and implementation. Policymakers must work to garner political support and navigate the legislative process to ensure the passage of reform acts or secure administrative and executive approval from relevant authorities. Without the support, reforms can become mired in political gridlock, delaying implementation or forcing significant compromises that dilute original objectives.

On the other hand, incremental reforms that seek to address issues through gradual, systemic adjustments over time are not without challenges. While such reforms may face less immediate political resistance, the extended timeframe required for their implementation can allow opposition to grow, potentially stalling or even reversing progress.³³ Incrementalism is often encouraged by the presence of multiple sources of law and the interactive nature of lawmaking. Legislatures, courts, executive officers, administrative agencies, and even voters play interconnected roles, and incremental approaches tend to respect the contributions of each actor.³⁴ This method is also supported by the idea that policymakers learn from experience, taking small steps that build on prior actions. ESF(+) funding often supports experimentation and testing of reforms through pilot projects. While there is substantial evidence that such projects have a positive impact on direct beneficiaries, there is less proof that these lessons are systematically integrated and sustained, as seen in the findings from the Irish case study discussed in **Box** below.

Box 4. Inclusion of people with disabilities in the labour market reform in Ireland

People with disabilities (PWDs) in Ireland face significant barriers to employment, with the country historically having one of the lowest employment rates for PWDs in the EU. In 2017, only 26.5% of PWDs were employed, compared to the EU average of 48.5%, and Ireland continues to have the largest disability employment gap in the EU. These barriers are linked to factors such as low educational attainment, fear of losing benefits, and limited employer knowledge on accommodating disabled employees. Targeted reforms in Ireland have focused on improving access to education, enhancing career guidance, and providing flexible work arrangements. However, despite these efforts, PWDs remain at a higher risk of poverty and social exclusion, with part-time workers being particularly vulnerable.

The ESF(+) has had a substantial impact at the grassroots level, significantly transforming individual lives, particularly through educational opportunities provided under the National Access Plan. As highlighted by one interviewee, ESF(+)-funded pilot projects often have a profoundly positive effect on participants. However, a notable gap exists in systematically integrating the lessons learned from these initiatives. Despite the success of the projects, a dedicated mechanism is absent within the government to ensure that insights and best practices are consistently adopted and embedded within the broader system. The current public management of ESF(+) funds focuses heavily on the technical aspects, such as financial oversight and compliance with procedural requirements. While these administrative tasks are essential, they overshadow the need to mainstream the transformative changes and improvements identified through ESF(+) projects.

Source: Case studies.

Several recurring bottlenecks and obstacles have hindered the successful implementation of structural reforms across various countries analysed in the case studies. It is interesting to note that, for the most part, these are very closely linked to the success factors outlined above, that is to say – obstacles mostly relate to the lack of the success factors previously

³³ Ibid.

³⁴ Levmore, S. (2009). Interest Groups and the Problem with Incrementalism. *John M. Olin Program in Law and Economics Working Paper No. 501*. Available at: https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?article=1274&context=law_and_economics

identified. In a way, this reinforces the importance of the enabling factors identified and previously discussed.

One prominent issue has been **administrative and institutional capacity constraints**. Many countries faced challenges related to the lack of sufficient staff, resources, and outdated systems. Linked to limited staff and resources, it is important to also consider the challenge of prioritising among several potential projects, many of which are EU-driven. For example, in Italy, a weak administrative capacity in Southern Regions hindered the implementation of youth unemployment measures, and in Lithuania, the slow modernisation of the employment administration system hindered reform implementation. Similarly, in Poland's VET reform, the Department of Strategy Qualifications and Vocational Education struggled with insufficient staffing, which limited its ability to roll out the reforms. Moreover, in Spain, the social security system lacked the necessary capacity to adequately support the administration of the minimum income scheme (IMV).

A **lack of coordination among stakeholders** also emerged as a significant obstacle. In several countries, the absence of well-structured cooperation mechanisms between national, regional, and local authorities created inefficiencies. In Portugal, the lack of coordination between national and local entities in managing social assistance reforms led to fragmented efforts, while in Ireland, regional disparities and inflexibility in programme guidelines limited the responsiveness of services to local needs. Similarly, in Spain, weak coordination between different administrative levels hindered the comprehensive implementation of social protection measures, particularly in reaching potential beneficiaries of IMV.

Another major bottleneck was **insufficient engagement with target groups**. In many reforms, outreach efforts failed to adequately involve or reach the intended beneficiaries. For example, in Italy, youth employment reforms struggled to engage NEETs (not in education, employment, or training), who were furthest from the labour market. In Spain, the complexity of the IMV application process and the digital barriers for low-income and digitally illiterate populations led to high rates of application rejection. This issue of reaching target groups was also evident in Ireland, where transport limitations in rural areas posed significant barriers to accessing employment and social services.

Underinvestment and financial limitations also surfaced as common barriers. In Poland, the vocational education reform faced problems of underinvestment, particularly regarding infrastructure and modern equipment for schools. In Lithuania, there were instances of employers and training providers **misusing EU funds**, which added inefficiencies to the active labour market policy reform. Additionally, the financial pressures imposed by austerity measures negatively impacted the scope and sustainability of reforms, as seen in Portugal, where political and economic cycles hindered the full recovery of social assistance programs.

Lastly, **rigid policy frameworks and slow adaptation** were significant obstacles. In Germany, federal governance dynamics led to uneven reform implementation in the healthcare sector, with competition among states undermining the effectiveness of uniform standards. Similarly, Ireland's phased approach to reforming employment services for people with disabilities resulted in uneven service availability across the country. Moreover, in several countries, **frequent legislative changes** increased the administrative burden on public bodies, as seen in Bulgaria's public procurement reform.

3. The role of the EU in supporting structural change

3.1. EU tools to support structural change

The EU offers a number of tools and funding mechanisms to support Member States' reform efforts. These instruments are not mutually exclusive and do not operate in a narrow policy

vacuum. Instead, combined use can create complementarities, enabling the different instruments to reinforce one another and deliver more comprehensive support to the implementation of reforms across the Member States.

The EU tools available to support national reforms that are relevant for this study are outlined in Table 3 below.

Table 3. EU tools to support structural change

Type of EU support	EU tools to support structural change	Description
EU Funding	ESF / ESF+ ³⁵	<ul style="list-style-type: none"> Comprising one of five Structural and Investment Funds (ESIF), ESF(+) provides funding to actions under three main policy areas of intervention (employment, education, and social inclusion), including co-financing of structural reforms in these areas. ESF+ is the main instrument for supporting the implementation of the European Pillar of Social Rights. As such, aligning investments with top EU policy priorities including those set out in country-specific recommendations.
	Recovery and Resilience Facility (RRF) ³⁶	<ul style="list-style-type: none"> The Recovery and Resilience Facility (RRF) is a temporary instrument within NextGeneration EU providing financial support for public investments and structural reforms. The funds aim to implement reforms and investments facilitating economic and social sustainability, resilience, and preparedness for the green and digital transitions, aligning with EU priorities. The RRF addresses challenges identified in CSRs under the European Semester. Member States submit national recovery and resilience plans outlining changes and investments, where performance-based disbursements are released only when countries meet predetermined benchmarks and goals outlined in their plans.
	Role of ex-ante conditionalities and enabling conditions ³⁷	<ul style="list-style-type: none"> The ex-ante conditionalities, introduced in the 2014-2020 Cohesion Policy, refer to conditions to be fulfilled prior to program implementation that are largely based on CSRs and thematic objectives and are aimed at ensuring effective and efficient use of ESI funds. Horizontal and Thematic enabling conditions, introduced in the 2021-2027 Cohesion policy, constitute a system of requirements that Member States must fulfil in order to be able to access and use European funds. Additionally, they aim to strengthen the system with fewer but more focused conditions. Non-fulfillment of the enabling conditions leads to withholding of payments for the affected objectives.

³⁵ European Commission (n.d.). European Social Fund Plus. Available at: <https://european-social-fund-plus.ec.europa.eu/en/what-esf>

³⁶ European Commission. (2023b). Recovery and Resilience Facility. Commission.europa.eu. https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en

³⁷ For further details see METIS GmbH and ICF (2016), The implementation of the provisions in relation to the ex-ante conditionalities during the programming phase of the European Structural and Investment (ESI) Funds; European Court of Auditors (2017), Ex ante conditionalities and performance reserve in Cohesion: innovative but not yet effective instruments;

<p style="text-align: center;">Technical support</p>	<p>Technical Support Instrument (TSI)³⁸</p>	<ul style="list-style-type: none"> • The TSI, the successor of the Structural Reform Support Programme, is an EU programme providing funding for technical support projects across EU Member States. • The TSI works on implementing top EU priorities through practical advice, technical support and recommendations, and more recently through flagship and multi-country projects.³⁹ • Member States can apply for technical support to design, develop, and implement reforms in the areas of public administration, employment, education, health, social services, migration, and others. • The TSI is demand-driven, does not provide direct funding and requires no national co-financing.
<p style="text-align: center;">EU governance</p>	<p>European Pillar of Social Rights (EPSR)⁴⁰</p>	<ul style="list-style-type: none"> • The EPSR aims to restore the social dimension of the EU and reconcile economic policies with social considerations. • It serves as a collaborative tool to advance social rights, requiring joint efforts from European institutions, Member States, civil society, and social partners. • The EPSR Action Plan includes three headline targets for 2030 related to employment, skills development, and poverty reduction: achieving a minimum employment rate of 78% among individuals aged 20-63 by 2030, ensuring that at least 60% of all adults participate in training annually by 2030, reducing the number of people at risk of poverty and social exclusion by at least 15 million.⁴¹
	<p>European Semester⁴²</p>	<ul style="list-style-type: none"> • The strategy behind ensuring that ESF/ESF+ (and structural funds in general) effectively contribute to addressing the structural reform needs of the Member States encompasses the requirement for clear alignment with the European Semester. • The primary purpose of the European Semester is to ensure that Member States align their budgetary and economic policies following established rules and guidelines agreed upon at the EU level. • One of the key outcomes is the CSRs that set out the policy priorities of the individual Member States.
<p style="text-align: center;">EU law</p>	<p>EU <i>acquis</i></p>	<ul style="list-style-type: none"> • EU Directives are incorporated into national legislation through the process of transposition. Transposition is necessary because directives are not directly applicable to Member States

European Parliament (2018) [Ex Ante Conditionality in ESI Funds: State of Play and their potential impact on the Financial Implementation of the Funds](#)

³⁸ European Commission. (n.d.). Technical Support Instrument (TSI). [Commission.europa.eu. https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/technical-support-instrument/technical-support-instrument-tsi_en](https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/technical-support-instrument/technical-support-instrument-tsi_en)

³⁹ European Commission. (2023a). Flagship Technical Support Projects. Reform Support. https://reform-support.ec.europa.eu/our-projects/flagship-technical-support-projects_en

⁴⁰ European Commission. (n.d.-a). Delivering on the European Pillar of Social Rights. [Ec.europa.eu. https://ec.europa.eu/social/main.jsp?catId=1226&langId=en](https://ec.europa.eu/social/main.jsp?catId=1226&langId=en)

⁴¹ Björn Hacker [SWP] (2023). The European Pillar of Social Rights: Impact and Advancement. doi:10.18449/2023RP14

⁴² European Commission. (2023). The European Semester. European Commission. https://commission.europa.eu/business-economy-euro/european-semester_en

		<p>but require national laws to incorporate the rules into national legislation.⁴³</p> <ul style="list-style-type: none"> • Directives set out minimum standards, creating a legal and policy framework that requires national governments to update, align, or improve their existing laws, policies, and administrative structures. As such, transposition often requires revisiting existing legislation to ensure compliance, which may reveal gaps and inefficiencies that can lead to implementation of reforms to align national priorities.
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Source: Visionary Analytics based on references in footnotes.

The focus of this study was directed primarily on analysing the effectiveness and efficiency of ESF(+) support provided to Member States' reform efforts during the past decade. Accordingly, the following analysis prioritises examining the role of ESF(+) relative to other EU instruments. Nonetheless, data gathered during the analytical phase of the project (i.e., mapping, survey, and case studies) and desk research provides valuable insights for the discussion of the role of other EU tools that facilitate successful reform implementation.

3.2. Effectiveness of EU support for structural change

The effectiveness of EU support, especially the ESF(+), in achieving structural changes across EU Member States varies across the case studies, with both successes and limitations highlighted.

The ESF played a pivotal role in many reforms by **providing critical funding and enhancing capacity-building efforts**. For instance, in Poland's vocational education reform, ESF resources significantly supported the Ministry of Education, allowing for the expansion of the reform's scale and impact. Without ESF funding, the reform would have been smaller and slower. Similarly, in Bulgaria, ESF funds were crucial in public procurement reform, enabling the development and maintenance of a unified national electronic platform and supporting administrative capacity-building through training and resources.

One of the consistent themes across the case studies is the **role of EU funding in strengthening national and regional institutions**. In Lithuania's active labour market policies (ALMPs), the ESF helped to enhance governance and local cooperation between municipalities and employment services, allowing more tailored responses to specific labour market needs. In Ireland's labour market inclusion strategies for people with disabilities, EU funds supported grassroots-level projects, particularly educational initiatives that transformed participants' lives by offering opportunities for skills development.

Despite the positive impacts, the **effectiveness of reforms funded by the EU**, particularly the ESF, was often **hindered by the lack of tailored approaches** for vulnerable groups. In Italy, for example, while the Youth Guarantee (YG) contributed to reducing youth unemployment, it was less effective for NEETs (Not in Employment, Education, or Training) in the southern regions and for those with lower educational attainment. The emphasis on easily implemented tools, such as financial incentives, came at the expense of more innovative or locally tailored approaches.

The complexity of the application processes for certain reforms also reduced the effectiveness of ESF-funded measures. In Spain, the implementation of the Minimum Vital Income (IMV) was less successful in reaching its full potential due to high non-take-up rates, and despite ESF support, it failed to reach the most vulnerable segments.

⁴³ EUR-Lex. Transposition. <https://eur-lex.europa.eu/EN/legal-content/glossary/transposition.html#:~:text=Transposition%20is%20the%20process%20of,their%20rules%20into%20national%20legislation.>

Furthermore, **while ESF support often helped create short-term improvements, there were concerns about the sustainability of reforms once EU funding ended.** In Germany, the nursing and care professionals' reform relied heavily on monetary incentives to attract foreign workers, yet it was acknowledged that such incentives alone might not ensure long-term stability in the workforce. In contrast, Poland's vocational education reform aimed for long-term sustainability by embedding changes in legislation, but it was also suggested that more practical, sustained national funding would be necessary to ensure ongoing success.

Overall, the case studies provide several lessons learnt and tangible recommendations for the future, to ensure that ESF support is maximised:

- First, **reforms must do more to reach marginalized populations**, such as youth in disadvantaged regions, low-skilled workers, and disabled individuals. Outreach mechanisms that leverage local knowledge, partnerships, and area-based interventions are recommended to enhance the reach and effectiveness of ESF-funded programs.
- An additional recurring theme is the **disparity in administrative capacities between regions**, particularly between more prosperous and less developed areas. Strengthening regional administrative bodies and supporting local coalitions are crucial to ensuring equitable implementation and impact of structural reforms.
- Furthermore, effective reforms require not only initial funding but also **long-term institutional support and adaptability**. For example, Lithuania's experience showed the importance of developing systems to ensure continuous learning and adaptation of policies in response to labour market needs. This was facilitated by the ESF, but further national support is necessary for sustained success.
- Finally, successful reforms often depended on political will and multi-stakeholder coordination. In some countries, **EU-driven reforms benefited from political consensus** and broad participation of social partners, but the absence of such cooperation could limit the reforms' scope and impact.

3.2.1. The role of ESF(+): Contributions to reform implementation

Reforms do not always begin as reforms. Often, pilots or experiments supported by ESF+ evolve into larger projects that result in meaningful change. Incremental changes can help ease societal concerns about reforms, particularly as they may provoke societal unrest. In the end, societal commitment is key to implementing reforms successfully.

How do we measure, whether a reform was supported by ESF(+)?

We identified reforms based on the groups of measures reported in the National Reform Programmes (NRPs). Description of some measures contained explicit reference to the ESF(+) funding. Accordingly:

- A reform received *significant* support from ESF(+), if more than 75% of reported measures that constitute a reform were supported by ESF(+)
- A reform received *substantial* support from ESF(+), if 51 – 75% of reported respective measures were supported by ESF(+)
- A reform received *moderate* support from ESF(+), if 26 – 50% of reported respective measures were supported by ESF(+)
- A reform received *some* support from ESF(+), if less than 25% of reported respective measures were supported by ESF(+)

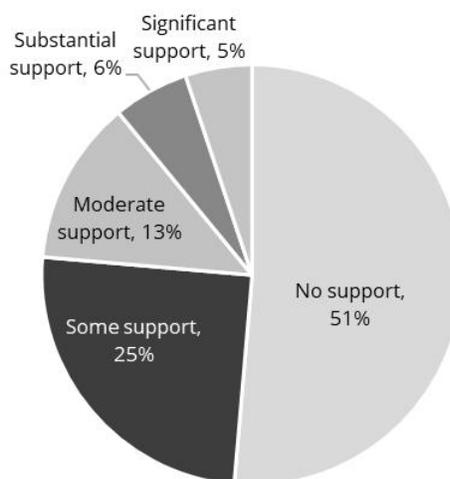
The data should be treated with caution. Some NRPs, when reporting on implemented measures may not have explicitly mentioned ESF (+), although ESF (+) had, in fact,

supported design / implementation / monitoring and evaluation. Experts aimed to check for this, but some over- or under-estimation of ESF (+) support is still likely.

According to the analysis (see **Figure 17**), 150 reforms, representing 51.4% of the total, did not receive ESF(+) funding and were instead likely supported through national or regional budgets. 142 reforms, which account for 48.6% of the total, benefited at least to a small extent from ESF(+) funding. More specifically:

- 5.1% of all reforms received significant support from ESF(+), i.e. more than 75% of measures that constitute a reform were supported by ESF(+)
- 5.8% of all reforms received substantial support from ESF(+)
- 12.7% of reforms received moderate support from ESF(+)
- 25% of all reforms received some support from ESF(+)

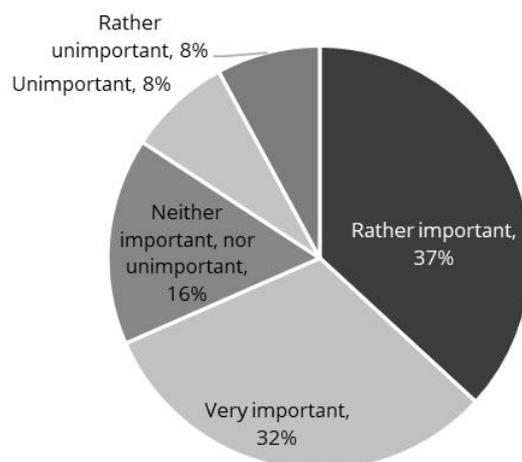
Figure 17. Share of reforms by the extent of ESF(+) support



Source: Mapping database

The survey results offer valuable insights into how respondents perceived the role of ESF+ in various reform areas. Notably, more than two-thirds of the survey respondents found the support of ESF+ during the design and implementation of reforms in their country and policy area to be either *very important* or *rather important* (see **Figure 18**). Additionally, a substantial proportion of respondents view the ESF(+) as a key enabler for experimentation and piloting new approaches, with 62% considering it *very important* or *rather important*.

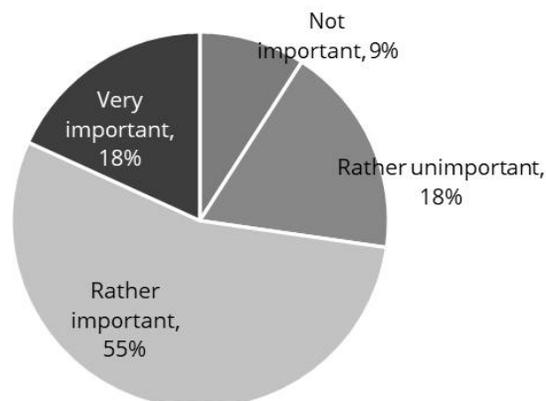
Figure 18. National policymakers and stakeholders' view of the importance of ESF+ in supporting reform design or implementation



Source: Online survey

The focus on strengthening public administrations is requisite to the implementation of structural reforms. Without effective and efficient public administrations, structural reforms do not have the necessary ground to be successfully implemented. As such, the main field of EU support to public administrations between 2014 and 2020 concerned institutional capacity building and reforms under Thematic Objective 11: “Enhancing institutional capacity of public authorities and stakeholders and efficient public administration”.⁴⁴ Under this objective, ESF-funded measures aimed at improving and modernising public administration, especially through upgrading human resource strategies and processes, and providing training. This focus is also reflected in the survey responses by national policymakers and stakeholders, which showed that 73% considered ESF(+)’s role in strengthening administrative capacities within ministries and agencies to be *very important* or *rather important* (see **Figure 19**), underscoring the significant contribution of ESF(+) towards capacity building efforts.

Figure 19. National policymakers and stakeholders' view of the importance of ESF+ in strengthening administrative capacities



Source: Online survey

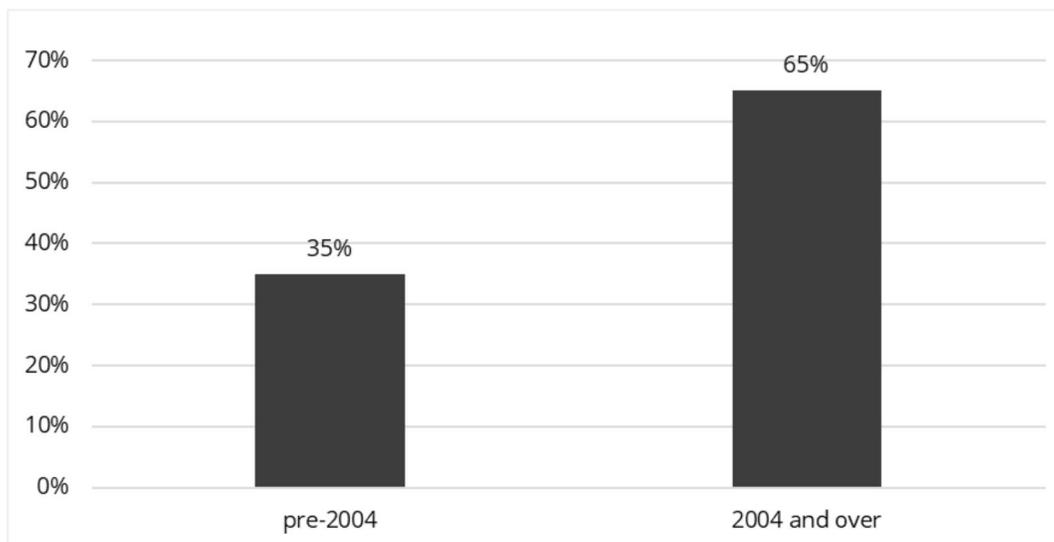
⁴⁴ European Commission (n.d.). New Cohesion Policy. Available at: https://ec.europa.eu/regional_policy/2021-2027_en

Box 5. Examples of effective EU support

Poland's Vocational Education Reform: The ESF played a crucial role in expanding and scaling Poland's vocational education reform. The fund provided the Ministry of Education with resources to modernize VET infrastructure and supported the development of a broader scope of the reform. The reform also required improving the skills of vocational teachers, many of whom lacked the qualifications to deliver modern curricula. The ESF supported capacity-building initiatives by financing professional development programs for educators. These programs helped teachers adapt to the new standards and better prepare students for the demands of the labour market. Finally, the VET reform required systemic changes to ensure that vocational education was aligned with Poland's broader economic and social policies. The ESF provided technical assistance in designing these changes, which included revising curricula and establishing stronger links between schools and employers. This helped ensure that students could gain practical skills directly applicable to industry needs. The fund also facilitated consultations between social partners, such as businesses and educational institutions, to ensure the reform was in line with the requirements of the private sector. Without the ESF's support, this aspect of the reform would have been much slower and less effective due to the country's limited educational budget. Without ESF support, the impact of these reforms would have been smaller and more gradual, emphasizing the EU's role in providing both financial backing and capacity-building for long-term structural improvements.

Lithuania's Active Labour Market Policies (ALMPs): In Lithuania, the ESF significantly enhanced local cooperation between municipalities and employment services, allowing for tailored responses to specific labour market needs. One of the major successes of Lithuania's ALMP reform was the integration of over 40 national registers, which allowed for the real-time tracking of unemployed individuals and better assessment of their needs. The ESF funded the development of this comprehensive data system, enabling employment services to target interventions more effectively. Furthermore, through ESF-supported networks, Lithuanian policymakers and employment service providers participated in periodic meetings and discussions with their European counterparts, sharing experiences and solving common problems. This international dimension was crucial in improving the design and implementation of Lithuania's ALMPs, as it allowed the country to adopt effective strategies used in other Member States, such as integrating employment services with social security systems.

Based on the analysis of the mapping database, “new” Member States that joined the EU after 2004, on average, implemented significantly more reforms that received at least some support from the ESF(+) than “old” Member States, 65% and 35%, respectively (see **Figure 20**). One of the key takeaways from the discussions with national policymakers that took place during the policy workshop was the idea that there is indeed a difference in the extent to which ESF(+) is used for reform implementation, as well as a difference in how ESF(+) is utilised and for which types of activities that are likely related to their differing needs. “Old” Member states receive rather limited ESF(+) support and tend to use it predominantly for experimentation and piloting of innovative solutions. If they are proven successful, then full-scale implementation is funded by national budgets. Their needs tend to be related to the wider scope of experimentation, i.e., loosening the criteria for project implementation to increase the freedom for riskier projects. “New” Member States, on the other hand, receive significantly more support from ESF(+) and use it both for experimentation and piloting of innovative solutions, and for supporting full-scale implementation of structural reforms. Their needs tend to be more closely related to simplifying and reducing administrative burdens related to monitoring and reporting, and increasing institutional capacity and efficiency.

Figure 20. % of reforms receiving at least some ESF(+) support by EU Membership

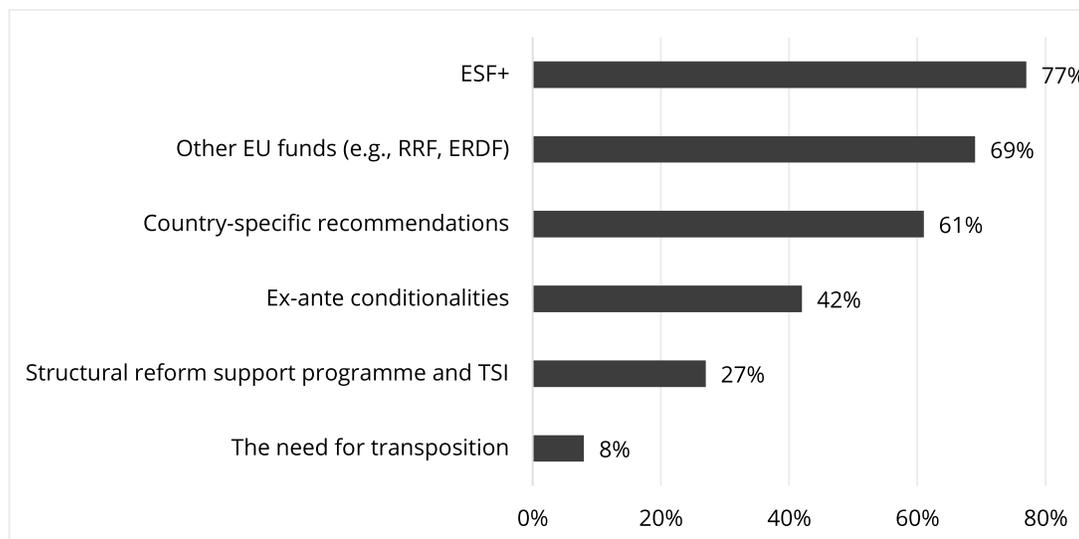
Source: Mapping database.

Certain structural reforms are driven by the need for transposition, which involves integrating EU directives into the national laws of EU Member States. The mapping exercise sought to assess the extent to which reform measures were implemented as part of this transposition process. Among the 288 analysed reforms, 85% did not include measures related to transposition, 13% included less than 25% transposition measures, and only 2 reforms (approximately 1%) consisted entirely of measures that were direct transpositions of EU legal acts. However, the mapping exercise had limitations in capturing the extent of transposition when it was not explicitly mentioned in the sources, suggesting that the actual share may be higher. Additionally, the survey results show that only 8% of national policymakers and stakeholders viewed transposition as a *rather important* or *very important* element in supporting their identified reforms (see **Figure 21**). The rather low percentages indicate that, while some reforms were partially influenced by transposition, they did not dominate the legislative agendas of EU Member States.

Other EU instruments also play a significant role in supporting the implementation of reforms across EU Member States. Survey respondents evaluated other EU funds, such as the RRF, ERDF, and others, as nearly as important as ESF(+) support, with 69% rating them as either *rather important* or *very important* in supporting structural change (see **Figure 21**). Other instruments, TSI and the need for transposition were given less significance by survey respondents, which were evaluated as *rather* or *very important* by 27% and 8% of the respondents, respectively. This disparity may be driven, at least in part, by the different scales and scope of the instruments in 2014 – 2022. EU structural funds, such as the ESF+, are prominent financial mechanisms that provide direct financing for large-scale programmes and therefore their impact is highly visible. Other tools, such as the TSI, while instrumental in providing technical expertise and capacity-building support, provide targeted support that is demand-driven and directed to public authorities within Member States. Whereas ESF+ support extends beyond authorities to also include various organisations in the private and public sectors and individual beneficiaries involved in the

programmes funded by the ESF+. Additionally, TSI operates on a smaller scale with a budget of EUR 123.4 million in 2024, compared with ESF+'s EUR 16.8 billion.^{45,46}

Figure 21. National policymakers and stakeholders' view of the importance of EU instruments



Source: Online survey

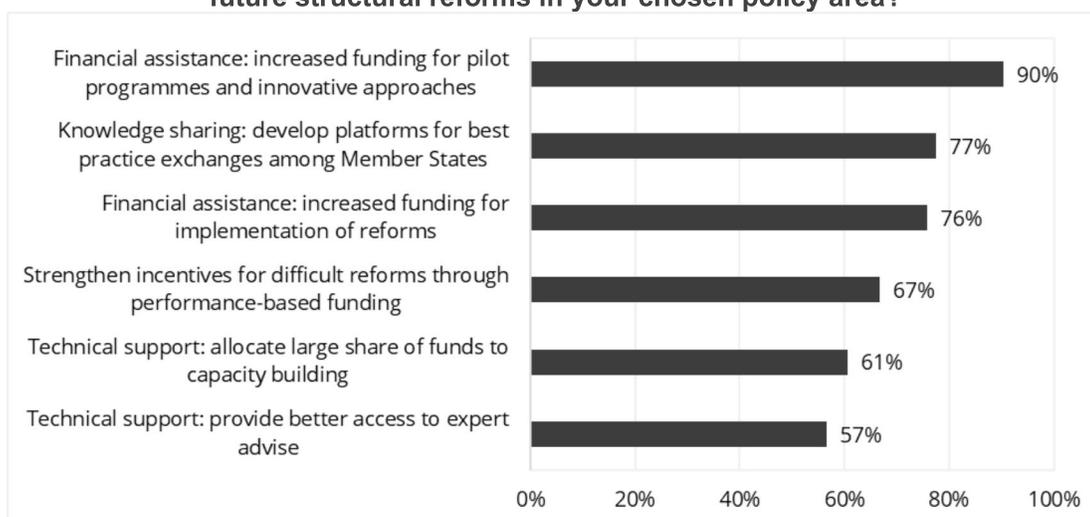
Note: The data shows the combined % of respondents who answered "rather important" or "very important".

According to the survey, 90% of respondents believe that future structural reforms would benefit from continued financial assistance through increased funding for pilot programmes and innovative approaches, while 74% see this as central to supporting the implementation of reforms (see **Figure 22**). Corroborating these findings, the importance of EU funding for the implementation of structural change has often been stated during the interviews conducted as part of the case studies. For example, in Lithuania, all interviewees, including government officials, representatives from the implementing organisation, and managing authorities, stated that without the support of EU funds, the development of Active Labour Market Policies in Lithuania would not have progressed as significantly or as swiftly as it has with the support of the EU.

⁴⁵ European Commission (2024). Technical Support Instrument – Performance. https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/technical-support-instrument-performance_en

⁴⁶ European Commission (2024). European Social Fund+ - Performance. https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/european-social-fund-performance_en

Figure 22. How important are the following factors for the EU to effectively support future structural reforms in your chosen policy area?



Source: Online survey

Note: The data shows the combined % of respondents who answered "rather important" or "very important".

While financial assistance is undoubtedly a crucial component of EU support for reform implementation, access to knowledge was also highlighted by survey respondents as a key factor for future success (**Figure 22**). Specifically, 77% of respondents agreed that knowledge sharing through the exchange of best practices among Member States was either *rather* or *very important*, while 57% believed this to be true for EU-level access to expert advice. This emphasis on knowledge sharing was also evident in the Lithuanian case study, where the development of active labour market policies was enhanced by collaboration within the Network of Employment Services across the EU. Periodic meetings served as a platform for discussing individual topics, sharing experiences, and exchanging solutions.

In the box below we review examples from case studies, outlining the challenges faced by national policymakers in implementing reforms in their countries, and exploring how – potentially – the EU could provide support in future similar circumstances.

Box 6. Challenges faced by national policymakers and avenues for future EU support to national structural reforms

Targeting Vulnerable Populations: Many of the reforms examined have struggled to reach marginalized groups such as low-skilled workers, NEETs (Not in Employment, Education, or Training), and people with disabilities. In Italy, while the Youth Guarantee (YG) program helped tackle youth unemployment, it was less effective for NEETs in southern regions. One of the primary reasons the YG was less effective in the southern regions is the disparity in administrative capacity between the north and the south. Southern Italy has historically faced issues with weaker governance, limited resources, and underperforming public institutions. Public Employment Services (PES), which were crucial to the success of the reform, were often less efficient in the South. This limited the ability of these regions to reach out effectively to NEETs, who often require more tailored, localized interventions to be engaged in employment or training programs. In line with survey results, this points to the importance for the EU to provide technical support (e.g.: capacity building) to countries undergoing a reform process, but also to ensure that countries are aware of the different instruments available at the EU level to receive such support (e.g.: the Technical Support Instrument).

Sustaining Long-Term Impacts: One of the key challenges highlighted across reforms is ensuring the sustainability of changes after EU funding ends. For example, Germany's

nursing and care reform relied heavily on monetary incentives to attract foreign workers, which may not ensure long-term stability, once the funding is discontinued. This approach was a response to demographic challenges, including an ageing population and increasing demand for healthcare services. While these monetary incentives succeeded in bringing in foreign workers, this approach alone is not sustainable. The reliance on foreign workers highlighted deeper issues within Germany's domestic healthcare workforce, such as low attractiveness of care jobs due to physically demanding work, limited career progression, and inadequate wages. These systemic issues mean that even with foreign recruitment, the domestic workforce remains underdeveloped, and turnover rates continue to be high. In such cases, future EU support could focus not only on funding initial reforms but also on helping Member States building systems that enable continuous learning, adaptation, and national financial backing, ensuring reforms are maintained and evolve over time. This, again in line with the survey results described above, points to the importance of two elements: on one hand, financial assistance (especially to kick-start reform), on the other, technical support (in the form of capacity building and/or expert advice) to design reforms that are sustainable and financially viable in the long-term (i.e.: that can eventually survive even in case EU funding is discontinued).

4. Conclusions and ways forward

4.1. Policy and academic debate: how do reforms happen?

With some certainty, we can claim that numerous reform initiatives have been launched and implemented (albeit with varying success) in the EU Member States in 2014-2022 in employment, skills, and social inclusion policy areas. We found a rather diverse landscape of reforms. Some large-scale comprehensive reforms were carefully crafted and pushed forward by committed Governments in a top-down manner, while others were brokered by social partners. Some reforms relied on a lengthy period of piloting and experimentation before rolling out innovative solutions at scale. Yet other initiatives relied on multiple small-scale policy changes and tweaks deemed necessary to address emerging challenges (e.g., the migrant crisis or the COVID-19 pandemic) – while most of these changes were not initially conceived as a reform, they nevertheless significantly altered the policy space.

While there is no shortage of reform initiatives, successful delivery of reforms remains a challenge. As discussed in the report, it is profoundly difficult to establish, to what extent the reforms are successful. Hence, our findings should be treated with caution. Yet, a comparison of three data points – assessment of the extent of implementation of Country Specific Recommendations, issued by the EC, national experts' assessments and results of a survey of policymakers and other national stakeholders – suggest that most reforms in the EU could be considered as somewhat successful, i.e. making some progress towards their objectives and/or addressing social and economic challenges. The share of highly successful reforms is rather low, between 2 and 14%, depending on measurement and source of data.

While national contexts, needs and objectives may differ, the challenges faced by reformers are rather similar – this finding emerged during the discussions at a policy workshop. These challenges include:

- How to build support for the reform initiative at its pre-legislative stage?
- How to ensure institutionalisation and implementation (incl. focus of policymakers and stakeholders) in the post-legislative phase?

The EU has significant potential to contribute to finding responses to these challenges by using its diversity and encouraging knowledge communities to share their experiences, best practices and advice. This logic is already well enshrined in the Technical Support Instrument as well as the Commission's Public Administration Skills Agenda, which supports MSs in their efforts to build resilient, attractive, transparent and high-performing public administrations as part of Pillar 1 of the Communication Enhancing the European Administrative Space (ComPAct).⁴⁷

⁴⁷ Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of Regions (2023) Enhancing the European Administrative Space (ComPAct), COM/2023/667 final

4.2. Reformers' dilemmas: moving forward under imperfect circumstances

Our findings are very much in line with academic and policy literature^{48,49,50,51} on key success factors:

- Strong analytical capacities are needed for problem definition and selection of best alternatives
- Clear political commitment and leadership is necessary to mobilise support for the need for reform and the proposed alternatives
- Strong administrative capacities within ministries and agencies are needed to ensure effective implementation and continuous improvement
- Purpose-fit monitoring and evaluation systems are essential for making the necessary adjustments
- Long-term support from social partners and stakeholders is essential throughout the process.

Yet rather rarely all these success factors are present. The survey of policymakers and stakeholders suggests that lack of political commitment and limited administrative capacities proved to be the most important obstacles to reform. The case studies provide several pointers for reformers trying to navigate under “imperfect circumstances”:

- Small-scale experimentation and piloting could provide a way forward when the most effective solutions are not clear and/or lack broad political and stakeholder support. After all, it is easier to build commitment for the process of a search for solutions rather than contested solutions themselves.
- Mobilisation of social partners to co-design reforms may provide a way forward when addressing particularly sensitive issues, such as pension reform
- When political commitment and pre-requisite capacities are lacking for comprehensive reforms, incremental steps could still be feasible. This is because it is easier to generate support and build administrative capacities by tackling one problem at a time rather than engaging in a comprehensive overhaul. Furthermore, small steps may be adopted and implemented faster and allow for experimentation when faced with high uncertainty.

4.3. EU support for reforms

There is sufficient evidence that the EU has played a positive role in supporting structural reforms in the Member States. The surveyed and interviewed stakeholders overall assessed very positively the role of the EU in supporting structural change. Furthermore, as depicted in **Figure 23**, a combination of different EU policy instruments may rather well

⁴⁸ Peters, B. G. (2015). “Policy capacity in public administration.” *Asia Pacific Journal of Public Administration*, 37(4), 243-255. <https://doi.org/10.1080/23276665.2015.1113123>

⁴⁹ Héritier, A. (2007). *Explaining institutional change in Europe*. Oxford University Press. <https://doi.org/10.1093/acprof:oso/9780199286959.001.0001>

⁵⁰ Buti, M., & Turrini, A. (2015). *Three waves of convergence: Can Eurozone countries start growing together again?* VoxEU CEPR Policy Portal.

⁵¹ . Rodrik, D. (2014). “When ideas trump interests: Preferences, worldviews, and policy innovations.” *Journal of Economic Perspectives*, 28(1), 189-208. <https://doi.org/10.1257/jep.28.1.189>

support reforms at different phases as well as address challenges faced by reformers. This suggests that, in principle, there could be significant complementarities between the EU instruments in supporting structural change in Member States.

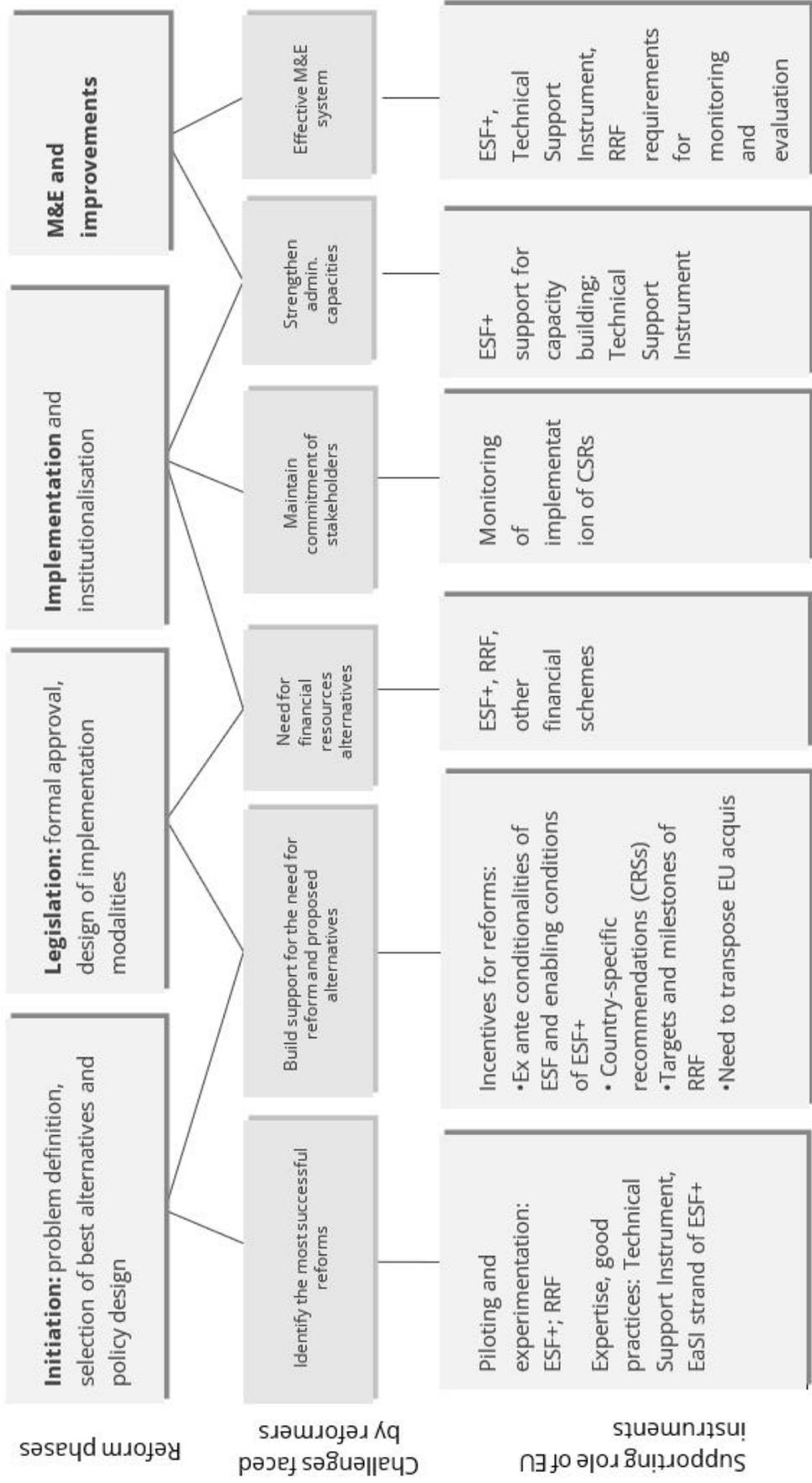
A significant area for complementarity is in the sequential use of TSI's technical assistance, in the initial stages of reform through expertise in reform development, legislative drafting, and institutional strengthening. The technical support is driven by the needs of the national/regional/local authorities and can be accessed quickly and relatively flexibly compared with the long-term vision and planning required for access to structural funds. Subsequently, the ESF+ can provide the funding required to put the well-developed reform plans into action.

Considering the complexity of the ESF+ funding mechanism, the rather stringent compliance requirements, and the need for long-term planning, TSI can assist Member States in preparing high-quality programmes for ESF+ funding and beyond, during the course of the reform implementation. Technical support could help improve the design and planning of projects, ensuring that they meet ESF+ criteria and have clear, measurable objectives.

Nevertheless, one should also note that:

- Achievement of complementarities in practice requires a high level of coordination in the way the EU support is targeted and used – this mostly depends on the decisions taken at the national rather than EU levels. The reforms covered by case studies relied on one or two EU support instruments (or none at all) rather than the whole package.
- While the study found that the EU has supported a significant share of the national reforms, the role of the EU should not be overestimated. The EU instruments play a supporting role but are neither necessary nor sufficient conditions for successful reforms. At the end of the day, this largely depends on the national/regional ownership of reforms political commitment and leaders of national/regional decision-makers and stakeholders, as well as the administrative capacities of national/regional institutions (including social partners and civil society).

Figure 23. A model depicting key reform phases, reformers' needs and available EU instruments



Source: Own elaborations.

The results of mapping and survey of stakeholders suggest that about half of reforms carried out in 2014 – 2022 benefited at least to some extent from ESF / ESF+. The role of ESF/ESF+ differed by Member States:

- The Member States that have higher GDP per capita receive relatively little ESF+ support. It is primarily utilised for experimentation and the piloting of innovative solutions. When these pilot projects prove successful, national budgets typically finance the full-scale roll-out and implementation. The primary needs of these countries are greater flexibility in experimentation. This specifically refers to the relaxation of project implementation criteria, allowing for more freedom to pursue higher-risk initiatives that may not meet expected outcome or output indicators.
- In contrast, Member States with lower GDP per capita receive significantly more support from the ESF+. Consequently, while they also use the fund for experimentation and piloting innovative solutions, they additionally rely on it to support full-scale roll-out and implementation. The availability of ESF/ESF+ funds lowered political and stakeholders' resistance to reforms, since ESF/ESF+ were perceived as having lower alternative costs in comparison to national funding. For the countries that rely more on ESF+ funding, the main priority is further simplification of administrative procedures, particularly in relation to monitoring and reporting, to reduce the associated administrative burdens.

The scope of the study did not allow for an extensive assessment of the role played by other EU instruments in supporting reforms. Nevertheless, data collected suggests the following observations:

- The European semester and Country-specific recommendations can support national reforms by creating political momentum for tackling politically sensitive or long-delayed reforms as well as by increasingly linking recommendations with EU funding such as RRF. However, in the case of difficult structural reforms, this is not compatible with four-year political cycles. Governments are not keen to initiate such reforms if short-term (political) costs are high and the outcomes (incl. access to additional RRF funding) will materialise after the next elections. Limited progress in implementing CSRs is a symptom of this challenge. Hence, there is a need to better align technocratic advice with the logic of political cycles.
- Approx. 15 % of mapped reforms included the transposition of the EU *acquis*. The true value is likely to be higher because the mapping only captured instances where transposition was explicitly mentioned.
- Somewhat paradoxically, while increasing the efficiency and capacity of public administrations across EU Member States is a major focus of the ESF(+), the instrument itself remains administratively complex and burdensome, with high compliance and reporting requirements that may divert resources from the actual implementation of the national programmes. As such, Member States with stronger administrative capacities are generally better placed to manage these complexities more effectively and potentially derive greater benefits from ESF(+) support.
- On the other hand, Member States with limited administrative capacities may benefit more from the TSI support, particularly for short-term and practical needs. Unlike the ESF+, the TSI is demand-driven and does not involve direct funding or the administrative burden associated with managing large-scale financial instruments. Therefore, Member States can benefit from the technical expertise to enhance institutional capacities without overwhelming administrative demands.

4.4. Ways forward: ESF+

The European Social Fund is the oldest structural fund in the EU and continues to serve as the cornerstone in the EU's strategy to promote social cohesion and support the implementation of reforms in employment, education, social inclusion, and public administration policy areas across Member States. The significant financial resources accessed through the ESF are essential in enabling Member States to implement large-scale reforms that would otherwise not be feasible. Additionally, the shared management of national programmes encourages ownership of reforms and therefore a greater commitment to the long-term sustainability of reform outcomes on the part of the individual Member States.

While the role and impact of ESF(+) are difficult to overstate, the study findings highlighted several areas where strategic improvements could enhance its effectiveness and long-term impact, namely:

- **Bridging the gap between successful ESF-funded pilots and institutionalisation of outcomes.** While the co-financing model fosters a degree of ownership among national authorities, ensuring that the lessons and tangible benefits from successful pilot projects are effectively scaled up and embedded into the broader system is needed for increased long-term sustainability of impacts.
- **Increasing support for tailored approaches for vulnerable and hard-to-reach groups.** Case study findings showed that reaching marginalised populations, such as youth in disadvantaged regions, low-skilled workers, and people with disabilities, has been challenging. Directing funds to support outreach mechanisms that leverage local knowledge, partnerships, and area-based interventions could improve the effectiveness of ESF-funded programs.
- **Increasing flexibility of delivery models.** Interviews with representatives of national managing authorities and implementing agencies suggest that the current delivery model of ESF+ offers limited flexibility and can be administratively burdensome. Beneficiaries at national, regional and local levels could benefit from increased adaptability to respond more effectively to the dynamic needs of the labour market and emerging challenges and encourage broader participation, particularly among smaller organisations working at the grassroots level, which can lack the resources needed to navigate the system.
- **The ESF+ should continue to promote innovative solutions to social and economic challenges** by funding pilot projects and encouraging experimentation that can lead to the development of more effective reform strategies. Fostering an environment that values innovation, the ESF+ can help to identify and scale successful initiatives across the European Union.