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Regional lobbying and Structural funds. Do regional representation offices in Brussels deliver?

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Do regional representation offices in Brussels deliver?

by

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Abstract: In recent years regional representation offices have proliferated in Brussels. Among the many aims of these offices are influencing the allocation and securing the transfer of European Structural and Cohesion funds to their respective regions. However, our knowledge about whether they have succeeded in this goal is limited. In this paper we assess the extent to which regional offices in Brussels have managed to affect the territorial commitment and payment of Structural and Cohesion funds for regional development beyond the main officially stated economic criteria of eligibility. The paper uses a custom-made survey of regional offices in Brussels, complemented by economic, institutional, and political data involving factors that should determine how much money is channelled to and disbursed in each region. The results of the Fixed Effects and Instrumental Variable analyses for a total of 123 regions over the period 2009-2013 highlight that the capacity – proxied by the budget and staff of the office – of the regional representation offices to influence the commitment and payment of Structural and Cohesion funds has been negligible, when not outright negative. Regional lobbying in Brussels does not lead to more funds or to an easier disbursement of regional development funds.

Keywords: regional representation, regional offices, lobbying, European regional development policy, Structural funds, EU.

JEL Codes: D72, R51, R58

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1. Introduction

How the funds associated to any public policy are geographically distributed is rarely completely justified by the explicitly stated eligibility criteria. European policies, in general, and its largest policy in budgetary terms, the European regional development policy, in particular, are no exception to this. Many authors (e.g. Bouvet & Dall'erba, 2010; Bodenstein & Kemmerling, 2012; Chalmers, 2013) have stated that the official eligibility criteria are a necessary but insufficient condition to explain how the European Structural and Investment funds – which form the bulk of the funding of the European regional development policies – and the European Cohesion fund are allocated.

One potential explanation for the distribution of the funds rests on the proliferation of regional representation offices in Brussels. Such offices have mushroomed, with more than 240 European regions setting up shop in the European capital. Among the functions of the offices, the lobbying of European institutions in order to both get a greater share of the European pie and, increasingly, guarantee a timely disbursement of the committed funds is a more or less explicit objective. Regional officials in Brussels target the European Commission, as well as the Council, and Parliament, aiming to shape decisions about how much money is channelled to their regions. The Commission is lobbied, in particular, in order to make sure that the committed money is not withheld. Few policies are as attractive in this respect as the European regional development policy, one of the two most important European policies – with the agricultural policy – in budgetary terms. Hence, regional lobbying in Brussels could have contributed to alter the territorial allocation – both in terms of commitments and payments – and the timing of the transfer of Structural and Cohesion funds, with the regions king the greatest lobbying effort gaining the most.[1]

However, despite galloping regional lobbying and the multiplication of regional offices, there is limited knowledge about what role these offices have played in the transfer of European monies to regions. In particular, in the case of the European regional development policy, the analysis of the influence of regional offices is fundamentally limited to the work of Chalmers (2013), which concluded that "the lobbying capacity of regional offices did not appear to have an impact on the receipt of funds" (2013: 829). Chalmers (2013) was, however, more concerned with the capacity of decentralised regions to influence decision-making in Brussels than with the 'effectiveness' of regional representation offices in delivering greater 'pork' from the European Structural and Cohesion funds and in a timely manner.

Our research aims to fill in this gap by asking to what extent the presence of regional representation offices in Brussels has influenced decisions about the territorial allocation of regional development funds and the timing of payments. It is assumed that the lobbying capacity of regions is directly related to the size of their representation in Brussels – proxied by the budget and staff of the office.[2]

The analysis in this paper goes beyond previous research on several counts. First, it considers regional lobbying as the main object of the analysis and not as subsidiary to the overall autonomy awarded to a region. The economic eligibility criteria as well as institutional and political factors are also taken into account, but only in order to make sure that the factors

[1] The term allocation is used throughout the paper to refer to the amount of monetary resources assigned to or disbursed in a particular region. More specifically, commitments will refer to assignations, while payments to the actual amount of regional development and cohesion money transferred by the EU to a region in any given year.

2 The staff and budget size of the regional representation offices in Brussels do not necessarily capture all the lobbying efforts conducted by European regions in Brussels. Specific forms of lobbying are likely to be independent of the budget or staff size of the office. Similarly, not all regional lobbying in Brussels is channelled through the regional office. Hence, lobbying outcomes are in reality the result of a multitude of factors. These factors are, however, difficult to encapsulate with simple proxies applicable to a large number of regions. This leaves the budget and the staff size of the office as the more viable, minimum common denominator proxies.

which should determine the allocation of funds do so in the expected way. Second, it distinguishes between two dimensions of the capacity of representation offices to lobby Brussels for Structural and Cohesion funding: the budget at the disposal of the regional office, as well as its staff. These data were gathered by means of a purpose-built questionnaire sent to every single regional office in Brussels. Third, it considers two phases in the regional policy decision-making processes: the commitment and payment stage, as regional lobbying can play different roles depending on the stage of the programming period. Methodologically, the paper is the first to explore the causality in the direction between regional lobbying and the allocation of Structural and Cohesion funds to regions by means of Instrumental Variable (IV) analysis.

The paper is structured as follows. Section 2 examines the rise of regional offices in Brussels, paying attention to how and when they have emerged, to the factors contributing to the establishment and dimension of an office, and to their functioning. Section 3 looks at whether, according to the existing literature, regional offices have delivered so far. Section 4 presents the methodology and data, while the results of the empirical analysis are introduced in section 5. The conclusions and preliminary policy implications are developed in section 6.

2. The rise of regional offices in Brussels

2.1. Regional representation in Brussels

Like Washington in the US, Brussels has become a hotbed for lobbying. Interest groups aiming to influence the design of European policy have set up shop in the European capital in increasing numbers. In particular, the number of regional representation offices has soared, reaching close to 250 regional permanent representations in Brussels.

Although there are as many reasons behind the opening of permanent representations as the number of Brussels offices, part of the attention of many of these offices has been focused on the European regional development and cohesion policy. The money at stake – 350 billion euro for the period between 2014 and 2020 – has made Structural and Cohesion funds a juicy prospect for regional governments all over Europe and is a powerful motivation behind many decisions to establish a regional representation. Moreover, European integration has made it more difficult for Member States to block regions from engaging in policy competition. Indeed, the presence of a large regional development policy has triggered an increasing interest (and/or need) for a regional presence in Brussels. European integration has challenged the traditional role of the centralized state and cohesion policy has helped transform the role of regional authorities. Regional authorities increasingly represent territorial interests seeking to influence a wide array of EU policies, in general, and the European regional development policy, in particular (Beyers et al., 2015).

The development of regional representation offices has been substantial and rapid. From modest origins,[3] European regions have felt both compelled to gain influence over European policy-making and the regional distribution of funds via 'ring-fencing demands' (Tatham & Bauer, 2014: 1371) and to lower their perceived disempowerment through increased representation in Brussels. This has created an 'opportunity structure' (Tatham & Bauer, 2014: 1368) for regions to make their voice heard. The propagation of liaison offices (Donas & Beyers, 2013) since the late 1980s has to be seen in this context and illustrates a progressive rise of regional demand for power.

Currently more than two-thirds of EU regions have an office in Brussels (Tatham & Thau, 2014). However, significant differences among countries remain. While all regions in a large

[3] Formal subnational representation in Brussels began with organizations assembling local and regional government interests, such as the Council of European Municipalities, founded in 1951.

number of countries (e.g. Austria, Belgium, France, Germany, Italy, Poland, Portugal, or Spain) are represented in Brussels, this is not the case for other countries (e.g. Bulgaria, Greece, Romania, or the United Kingdom) (Appendix 1). Regional offices also differ considerably in terms of staff and budget by country. According to our calculations, in the period between 2009 and 2013 there were 245 regional offices operating in Brussels. The average staff of each office was five and the average budget slightly above €400,000 per year (Appendix 1). These averages, however, hid considerable differences across countries. The Danish and Italian regional offices – both with more than €750,000 of average expenditure per annum – had the highest budgets. British and German offices also had budgets close to the €700,000 mark. By contrast, the eight Rumanian offices reported an average budget of only €70,000 (Appendix 1). Differences were also in evidence in terms of staff. The size of individual offices ranked between one (in a number of regions) and 30 employees (in the case of the Bavarian office). This is in line with previous studies on the subject, which tend to put the top range for Brussels offices at around the 30 employee mark (Blatter et al., 2008; Donas & Beyers, 2013; Tatham & Thau, 2014).[4] Considerable differences existed by country. German offices, with an average of 16 staff (although this figure includes unpaid interns), boasted the highest number of workers. The sole Lithuanian and the Romanian representations had only one worker each. Overall, there has been a generalised will at regional level to be more directly represented in European affairs, but this has happened unevenly across regions and countries in terms of coverage, means, and power.

2.2. Factors contributing to the establishment of regional representation in Brussels

The factors for the establishment of regional representation in Brussels are region- and country-specific. Nevertheless, some common denominators emerge. One key factor is

[4] For example, Blatter et al. (2008: 480) report a maximum of 28 staff members for the Bavarian office and Tatham & Thau (2014) put this figure at a maximum of 29 full time employees.

differences among countries in their degree of decentralisation and regional capacity to influence the process of European integration (Greenwood, 2011a). Generally speaking, regions from highly- and moderately-devolved countries are more able to create a link between the EU-level and the citizens in the regions (Greenwood, 2011b). Regions in these countries also have greater legitimacy and financial power to both open an office and flex their muscles in Brussels. Unsurprisingly, regions in highly decentralised countries (e.g. Austria, Belgium, Germany, or Spain) have the greatest regional representation in Brussels (Donas & Beyers, 2013): "Regional authority, self-rule and regional policy scope all increase the chance of regions having an office in Brussels" (Tatham & Thau, 2014: 264). Yet, even within this group differences in staff and budget are rife. German Länder enjoy larger budgets and staff, reflecting their more extensive involvement in national and European decision-making processes, while Belgian and Spanish offices are more modest. Similarly, regions with a strong identity – such as Alsace, Bavaria, Brittany, Catalonia, or Scotland – and where "the economic, cultural and political regions […] coincide and are endowed with important institutions with legislative and administrative competences" (Keating et al., 2015: 446) also boast powerful regional representations. Regions with strong regionalist parties are also more likely to establish a permanent bureau in Brussels (Donas & Beyers, 2013). These three categories of regions have been, through their regional offices in Brussels, more capable of formulating and defending a coherent regional interest (Keating et al., 2015).

This does not mean, however, that regions belonging to less decentralised countries have eschewed this process. Every single French region is represented in Brussels, with French regional offices growing from being – with the exceptions of Alsace or Bretagne – mainly symbolic representations in the early years (John, 2001) to becoming much more assertive of recent. A traditionally high level of centralisation in England did not prevent its regions from being among the first to establish offices in Brussels (John, 2001).

Regional wealth has been another driver behind decisions to open an office. Regional budgets affect the capacity of regions to engage with European policies (Tatham & Thau, 2014). Typically, regions in better-off countries (Denmark, Italy, Germany, or the UK) have larger and better endowed offices. By contrast, regions from poorer countries in Central and Eastern Europe make do with more modest delegations (Appendix 1). Belonging to a wealthy country does not, however, necessarily imply opening an office in Brussels or endowing it lavishly (Blatter & al., 2008).

> "While absolute resources are important for establishing a liaison office, subnational authorities with their own office are not necessarily the most prosperous in terms of relative resources. […] The GDP per capita of regions with an office is 28 percent lower than those regions without an office. This results from the fact that the most prosperous regions – in terms of GDP per capita – are not those with their own liaison office, but those who form a partial national association". (Donas & Beyers, 2013: 538).

This may be also a consequence of the fact that wealthier regions generally have a greater influence on national politics and have traditionally worked hand-in-hand with their own national governments rather than circumventing them (Jeffery, 2007). This could explain why Finnish and Irish[5] offices are relatively modest in comparison to those of countries with similar levels of wealth. Another potential reason has to do with the increasing will of regions to try to influence the amount and the timing of the payment of already committed funds during the cycle of a programming period. Most less developed regions, such as Podlaskie in Poland or Nord-Est in Romania, are under no illusion that they can make a huge influence on EU legislation. Their best chance, if at all, is through influencing the position of the Polish

[5] Although according to Callanan (2011; 2012), Irish subnational authorities tend to be neglected by central government.

and Romanian government respectively. However, as the gap between committed and actually disbursed funds channelled through the Cohesion and Structural and Investment programmes increases, the necessity of keeping an eye on the process rises as well. Hence, stemming from less well-off countries and having limited regional budgets has not prevented some regions from being present in Brussels, as indicated by the development of offices from Bulgaria, Hungary, Poland, and Romania. A similar discussion can be made concerning the most populous regions (Tatham & Thau, 2014).

A final reason for the establishment of a permanent representation in Brussels is simple imitation or a 'spill-over effect' (Huysseune and Jans, 2008: 4). The successful – real or perceived – setting-up of a Brussels office may create a dynamic that is imitated by other subnational authorities (Huysseune and Jans, 2008: 4), leading to competition between regions.

Overall, the opening of a Brussels office does not follow any precise rule, even if some common denominators can be identified. The spread of regional offices in Brussels signals a growing implication of the regional level with policy- and decision-making at a European scale which is, however, far from uniform (Hooghe, 1996).

2.3. Modes of regional representation in Brussels

"There is not, nor can there be, a single mode of representation of 'regional' interest in the EU" (Keating et al., 2015: 450). The motives change from region to region, country to country, and have evolved since the 1980s. A complex regional interest mix is behind decisions to set up permanent regional interests in Brussels and determines the *modus operandi* of each regional office.

In what concerns regional development, many Brussels offices started with the aim of simply gathering information about Structural funds. This initial passive role gradually gave way to a more active participation in trying to influence decisions about both commitment and payment of funds and, of recent, a more multifaceted approach has been normally adopted. Currently, many offices are not only engaged in attracting more public funds to their regions, but also seek greater involvement in the European regional development decision-making process. This implies a more diversified set of activities, structured around four main areas (Huysseune and Jans, 2008): a) information management; b) networking; c) fostering links between local/regional authorities and the EU; and d) influencing EU policies.

Bypassing the central state authority is another reason for regional representation. This implies the resolve of regions to promote their own interests in Brussels without having to coordinate their actions with the central state or the national permanent representation. The capacity and/or interest by regions to follow this route are related to the balance between 'self-rule' and 'shared-rule' (Hooghe et al., 2010: 5). 'Self-rule' refers to the ability of a region to "act autonomously", whereas 'shared-rule' depicts the "capacity of a regional government to shape national decision making" (Hooghe et al., 2010: 9). Regions with greater self-rule and lower shared-rule have a greater incentive to show, through their Brussels offices, that the central state no longer monopolises external relations concerning Structural fund allocation: "the higher the level of devolution, the more frequently the [office] will bypass its member state" (Tatham, 2010: 78). However, the mere presence of regional representation in Brussels is not a sufficient condition to conclude that a region is trying to bypass its state (Tatham, 2010). More generally, Tatham reports that the level of devolution, the size of region, as well as its financial resources, its degree of exposure to the European integration process, and the existence of past conflicts with the central government are factors that shape the balance between bypassing or cooperating on regional development (Tatham, 2010). From this point of view, it is interesting to note that in many cases (like for example

Germany or Spain) the combined workforce of all regional representations clearly exceeds that of their respective member states (Blatter et al., 2008).

In a nutshell, the three driving forces behind the establishment of a Brussels office are a) the search for more funding in Structural funds or other types of regional investments and subsidies and a more full and timely disbursement of committed funds, b) the will to influence the political decision-making, and c) the desire by some regions to circumvent the authority of the central state in regional development matters. According to Marks et al. (2002), funding activities are among the most important activities of regional offices, but are not always associated with activities related to policy influence. This implies that while a few regional offices are concerned with all these motivations, most representations – because of budget or personnel constraints – are primarily or exclusively dedicated to one these three aspects. While making generalisations is difficult, if anything, poorer regions, first and foremost, use their Brussels office with the aim of lobbying for a greater share of regional funds (Marks et al., 2002), while simultaneously aiming to guarantee that the maximum amount of committed funds during a programming period is transferred in a timely manner. More prosperous regions, according to the results of our survey, are less concerned with fund allocation and more with influencing policy and circumventing national policies, as they receive far less from the regional development policy than less developed regions. As graphically put by one European Commission official under the condition of anonymity: “if you are Bavaria and you get very little from the EU Cohesion effort, you are much more interested in influencing policy. If you are Extremadura and the majority of your investment relies on Regional Development Funds, you lobby like crazy and you try to make sure that your smart specialisation strategy is approved from minute one”. As already pointed by Tatham (2008), less developed regions are more interested in hunting for European projects, while wealthier ones have normally a greater interest in influencing European public policy itself.

3. Do regional representation offices deliver greater Structural and Cohesion funds?

Has the proliferation of regional representation offices in Brussels led to more Structural and Cohesion funding being channelled to their regions of origin? While the literature has explained the development of the Brussels regional office phenomenon, we know much less about whether regional representations have managed to achieve some of their objectives. In this paper, we address this gap in the literature, by focusing on a relatively common objective of regional representation offices in Brussels (and especially, as mentioned earlier, of those representing less developed regions): that of trying to influence the commitment and payment of Structural and Cohesion funds.

European Structural funds represent a significant percentage of all public investment and can make a considerable difference for development, especially in the poorest European regions which receive the bulk of the funds (Rodríguez-Pose and Fratesi, 2004). The eligibility criteria for the commitment of the majority of funds – those channelled to the less developed regions – are simple, clear, and transparent, leaving, in theory at least, limited room for manoeuvre for lobbies to influence fund allocation. Yet, one of the objectives of the regional permanent representations is precisely this. Hence the question is: are regional offices effective in channelling more Structural funds to their respective regions and making sure that the transfer is done in a timely manner or are they irrelevant for this purpose?

3.1. Criteria for the commitment of Structural funds

The regional commitment of the traditional four Structural funds (the European Regional Development Fund, the European Social Fund, the European Agricultural Guidance and Guarantee Fund, and the Financial Instrument for Fisheries Guidance) has been governed according to simple and transparent economic criteria. During the period of analysis (the programming period 2007-2013), the distribution of funds was made according to three main objectives:

1. Convergence objective: Regions with a GDP per capita below 75% of the EU average were eligible for this objective. The aim was to promote real convergence for the least-developed EU regions. During the period 2007-2013, 84 regions and their 154 million inhabitants received almost 283 billion euros, or 81.5% of the total funding for regional development.

2. Regional Competitiveness and Employment: This objective targeted industrial regions with a rate of unemployment above the EU average and had the aim of strengthening regional competitiveness, attractiveness, and employment. During the period 2007-2013 55 billion euros (16% of the total) were earmarked to this objective, benefitting 314 million people in 168 European regions.

3. European Territorial Co-operation: Aimed at fostering cross-border and transnational cooperation, this objective commanded a mere 2.5% of the Structural fund budget or €8.7 billion.

More than four-fifths of structural expenditure was thus targeted at the less developed regions, known then as 'convergence' regions,[6] which were defined simply by their GDP per capita.

During previous programming periods, the commitment process was also transparent and complied with a strict time framework. At the beginning of each funding period all central governments were required to produce a map aimed at determining which regions (at NUTS2 level) were eligible for Structural funds. Several actors were involved in the commitment process. The European Commission first produced the Community Strategic Guidelines (CSG) and then divided the funds among member states (Chalmers, 2013). Once the

[6] Todays 'less developed' regions.

commitment was done, each member state, depending on its territorial structure and division of powers, worked more or less closely with the subnational authorities to decide the regional distribution of funds (Dellmuth, 2011). The actual allocation depended on what had been decided within the National Strategic Reference Framework (NSRF), agreed, as well, with the European Commission.

This process left relatively little room for regional-level political bargaining. Lobbying mostly occurred prior to the provision of funds to the member states. This type of lobbying involved mainly member states, the Commission, and the Council, rather than subnational governments. Additional scope for influencing the territorial allocation of funds took place during the establishment of the Operational Programmes derived from the NSRF. According to Chalmers (2013: 818) "the main locus of lobbying [occurred] here". However, lobbying often involved regions trying to influence national governments, rather than the European Commission. Such a structure limited direct interaction between subnational authorities and the EU, curtailing the capacity of regional offices in Brussels to affect decisions about the territorial distribution of funds.

However, as argued by Bodenstein and Kemmerling (2012: 16), this was not always strictly the case, as the eligibility criteria were not sufficiently tight and left some leeway for national governments' discretion. They also argue that the criteria of the different objectives never entirely explained the allocation of Structural funds (Bodenstein & Kemmerling, 2012; Munta, 2014). There were also windows of opportunity in the process for regional-level lobbying. The need for the Commission to approve the final regional commitment of funds provided some scope for regions to directly lobby Brussels officials (Dellmuth & Stoffel, 2012). Moreover, subnational authorities had a greater capacity to sway funds allocated to the regional competitiveness and employment objective, where the criteria were less clear than in the convergence objective. This implies that, despite the essential intergovernmental nature of the negotiations, every seven years regions mobilise to try to secure a bigger share of the pie (Giordano, 2006; Jaursch, 2013).

Finally and most importantly, as with most public policies, there is a gap between the funds committed to each region and those actually spent. During the period of analysis, the gap between committed and paid funds for the regions included in the study was just shy of €30 billion. This phenomenal difference between committed and actually disbursed funds provided a huge incentive for, particularly, less developed regions to actively lobby the European Commission in order to make sure that the gap is reduced and that the funding is transferred to the regions in a timely manner. This incentive is likely to be proportional to the amount of funds committed in Cohesion and Structural Funds. For Oberfranken in Germany which was allocated a total of €95 million during the period of analysis (and where the gap between committed and paid funds was €9 million), the incentives to lobby were small. For Podkarpackie in Poland, a region allocated in excess of €3.3 billion (and which had a shortfall of €620 million), the incentives were big. Yet, the gap between allocated and paid funds in Podkarpackie was much smaller than in, for example, in the case of Nord-Est in Romania. This region was allocated a total of €2.7 billion, but only close to €1.1 billion were actually paid until 2013. Much of it can be attributed to differences in capacity between Podkarpackie and Nord-Est, but a more visible and active presence of the Podkarpackie voivodship regional office in Brussels may have also played a part. Hence, although poorer regions received more funds than better-off regions, being poor alone did not entirely determine the way funds were disbursed (Kemmerling & Bodenstein, 2006).

Trying to secure that committed funds are delivered in a complete and timely manner is, however, a factor that has been outside the radar of most research on regional lobbying in Europe. According to Marks et al. (2002: 2) the main areas of activity of regional offices have been “to gain information about funding opportunities for your region” and “to influence decision-making in the EU in favor of your region". 'Influence EU decision-making' and 'Information on funding' also pop up as the main activities of regional offices in a later study by Tatham (2017). But while influencing decision-making is one of the activities that regional offices do in the run-up to the allocation of funds to regions before the beginning of every programming period (and, hence, in the commitment stage), the lobbying that is conducted during the programming period not only involves additional information on funding, but increasingly making sure that the committed monies are transferred and spent in the regions.

In the next subsections we look in greater detail at the channels which determined – on top of the officially stated criteria – the allocation of Structural funds and what room was left for political bargaining.

3.1.1. *Institutional and political factors*

According to Dellmuth (2011), regions with stronger institutions and quality of government[7] benefitted from a disproportionally higher amount of funds than their weaker counterparts. Regions with sufficient experience and resources to spend the funds 'effectively' may have been recipients of a higher share of funds that what they would have received, had the official allocation criteria been applied strictly (Dellmuth, 2011). Greater institutional autonomy under a federal system and more efficient governments may have thus favoured the German Länder or Spanish regions, relative to regions in more centralised states, in their quest for Structural funds (Bodenstein & Kemmerling, 2012). Conversely, institutionally weaker regions may have had to gain the European Commission's trust by building a 'reputation' as worthy managers of public policies in order to receive funds (Dellmuth, 2011: 1017).

[7] What can be considered as stronger institutions, particularly at the regional level, has been shrouded in controversy (Rodríguez-Pose, 2013), although considerable progress has been made in this respect in recent years (e.g. Charron et al., 2014).

Political criteria also played a role, but not necessarily in the same direction as institutional criteria. Poorer regions may have had some advantage, as the electoral returns of spending funds are likely to be higher in poorer than in richer areas: politicians "receive more votes per euro invested in poor than in rich districts" (Dellmuth & Stoffel, 2012: 419). Regions voting in national elections in favour of incumbent European Parliament majorities have also been censed to have received more than their fair share of Structural funds (Bodenstein & Kemmerling, 2012). "Regional party alignment with the national party" may have shaped the Structural fund commitment process (Chalmers, 2013: 829).

3.1.2. *Economic factors*

In addition to the institutional and political factors, a number of regional and member-state economic characteristics count in the allocation of Structural funds. First and foremost is the main criterion for the allocation of the bulk of the funds: GDP per capita. Given the 75% rule for achieving the greatest level of support, the lower the GDP of a region, the higher the per capita allocation of funds (Dellmuth & Stoffel, 2012). Structural issues, such as regional unemployment levels and the industrial structure of a territory may have also played a role under the Regional Competitiveness and Employment objective (Bouvet & Dall'erba, 2010). This view, however, is not always supported by all research as, according to Bodenstein & Kemmerling (2012: 16), "structural problems (like unemployment) play an ambivalent role: it increases the need of Structural Funds, but also decreases the capacity of regions in actually acquiring them" (Bodenstein & Kemmerling, 2012: 16).

3.2. Can regional offices influence the allocation of Structural and Cohesion funds?

Has the presence of regional representation offices contributed to shape the distribution and payment of European Structural funds? There is still a dearth of research considering whether regions have successfully lobbied European institutions – mainly the European Commission, but also the Council and the Parliament – in order to gain a share of the funds beyond those that would have been allocated to them following strict economic criteria or to guarantee a timely and complete payment of funds.

The most thorough and up-to-date analysis of the lobbying efficacy of regional offices in Brussels has been conducted by Chalmers (2013). Chalmers (2013: 827), in order to explain the impact of regional authority, collected regional data for six variables, including the presence of a Brussels office. His data on regional representation in Brussels contained two dimensions: the staff size and the age of the office. His results point to the fact that the success of regional lobbying strategies in Brussels is generally determined by two factors: the institutional power of the region at a national level and its presence in Brussels office (Chalmers, 2013). The more institutionalised and the stronger the region, the greater the capacity it has to influence the allocation of Structural funds. However, when subnational authorities are too strong, leading to conflict with the state, this conflict undermines the effectiveness of the regional lobbying (Chalmers, 2013). Yet, despite the relevance of having a Brussels presence, neither the size of the staff (Chalmers, 2013; Beyers et al., 2015) nor the age of the office (Chalmers, 2013) seemed to determine to any extent the distribution of Structural funds.

On the whole, while Chalmers (2013) analysis represents an important breakthrough in our understanding of how the presence of a regional office in Brussels shapes the allocation of Structural funds, many questions remain as to whether and to which extent the presence of regional offices in Brussels affects the allocation of European Structural funds. The following section will precisely address these questions, going beyond Chalmers (2013), by distinguishing between committed and paid funds, including not just the size of regional offices, but also their budgets, and checking the robustness of fixed-effect panel econometric results through Instrumental Variable (IV) analysis in order to ascertain the causality of the relationship.

4. Data and Methodology

4.1. The model

In order to assess whether and the extent to which regional lobbying in Brussels affects the allocation – both commitment and payment – of Structural and Cohesion funds, we estimate different versions of the following simple model, which reproduces the theoretical discussion above:

$$y_{i,t} = \alpha + \beta_1 RO_{i,t} + \beta_2 EC_{i,t} + \theta IP_{i,t} + u_{i,t} \qquad (1)$$

Where:

y	represents the amount of regional funds – committed or actually paid – relative to the wealth of region i at time t;
RO	depicts the dimension of a regional office in Brussels – measured by its staff and budget;
EC	represents the basic economic criteria behind the allocation of Structural funds – regional GDP per head (for the Convergence objective) and unemployment rate (for the Regional Competitiveness and Employment objective), as well as population density;
IP	is a vector of institutional and political factors, including corruption levels and the degree of regional autonomy, which may affect the allocation of funds;
u	is the correspondent residual term;
i,t	depict region and time, respectively.

4.2. The variables

4.2.1. Dependent variable

The dependent variable is the amount of Structural and Cohesion funds committed or actually paid to a region in a given year between 2009 and 2013, relative to the region's wealth – proxied by its GDP per head. Commitments and payments include those made through the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Guidance Fund (EAGGF), the Financial Instrument for Fisheries Guidance FIFG), as well as the Cohesion Fund. Considering both commitments and payments responds to the fact that regional lobbying activities fundamentally take place in two stages: a) during the initial negotiation between member states and the European Commission before the start of each programming period, determining the commitments and b) over the duration of the programming period, when the European Union has to disburse the payments, determining payments. The division between commitments and payments allows to better capture the effectiveness of regional offices in Brussels at the two main stages of the lobbying process. Our hypothesis is that the impact of regional lobbying on these two variables may differ substantially: regions may be awarded more room for manoeuvre at the payment than at the commitment stage. The source of the data is the European Commission. The dependent variables are included in the analysis using natural logarithms.

4.2.2. The variables of interest: regional office budget and staff

Two dimensions of the main independent variable of interest are considered: the annual *budget* and the *staff* of each regional office in Brussels.[8] The budget measures the financial resources of an office aimed at covering both its operational costs as well as its

[8] The staff and budget of a region's office represent proxies for the effort that individual European regions are putting into their representation in Brussels. Ideally, some indication of leadership and initiative of the regional office staff could have provided a better indication of the effectiveness of regional offices. However, those types of data are subjective and difficult to obtain for a large number of regions.

lobbying activities. There are two main channels through which regional delegations in Brussels are funded. In most cases an entry of the region's budget is dedicated to the funding of the regional representation office in Brussels. Some regional offices also raise their own revenue from some of the activities they carry out. Given the variability of particularly own sources of revenue, the budget of a regional office in Brussels may oscillate from one year to another.

These data are not publicly available for all offices and were gathered by means of a simple survey sent to all Brussels representation offices. A total of 245 offices were at first contacted by email in 2015, asking specifically about the number of staff working in the office and about its budget. Recent yearly variations in staff and budget were also requested. After a relatively low response rate in the first instance, a second email followed. The emails were complemented by telephone interviews of those offices that had not provided an email response. The telephone interviews were also used in order to gather additional information about the specific activities of the office regarding Structural and Cohesion funds. The telephone interviews covered the second half of 2015 and 2016. Information for a total of 92 regional offices was gathered in this way (37% response rate). For other regional offices, basic staff and budget information was extracted from the European Transparency Register.[9] This raised the total to 123 regional offices from 26 EU member states. The NUTS2 regions covered in the analysis are presented in the Appendix 2. The budget and staff data are expressed in ratios of regional GDP per capita and logged. This is aimed at depicting the relative effort made by each region in the setup of its Brussels office. The link between the size of the Brussels offices and the distribution of funds is presented in Appendix 3.

[9] Two potential caveats of the analysis must be noted. First, all the information is self-reported. We had little control over who in the regional office replied to the emails and provided the information. The same applies to the telephone interviews. Second, issues of reliability have been raised about the European Transparency Register, meaning that some of the information contained there could be the only officially available, but inaccurate.

4.2.3. The economic criteria

As indicated earlier, the allocation of European Structural funds follows a series of economic eligibility criteria. First and foremost is *GDP per capita*, which is the EU's official benchmark to classify regions as less developed. Lagging regions – the former Objective 1 or convergence regions (defined as those with a GDP per person measured in purchasing power parity below 75% of the EU average) – receive four-fifths of the funds. Given that regional wealth is the single most important criterion for the allocation of regional development funds, a negative relationship between a region's GDP per capita and the allocation of Structural funds is envisaged. Most of the literature is in line with this expectation (Dellmuth, 2011; Dellmuth & Stoffel, 2012; Tatham & Thau, 2014). GDP per head has been logged in order to normalize distribution.

Unemployment may also affect the distribution of regional funds. The Structural and Cohesion funds target regions with structural problems. Unemployment rates are a key gauge of structural problems and have been explicitly used in the past (former Objective 2 or Regional Competitiveness and Employment regions) as a direct criterion for the commitment of funds. Higher levels of unemployment are therefore expected to be positively associated with the amount of Structural funds received by a region (Bodenstein and Kemmerling, 2012).

The *density* of a region also affects the territorial distribution of funds. In more densely populated and in highly urbanised regions the cost per head or per unit of GDP of providing most public goods is significantly lower than in more scarcely populated areas. Consequently, "densely populated areas receive less funding than do sparsely populated ones" (ESPON, 2005: 82). The variable has been logged to normalize the distribution.

4.2.4. Institutional and political factors

Institutional and political criteria may also influence the allocation of funds. The real or perceived level of *corruption* in a region and, in particular, the misuse of Structural funds for self-serving purposes by decision-makers can affect the future distribution of funds. As indicated by Rodríguez-Pose and Garcilazo (2015: 1276) "unaccountable and poorly staffed governments and governments with inept and/or corrupt politicians at the helm will […] deliver inefficient policies or, worse still, lead to situations where rent-seeking and insider–outsider problems are pervasive". This creates problems of absorptive capacity and may, in exceptional circumstances, result in the freezing of funds or in sanctions. All these factors are at the root of the gap between committed and actually paid funds in many less developed regions – which also tend to be the most corrupt. The main problem is, however, measuring corruption at the regional level in Europe. To do this we resort to the work of Charron et al. (2014) who assess the subjective perception of regional corruption by means of a survey of 34,000 Europeans. The resulting corruption index is used in the analysis as our indicator of local graft.

The degree of *regional autonomy* can also affect how much money is channelled to a given region. Regional governments try to influence investment decisions and shape policy processes which may affect them directly. The greater the level of autonomy, the greater the likelihood that a regional government may have a say in the allocation of Structural funds. This influence can be exercised via two channels: *self-rule* and *shared-rule* (Hooghe et al., 2008). Self-rule represents the actual powers of a regional authority over the citizens of a region, whereas shared-rule refers to the capacity of regional governments to influence decision-making beyond the borders of the region.

A Table describing all the variables used in the analysis, as well as their sources and expected coefficients can be found in Appendix 4.

5. Results

The results of the analyses involving the 123 European regions from 26 member states are presented in this section. Data on both the budget and staff were selected for each of the regions for each year in the period between 2009 and 2013. These data were linked in the analysis to the funds committed to each region, as well as those that were actually disbursed in each year.

The results of the fixed effects (FE) panel data analysis with robust standard errors are presented in section 5.1, while the coefficients in section 5.2 denote the results of the instrumental variable (IV) regressions addressing potential endogeneity problems.

5.1. Fixed effects analysis

The results of the fixed effects analysis are presented in Table 1. Two different versions of Model (1) are calculated, substituting the independent variable of interest – the dimension of a region's Brussels office – with its two proxies: the regional office budget and its staff. The analysis is conducted taking into account both the actual funds committed on an annual basis at the beginning of the programming period 2007-2013, as well as the yearly payments which effectively took place. The regressions include time fixed effects in order to take into account specific annual shocks which may affect either the funds allocated to regional development, as well as the size of the Brussels office.

The coefficients in Table 1 indicate that the allocation of Structural and Cohesion funds during the period of analysis has nothing to do with the lobbying capacity of Brussels regional offices, proxied by the budget of the offices. All the coefficients for the regional office budget variable are insignificant, with the exception of regression (5), which displays a negative and significant coefficient at the 10% level.

The coefficient for the size of the Brussels regional office, proxied by its staff, is by contrast always negative and significant, regardless of whether the committed (Table 1, regressions 3 and 4) or paid funds (Table 1, regressions 7 and 8) are considered. Hence, regions with a bigger staff in their Brussels office have neither been capable of gaining a greater share of funds for their regions nor have they managed to make sure that payment takes place in a more complete and timely manner, once the factors that should determine the allocation of funds are controlled for. Regions making the greatest lobbying effort have de facto attracted fewer funds per capita relative to their level of wealth.

Table 1. The link between the size of the Brussels office (budget and staff) and the allocation of Structural funds. Fixed effects (FE) analysis.

	Committed Funds				Paid Funds			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VARIABLES	Office Budget	Office Budget	Staff	Staff	Office Budget	Office Budget	Staff	Staff
Budget	-0.0144	-0.000771			-0.0630*	-0.0377		
	(0.0152)	(0.00928)			(0.0345)	(0.0282)		
Staff			-0.483***	-0.262***			-1.068***	-0.795***
			(0.156)	(0.0952)			(0.311)	(0.282)
GDP per capita	-1.098***	-1.103***	-1.130***	-1.117***	-1.094***	-1.078***	-1.164***	-1.121***
	(0.0350)	(0.0260)	(0.0222)	(0.0214)	(0.0805)	(0.0760)	(0.0853)	(0.0819)
Unemployment	-0.0124**	-0.0142***	-0.0113**	-0.0138**	0.0451***	0.0419***	0.0476***	0.0430***
	(0.00576)	(0.00539)	(0.00567)	(0.00541)	(0.0111)	(0.0103)	(0.0113)	(0.0104)
Density	-0.0287	-0.00962	-0.0346	-0.0129	-0.0141	0.00780	-0.0264	-0.00138
	(0.0214)	(0.0149)	(0.0212)	(0.0140)	(0.0374)	(0.0382)	(0.0374)	(0.0382)
Corruption		-0.0328		-0.0315		0.222		0.222
		(0.0693)		(0.0692)		(0.238)		(0.236)
Self-Rule		0.163***		0.157***		0.457***		0.443***
		(0.0212)		(0.0214)		(0.0492)		(0.0496)
Shared-Rule		-0.00967		-0.0110		0.740***		0.739***
		(0.0180)		(0.0179)		(0.104)		(0.103)
Constant	19.54***	18.22***	20.09***	18.56***	18.30***	12.64***	19.41***	13.53***
	(0.352)	(0.324)	(0.275)	(0.314)	(0.803)	(1.086)	(0.956)	(1.230)
Observations	610	578	610	578	610	578	610	578
Number of regions	122	117	122	117	122	117	122	117
Country FE	YES	YES	YES	YES	YES	YES	YES	YES
Time FE	YES	YES	YES	YES	YES	YES	YES	YES
R^2 within	0.820	0.907	0.824	0.908	0.370	0.414	0.375	0.417
R^2 between	0.709	0.0942	0.599	0.140	0.617	0.131	0.400	0.124
R^2 overall	0.685	0.121	0.597	0.165	0.580	0.108	0.397	0.102

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 1 reveals that regional funds were, by and large, allocated following the economic criteria which govern the distribution of the funds. In particular, the GDP per capita of a region, the single most important condition – following the principle of concentration – for the distribution of funds, emerges as the fundamental driver of the amount of funds channelled to any given territory, both in terms of commitments and payments. The coefficient for GDP per capita is in all eight regressions negative and significant at the 1% level, indicating that poorer regions benefited from the greatest influx of resources. It is also by far the strongest coefficient. The strength of the GDP per capita coefficient can also provide a potential explanation for the insignificant or negative coefficients of the variables of interest. If the allocation of Structural and Cohesion funds follows in a strict way a regional development criterion – as seems to be indicated by the GDP per capita coefficient – putting more resources, in the form of greater budgets or staff, at the disposal of regional representation offices in Brussels can be futile for swaying the allocation of Structural and Cohesion funds. In the end, their allocation fundamentally follows the stated objectives and depends on an easily measurable and transparent economic indicator: GDP per capita. Another potential explanation is that better staffed offices with bigger budgets may be concerned with a multitude of different tasks – like, for example, influencing EU legislation – possibly neglecting or paying less attention to matters related to EU regional development funding (Tatham, 2008).

Other economic criteria also affected the distribution of funds. Unemployment is the only economic criterion that seems to influence the allocation of funds in a different way when we consider committed or paid funds. In contrast to expectations, higher levels of regional unemployment led to a lower commitment of regional funds per capita than in regions with lower unemployment rates (Table 1, regressions 1 to 4). In this case, this result is probably determined by the fact that the levels of GDP per capita are a far more important factor in the distribution of Structural funds and, consequently, trump unemployment as the main criterion behind how much money is allocated to each region. However, when the actual paid funds are considered, the unemployment rate becomes positive and significant at the 1% level (Table 1, regressions 5 to 8). This may imply that regions with higher unemployment problems are more effective at lobbying the European Commission at the time of payment than when the allocation of funds is decided. It is also more likely that the Commission could have been sensitive to the need of either regions with persistent unemployment problems or to those that have seen their levels of unemployment rise since the funds were committed before 2007 – as was the case of many lagging regions during the crisis that followed 2008 –, channelling a greater amount of funds to these regions at the time of payment. The coefficients for the density variable are, with no exception, negative (signalling that more densely populated regions, have received less funding per capita, as expected) but insignificant.

Of the political and institutional variables, regional levels of corruption are disconnected from the distribution of funds, but that is not the case for the level of decentralisation. Regions with a greater degree of self-rule received more funds than regions with lower levels of autonomy, both at the commitment and payment stages, as indicated by the positive and significant coefficients (Table 1, regressions 2, 4, 6, and 8). Shared-rule, or the capacity to influence national and European decision-making, proved to be more influential at the payment stage (Table 1, regressions 6 and 8).

5.2. Instrumental variable analysis

So far, the results of the FE analysis underline that, once the economic criteria that should determine the allocation of Structural and Cohesion funds to regions as well as the level of decentralisation are controlled for, regional lobbying has no connection or even a detrimental one with how the funds are distributed. However, potential endogeneity issues mean that, at this stage, we should be coy about interpreting the results indicating a lack of influence of regional lobbying on the territorial distribution of regional development funds. The relationship can run both ways: regional lobbying may influence where funds are allocated by the EU, but a greater or lower provision of funds to a given region may determine the amount of resources it devotes to further lobbying. This potential problem of endogeneity has important econometric implications, as omitted factors affecting the distribution of funds may also influence the lobbying behaviour of regions and their desire to spend more or less resources in opening and managing a Brussels regional office. This issue is traditionally addressed in applied econometrics by means of an IV analysis. Finding instruments to deal with this type of simultaneous causation is not always easy, as the instrument must affect the lobbying effort, but be independent from the disturbance in model (1). In other words, it cannot be a factor determining the regional allocation of Structural funds. Fortunately, in this case a series factors relating to the size of the region may shape the capacity of regions to use more funds for lobbying Brussels officials, without necessarily having an influence on the amount of funds allocated to the region. Regions with a larger population and GDP, and/or a greater share of employment normally have more resources at their disposal to start and maintain their officers in Brussels relative to smaller ones. However, size is not necessarily a determining factor behind the allocation of funds as large regions can either be rich or poor.

After controlling for different dimensions of a region's size, the regional employment rate is the instrument that is most significantly associated with the budget allocated to Brussels regional offices, while the population of the region has the strongest connection with the office staff. This is corroborated by the F-statistics in the first stage regressions. The F-statistics fulfil the criteria of the theory of weak instruments, remaining above the threshold of 10 in cases of a single endogenous regressor (Staiger and Stock, 1997). The partial R^2 and the fact that both population and employment rates have a positive and statistically significant effect on the staff and budget of Brussels regional offices respectively confirms the validity of the instruments. The first stage regressions prove that both a regional employment rate and its population respectively are significantly connected to the budget and the staff of a regional office in Brussels.[10]

The results of the second stage regressions are presented in Table 2. Following the strategy of the FE analysis, Table 2 presents the results considering both the regional office budget and its staff.

The results of the IV analysis reproduce to a large extent those of the FE analysis. Regarding the variables of interest, the coefficient of the size of the budget of the Brussels office remains, as was the case in Table 1, insignificant. In the case of the staff of the Brussels office, the results of the IV analysis confirm the strong negative impact of large offices on the allocation of regional funds. This negative impact emerges both at the stage of committing the funds as well as when the funds are paid. All the coefficients for the size of the Brussels office staff in Table 2 are negative and significant at the 1% level. Hence, once the economic criteria behind the allocation of funds are controlled for, having more staff in Brussels has led to lower financial resources allocated to the relevant region.

The allocation of funds relative to the wealth of the region was fundamentally determined by economic criteria. The GDP per capita of the region was the main factor governing how much a region received in Structural and Cohesion funds. The coefficient is negative and significant at the 1% level in all eight regressions (Table 2). The coefficient of the unemployment rate reflects that of Table 1: regions with greater unemployment levels received less funds per capita at the commitment stage, but more at the payment stage. Density, which displayed negative but insignificant coefficient in Table 1, becomes negative and significant in those regressions considering the staff of the Brussels office as a proxy for a region's lobbying

[10] The first stage regressions can be made available upon request.

capacity (Table 2, regressions 3, 4, 7, and 8). Regions with a higher density are allocated less financial resources per capita for regional development.

The influence of regional autonomy on the territorial distribution of funds is, however, weakened. The degree of self-rule remains a critical factor behind the resources allocated to a region at the commitment and payment stages, when the budget of the office is chosen as the proxy for lobbying capacity (Table 2, regressions 2 and 6), while the coefficient for shared-rule is only significant at the payment stage (Table 2, regression 6).

Overall, the IV analysis reinforces the role of the GDP per capita of a region as the main determinant of the territorial allocation of funds, both at the commitment and payment stages, sending a strong sign that the distribution of funds is conducted 'by the book'.

Table 2. The link between the size of the Brussels office (budget and staff) and the allocation of Structural funds. Instrumental variable (IV) analysis.

	Committed Funds				Paid Funds			
VARIABLES	(1) Office Budget	(2) Office Budget	(3) Staff	(4) Staff	(5) Office Budget	(6) Office Budget	(7) Staff	(8) Staff
Budget	-0.844	-0.000677			-1.818	1.030		
	(0.752)	(0.322)			(1.946)	(1.636)		
Staff			-3.936***	-3.767***			-9.815***	-11.51***
			(0.840)	(0.915)			(2.406)	(3.112)
GDP per capita	-1.139***	-1.100***	-1.366***	-1.315***	-1.173***	-1.018***	-1.762***	-1.727***
	(0.0565)	(0.0216)	(0.0670)	(0.0597)	(0.146)	(0.110)	(0.192)	(0.203)
Unemployment	-0.0169***	-0.0164***	-0.00396	-0.00957**	0.0387**	0.0475***	0.0663***	0.0560***
	(0.00625)	(0.00265)	(0.00504)	(0.00447)	(0.0162)	(0.0135)	(0.0144)	(0.0152)
Density	-0.0362	-0.00129	-0.078***	-0.057***	-0.0470	0.0312	-0.137**	-0.135*
	(0.0294)	(0.0121)	(0.0241)	(0.0216)	(0.0762)	(0.0616)	(0.0689)	(0.0736)
Corruption		-0.0857		-0.0115		0.169		0.283
		(0.0642)		(0.0822)		(0.327)		(0.280)
Self-Rule		0.163***		0.0880		0.523**		0.231
		(0.0491)		(0.0845)		(0.250)		(0.288)
Shared-Rule		-0.0197		-0.0298		0.849**		0.681
		(0.0736)		(0.122)		(0.374)		(0.417)
Constant	22.08***	18.29***	24.31***	23.09***	23.57***	8.795	30.12***	27.40***
	(2.332)	(1.255)	(1.085)	(1.432)	(6.036)	(6.382)	(3.109)	(4.872)
Observations	583	552	610	578	583	552	610	578
Number of regions	119	114	122	117	119	114	122	117
Country FE	YES	YES	YES	YES	YES	YES	YES	YES
Time FE	YES	YES	YES	YES	YES	YES	YES	YES
R^2 within	0.534	0.923	0.651	0.742	.	0.191	.	.
R^2 between	0.147	0.162	0.139	0.105	0.0634	0.115	0.0564	0.000776
R^2 overall	0.147	0.195	0.148	0.110	0.0593	0.0930	0.0559	0.000796

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

6. Conclusion and policy implications

Regional representation offices have proliferated in Brussels in recent years. While these offices fulfil many tasks, one of their main objectives has been and remains influencing European policy and maximising the allocation of European Structural and Cohesion funds to their region of origin. But is this effort paying-off? Have regional offices in Brussels managed to influence the allocation of Structural funds in favour of those regions with a greater presence in Brussels? In this paper we have measured whether this is the case by examining the extent to which the budget and staff size of regional representation offices affect the allocation of Structural funds both at the commitment and payment stages.

Overall, the results of the analysis indicate that regional offices have had a negligible effect on the distribution of regional development funds. Bigger offices in Brussels did not necessarily lead to greater shares of funding going to the regions that made the biggest effort to lobby Brussels *in situ*. Nor did they guarantee a more complete and timely payment of previously committed funds. In some cases, the efforts have even proven detrimental as more lavishly staffed Brussels offices are linked with less funds channelled to the region, both at the commitment and payment stages.

The territorial distribution of funds has, to a large extent, followed the transparent criteria of regional wealth and unemployment which, according to the stated objectives of the European regional development policy, should be the factors driving how much money is allocated to a particular region. Our results also find that, although regional autonomy and the capacity of decentralised regional governments to shape policies within and outside their region often play a role in the distribution of funds, this role is smaller than that identified by Chalmers (2013), especially when the direction of causality is controlled for. The role of regional autonomy in the allocation of funds is dwarfed by that of the economic criteria at the heart of the regional policy. We also find that regional corruption levels bear no influence whatsoever in the territorial distribution of funds.

Hence, the answer to the questions driving this research is that regional representation offices have so far had virtually no influence in shaping the distribution of the funds of what is currently the largest policy in the EU, at least in budgetary terms. This is particularly true at the stage of committing the funds. Levels of regional unemployment play a much greater role when the funds are actually disbursed, although there is no sign that this is a consequence of the lobbying efforts of regional offices. It is likely to respond to a genuine concern by the EU with high levels of unemployment, particularly at a time of crisis which was not predicted when the funding commitments were made.

Consequently, although it may be the case that the official economic eligibility criteria are a necessary but insufficient conditions in explaining the full Structural funds allocation (Bouvet & Dall'erba, 2010; Bodenstein & Kemmerling, 2012; Chalmers, 2013), this explanation does not seem to come from the efforts of regional representation offices in Brussels.

The overall result should however not lead to the conclusion that having a permanent representation office in Brussels has no added value for a region. Regional representation offices in Brussels may have contributed to better information management, networking, or the establishment of greater links with different EU Commission Directorates (Huysseune and Jans, 2008), activities which have not been assessed by the current study. What has been simply demonstrated here is that big budgets and staff in a Brussels regional office do not guarantee favours in terms of regional development funding. Hence, there may be a need to reconsider the role of representation offices away from directly lobbying for European regional policy funding and towards trying to have a greater influence on the decision-making on topics directly affecting one's region and to becoming a more effective information vehicle between the ‘Eurosphere’ and regional authorities. Some of the oldest offices may have already understood that a shift in priorities is necessary, although many others and the regional governments that fund them – and especially those of regions highly dependent on Structural funding – may still have not realised or accurately conveyed that their capacity to influence the territorial allocation of funding may be smaller than what was expected in the first place.

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Appendix 1

Average budget and staff of regional offices in Brussels by country (2009-2013)

ID	Average Budget	Average Staff	Number of regional offices
AT	.	.	9
BE	312 000.00 €	7	12
BG	.	.	6
CY	336 185.60 €	4	1
CZ	285 000.00 €	3	8
DE	673 325.00 €	16	38
DK	786 382.72 €	7	5
EL	.	.	13
ES	500 893.99 €	9	19
FI	290 888.89 €	3	6
FR	508 506.75 €	5	26
HR	.	.	2
HU	200 000.00 €	2	7
IE	200 000.00 €	2	2
IT	757 083.18 €	7	21
LT	125 000.00 €	1	1
LU	.	.	1
LV	.	.	1
MT	.	.	1
NL	472 800.00 €	2	13
PL	140 566.04 €	4	16
PT	.	.	7
RO	70 000.00 €	1	8
SE	526 250.00 €	3	8
SI	.	.	2
SK	.	.	4
UK	683 796.75 €	5	8
Average	404 039.94 €	5	245

Appendix 2

Regions for which data on staff size and budget were available

Country Code	Country	Region Code	Name of the Region
AT	Austria	AT13	Wien
		AT33	Tirol
		AT34	Vorarlberg
BE	Belgium	BE21	Prov. Antwerpen
		BE23	Prov. Oost-Vlaanderen
BG	Bulgaria	BG31	Severozapaden
		BG32	Severen tsentralen
		BG33	Severoiztochen
		BG34	Yugoiztochen
		BG41	Yugozapaden
		BG42	Yuzhen tsentralen
CY	Cyprus	CY00	Kýpros
CZ	Czech Republich	CZ01	Praha
		CZ04	Severozápad
		CZ05	Severovýchod
		CZ06	Jihovýchod
DE	Germany	DE11	Stuttgart
		DE12	Karlsruhe
		DE13	Freiburg
		DE14	Tübingen
		DE21	Oberbayern
		DE22	Niederbayern
		DE23	Oberpfalz
		DE24	Oberfranken
		DE25	Mittelfranken
		DE26	Unterfranken
		DE27	Schwaben
		DE91	Braunschweig
		DE92	Hannover
		DE93	Lüneburg
		DE94	Weser-Ems
		DEE0	Sachsen-Anhalt
		DK01	Hovedstaden
		DK02	Sjælland
		DK03	Syddanmark
EE	Estonia	EE00	Eesti
EL	Greece	EL12	Kentriki Makedonia
		EL13	Dytiki Makedonia
		EL14	Thessalia

		EL22	Ionia Nisia
		EL23	Dytiki Ellada
		EL24	Sterea Ellada
		EL25	Peloponnisos
		EL30	Attiki
		EL41	Voreio Aigaio
		EL42	Notio Aigaio
		EL43	Kriti
ES	Spain	ES11	Galicia
		ES21	País Vasco
		ES30	Comunidad de Madrid
		ES61	Andalucía
		ES63	Ciudad Autónoma de Ceuta
		ES64	Ciudad Autónoma de Melilla
		ES70	Canarias
FI	Finland	FI19	Länsi-Suomi
		FI1D	Pohjois- ja Itä-Suomi
		FI20	Åland
FR	France	FR10	Île de France
		FR26	Bourgogne
		FR42	Alsace
		FR43	Franche-Comté
		FR63	Limousin
HR	Croatia	HR03	Jadranska Hrvatska
		HR04	Kontinentalna Hrvatska
HU	Hungary	HU10	Közép-Magyarország
		HU21	Közép-Dunántúl
		HU31	Észak-Magyarország
		HU33	Dél-Alföld
IE	Ireland	IE01	Border, Midland and Western
		IE02	Southern and Eastern
IT	Italy	ITF1	Abruzzo
		ITH5	Emilia-Romagna
		ITI1	Toscana
LT	Lithuania	LT00	Lietuva
LU	Luxembourg	LU00	Luxembourg
LV	Latvia	LV00	Latvija
NL	Netherlands	NL31	Utrecht
		NL32	Noord-Holland
		NL33	Zuid-Holland
		NL41	Noord-Brabant
		NL42	Limburg (NL)
PL	Poland	PL11	Lódzkie
		PL32	Podkarpackie
		PL33	Swietokrzyskie

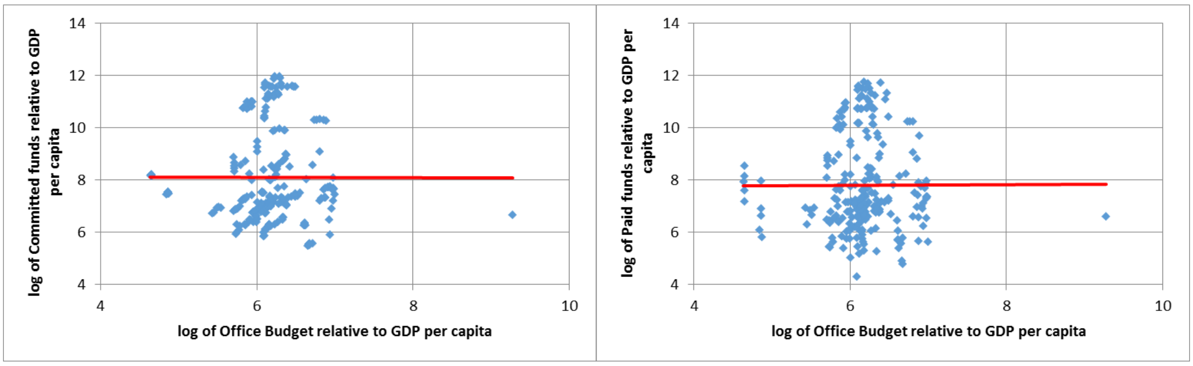
		PL41	Wielkopolskie
		PL51	Dolnoslaskie
PT	Portugal	PT11	Norte
		PT15	Algarve
		PT16	Centro (PT)
		PT17	Lisboa
		PT18	Alentejo
		PT20	Região Autónoma dos Açores
		PT30	Região Autónoma da Madeira
RO	Romania	RO11	Nord-Vest
		RO12	Centru
		RO21	Nord-Est
		RO22	Sud-Est
		RO31	Sud - Muntenia
		RO32	Bucuresti - Ilfov
		RO41	Sud-Vest Oltenia
		RO42	Vest
SE	Sweden	SE11	Stockholm
		SE12	Östra Mellansverige
		SE21	Småland med öarna
		SE22	Sydsverige
		SE23	Västsverige
		SE31	Norra Mellansverige
		SE32	Mellersta Norrland
		SE33	Övre Norrland
SI	Slovenia	SI01	Vzhodna Slovenija
		SI02	Zahodna Slovenija
UK	United Kingdom	UKG1	Herefordshire, Worcestershire and Warwickshire
		UKG2	Shropshire and Staffordshire
		UKG3	West Midlands
		UKH1	East Anglia
		UKH2	Bedfordshire and Hertfordshire
		UKH3	Essex
		UKI1	Inner London
		UKI2	Outer London
		UKM2	Eastern Scotland
		UKM3	South Western Scotland
		UKM5	North Eastern Scotland
		UKM6	Highlands and Islands

Appendix 3

Link between the size of the Brussels offices and the distribution of Structural funds

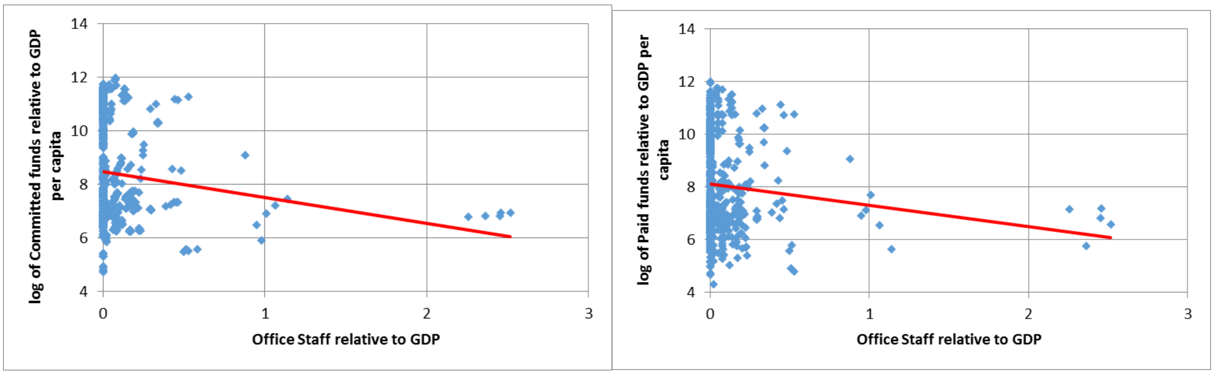
The link between the size of the Brussels offices and the distribution of funds is not evident at first sight. In terms of budget, there is no statistically significant correlation between the office budget relative to the GDP per capita of the region – of, for that sake, to GDP *tout court* – and the amount of funds committed or paid to each region (Figure 1).

Figure 1. The link between Brussels office budgets and the allocation of regional funds (committed and paid).



In terms of staff, there is a marginally negative association between the staff in the Brussels office relative to the GDP of the region and the amount of funds received (Figure 2). This association is, however, not statistically significant.

Figure 2. The link between Brussels office staff and the allocation of regional funds (committed and paid).



Although, it could have been expected that bigger offices and better budgets would be in a better position to lobby European institutions than smaller offices, the simple linear connection between office size and the allocation of funds shows that this does not seem to be the case.

Appendix 4

Variables included in the analysis

Category	Variable	Description	Data source	Expected effect
Allocation of Structural funds (dependent variables)	Committed funds	Committed Structural funds at the beginning of the programming period relative to the GDP per capita in the region	European Commission	/
	Paid funds	Paid Structural funds relative to the GDP per capita in the region	European Commission	/
Regional offices	Budget	Budget of the regional office	Author's personal investigation	+
	Staff	Staff in the office	Author's personal investigation	+
Economic criteria	GDP per capita	Regional GDP per capita	Eurostat Regio database	-
	Unemployment	Regional unemployment rate	Eurostat Regio database	+
	Density	Population density in the region	Eurostat Regio database	-
Institutional and political factors	Corruption	Perceived control of corruption	Charron et al., 2014	-
	Self-rule	Capacity of a regional government to exercise authority over those who live in its territory	Hooghe et al., 2008	+
	Shared-rule	Capacity of a regional government to codetermine the exercise of authority for the country or the EU as a whole	Hooghe et al., 2008	+