



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

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

VT/2023/018

Executive summary

December – 2024

VISIONARY
ANALYTICS

FCB Fondazione
Giacomo Brodolini
Srl SB

EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion

Directorate G — Funds, programming and implementation

Unit G.1 — European Social Fund +

Contact: Darius Buinauskas

E-mail: empl-g1-unit@ec.europa.eu

*European Commission
B-1049 Brussels*

Manuscript completed in December 2024

Authors: Žilvinas Martinaitis, Aleksandra Morozovaitė, Marta Saletti, Elisa Colaiacomo, Costanza Pagnini, Giancarlo Dente.

Contributors: The authors would like to thank Sorin Dan for his valuable comments and advice. The study team is grateful to national experts for their contribution, and the contribution of all the participants who took part in stakeholder consultations.

LEGAL NOTICE

This document has been prepared for the European Commission however it reflects the views only of the authors, and the European Commission is not liable for any consequence stemming from the reuse of this publication. More information on the European Union is available on the Internet (<http://www.europa.eu>).

PDF

ISBN 978-92-68-23890-5

doi:10.2767/5405012

KE-01-25-009-EN-N

Luxembourg: Publications Office of the European Union, 2025

© European Union, 2025



The reuse policy of European Commission documents is implemented by the Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents (OJ L 330, 14.12.2011, p. 39). Except otherwise noted, the reuse of this document is authorised under a Creative Commons Attribution 4.0 International (CC-BY 4.0) licence (<https://creativecommons.org/licenses/by/4.0/>). This means that reuse is allowed provided appropriate credit is given and any changes are indicated.

For any use or reproduction of elements that are not owned by the European Union, permission may need to be sought directly from the respective rightholders.

Introduction

This study aims to contribute to the knowledge base on causal mechanisms and necessary conditions for successful structural change in the broad areas of ESF+ intervention. It provides quantitative and qualitative analysis of structural reforms carried out in EU Member States in 2014-2022, exploring the factors behind successful and unsuccessful implementation of reforms as well as the role of ESF+ and other EU instruments in supporting reforms.

Structural reforms refer to significant changes in economic and political policies, aimed at enhancing a country's growth and competitiveness, social fairness, and inclusion. Traditional models assume reforms follow a linear, evidence-based sequence from problem identification to evaluation. However, reforms often deviate from this path due to factors like bounded rationality, political contention, resistance from interest groups, bureaucratic inertia, and electoral cycles, among other factors. These complexities pose challenges in identifying reforms (as opposed to minimum improvements), assessing their relative success, and conducting comparative analysis.

To navigate these challenges, we adopted a broad definition of reform as a set of policy changes sharing similar objectives and implemented within a reasonable timeframe. This inclusive approach encompasses both comprehensive reform packages and incremental policy shifts, regardless of their initial perception or success of implementation. Recognizing the limitations of existing databases, we employ multiple methods and metrics to map reforms across Member States. By triangulating data sources and analytical techniques, we aim to enhance confidence in our analysis, providing a more nuanced understanding of reforms, their enabling conditions, and their degrees of success.

The evidence base and the overall findings rely on the following sources and methods:

- Mapping of structural reforms implemented between 2014 and 2022 across all EU Member States;
- 10 in-depth case studies of structural reforms, identified during mapping, that cover all broad ESF+ intervention areas;
- Online Survey of national authorities and key stakeholders (183 total responses of which 74 were complete and 109 were partial);
- A hybrid (on-site and online) policy workshop with national policymakers and social partners (62 total participants).

1. Dynamics of structural reforms in the EU

Reform characteristics

The analysis of reforms across EU Member States shows that numerous reforms have been implemented between 2014 and 2022 in the areas covered by 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.

The study suggests the following insights on various reform characteristics and efforts across the EU:

- Member States that joined the EU in 2004 and later were slightly more active in implementing reforms compared to Member States that joined before 2004.
- Across five broad policy fields (i.e., labour market, education, social inclusion, institutional capacities, and healthcare), education policy and labour market reforms represented the largest shares of all implemented reforms that were analysed as part of the mapping.
- Incremental reforms, i.e., numerous small policy changes implemented over longer periods of time, were more common than comprehensive reform packages.

Success factors and obstacles to structural change

A successful structural reform is a sustainable policy change or set of changes implemented by a government that leads to significant and positive transformations in a country's economic and social structure, addressing systemic issues, removing obstacles to growth, enhancing competitiveness, and promoting sustainable development. Assessing the success of such reforms is challenging due to the absence of clear-cut distinctions between success and failure—as impacts may extend beyond initial objectives with both intended and unintended consequences; the long-term nature of reforms, which can obscure immediate impacts and lead to varied interpretations over time; and the use of diverse and often subjective benchmarks that reflect the priorities and values of different stakeholders, making success context-dependent and not fully captured by economic indicators alone.

The analysis of the perceived success of implemented reforms relied on two key sources: national experts and national policymakers and stakeholders. The results suggest the following:

- Most of the analysed reforms have not been entirely successful.
- Approximately 9% of the Country Specific Recommendations (CSRs) issued by the Commission to Member States in the ESF+ areas of intervention since 2014 have achieved “substantial progress” or “full implementation”. Notably, CSRs are broad, can encompass more than one policy field and are comprised of multiple reforms, therefore, achieving progress in their implementation tends to be more challenging and time-consuming compared to standalone reforms.
- Following the mapping of reforms, 17% of reforms were evaluated by national experts as having achieved “substantial progress” or “full implementation”.
- 65% of the national policymakers and stakeholders viewed the reforms they identified as part of the survey as “rather successful” or “very successful”.
- National policymakers and stakeholders tend to, on average, evaluate the success of reforms more favourably than independent experts.

- Labour market reforms were evaluated, on average, as having achieved more progress compared with reforms in other broad policy fields.
- Reforms implemented over shorter periods were, on average, rated as more successful. Reforms that took 7 or more years to implement received considerably lower ratings by national experts.

Survey data and in-depth analysis of case studies highlighted several enabling conditions and challenges to the success of reforms and effective policy change:

- **Clear political commitment and vision that has support among key stakeholders** was by far the most frequently cited factor enabling success. 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.
- Concurrently, **lack of political consensus among policymakers and key stakeholders** was one of the most frequently cited challenges to successful implementation of structural change. 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.
- **Strong internal administrative capacities within ministries and agencies** was the second most-cited factor acting as a key enabler and the **lack of administrative capacities** one of the most cited challenges to success. 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. 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.
- Implementation of comprehensive, large-scale reforms often requires policymakers and stakeholders to capitalise on "windows of opportunity"—such as periods of crisis or a strong political mandate following an election—to push through significant structural changes. 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.

2. The role and effectiveness of the EU in supporting structural change

Overall, the EU has successfully supported Member States' reform effort through multiple instruments. The ESF+ remains the cornerstone of structural support for EU Member States. The analysis of ESF+ contributions to reform implementation yielded the following insights:

- **ESF+ support was particularly important during the design and implementation of reforms**, acted as a key enabler for experimentation and piloting new approaches, and provided critical funding and capacity-building support to Member States. Without the support, many reforms would either not have been feasible at all or would have been implemented at a much slower pace and smaller scale.
- **The Member States with higher GDP per capita and receiving lower ESF+ support tend to primarily use it for experimentation and the piloting of innovative solutions.** When the 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 outcomes or output indicators.
- In contrast, **Member States that receive more ESF+ funding rely on it for full-scale roll-out and implementation of reforms, in addition to experimentation and piloting innovative solutions.** 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 these countries, the main priority is further simplification of administrative procedures, particularly in relation to monitoring and reporting, to reduce the associated administrative burdens.
- **The sequential use of Technical Support Instrument's technical assistance can provide substantial assistance in the initial stages of reform development and practicalities of implementation.** Subsequently, the ESF+ can provide the funding required to put the well-designed reform plans into action.
- **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, four-year political cycles may jeopardise the momentum of difficult structural reforms. Governments are not keen to initiate such reforms if short-term (political) costs are high while the outcomes 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 transposition of the EU *acquis*.** The true value is likely to be higher, because the mapping only captured instances where transposition was explicitly mentioned.
- **Knowledge-sharing activities have been highlighted as a key factor for future reform success**, particularly through the exchange of best practices among Member States and through increased EU-level access to expert advice.

3. Ways forward

Our findings briefly presented above are very much in line with academic and policy literature on key success factors. Yet, rather rarely all these success factors are present

when designing and implementing reforms. 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.

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.

GETTING IN TOUCH WITH THE EU

In person

All over the European Union there are hundreds of Europe Direct information centres. You can find the address of the centre nearest you at:

https://europa.eu/european-union/contact_en

On the phone or by email

Europe Direct is a service that answers your questions about the European Union. You can contact this service:

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls),
- at the following standard number: +32 22999696 or
- by email via: https://europa.eu/european-union/contact_en

FINDING INFORMATION ABOUT THE EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website at: https://europa.eu/european-union/index_en

EU publications

You can download or order free and priced EU publications at: <https://op.europa.eu/en/publications>. Multiple copies of free publications may be obtained by contacting Europe Direct or your local information centre (see https://europa.eu/european-union/contact_en).

EU law and related documents

For access to legal information from the EU, including all EU law since 1952 in all the official language versions, go to EUR-Lex at: <http://eur-lex.europa.eu>

Open data from the EU

The EU Open Data Portal (<http://data.europa.eu/euodp/en>) provides access to datasets from the EU. Data can be downloaded and reused for free, for both commercial and non-commercial purposes.

