

**INTERNATIONAL  
INSTITUTE FOR  
LABOUR STUDIES**

Discussion paper

DP/155/2004

Decent Work  
Research  
Programme

**Partnerships for development:  
Studies on Territorial  
Employment Pacts in Italy**

Ludovica Gambaro  
Simona Milio  
Marco Simoni

P.O. Box 6  
CH-1211 Geneva 22  
Tel. 00 41 22 / 799 6128  
Fax. 00 41 22 / 799 8542  
E-mail: [inst@ilo.org](mailto:inst@ilo.org)  
<http://www.ilo.org/inst>

---

The *International Institute for Labour Studies* was established in 1960 as an autonomous facility of the International Labour Organization (ILO). Its mandate is to promote policy research and public discussion on emerging issues of concern to the ILO and its constituents — government, business and labour.

The *Discussion Paper Series* presents the preliminary results of research undertaken by the IILS. The documents are intended for limited dissemination with a view to eliciting reactions and comments before they are published in their final form as special publications.

---



**Partnerships for development:  
Studies on Territorial  
Employment Pacts in Italy**

Ludovica Gambaro  
Simona Milio  
Marco Simoni

International Institute for Labour Studies Geneva



---

Copyright © International Labour Organization (International Institute for Labour Studies) 2004.

Short excerpts from this publication may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to the Editor, International Institute for Labour Studies, P.O. Box 6, CH-1211 Geneva 22 (Switzerland).

---

ISBN Print: ISBN 92-9014-745-8

Web/pdf: ISBN 92-9014-746-6

*First published 2004*

---

The responsibility for opinions expressed in this paper rests solely with its author, and its publication does not constitute an endorsement by the International Institute for Labour Studies of the opinions expressed.

Requests for this publication should be sent to: IILS Publications, International Institute for Labour Studies, P.O. Box 6, CH-1211 Geneva 22 (Switzerland).

---



# Table of contents

Preface.....	v
--------------	---

## **Scrutinizing partnership: The weight of civil society in Italian Territorial Employment Pacts**

by Simona Milio and Marco Simoni

Introduction.....	1
2. Partnership: origins and meanings .....	3
a) A concept between theory.....	3
b) ...and practice .....	5
3. The empirical analysis .....	7
a) Context and methodology .....	7
b) The case study: The political logic of inclusion .....	10
c) The case studies: The weight of civil society .....	11
4. Conclusions.....	15
References.....	17

## **Bottom-up development? The experience of the European Territorial Employment Pacts in Italy**

by Ludovica Gambaro

Introduction.....	21
2. Institutional framework.....	22
a) European context .....	22
b) The Italian context .....	23
3. The course of Territorial Employment Pacts .....	26
a) Partnership and planning.....	26
b) The planning phase .....	29
c) Implementation .....	31
4. Planning in partnership: the actors.....	31
a) Local administrations.....	32
b) Employers' organisations.....	34

c) Trade unions.....	35
d) Third sector .....	36
5. Conclusions.....	38
Appendix.....	40
References.....	41

## **Preface**

The two articles presented here complement each other in many respects. Both deal with partnerships for development, involving local governments, representatives of labour and capital, and a number of civil society organizations. Both focus on Italy, and particularly on the *Mezzogiorno* (the Southern part of the country), historically less developed than the rest of the peninsula. Within the many pacts that have flourished in Italy in the last few years, the articles focus on a particular typology, the so-called “Territorial Employment Pacts” (TEPs), which, unlike others, were selected and monitored by the European Commission, regulated by a standard set of rules, and were in general more successful than other, more autochthon experiences. Finally, both articles seek to go beyond the rhetoric on participation and understand exactly how partnerships for development work, and what kind of results one can legitimately attribute to them.

Italy’s *Mezzogiorno* is an area in which development policy has for many years followed a top-down approach. According to some observers, this particular policy-making style has had the consequence of crowding out local energies and competences, fostering a culture of dependence, and, at the end of the day, causing opposite results to its intended goals. Also, the *Mezzogiorno* is traditionally considered to lack the cultural preconditions for successful collective action, especially generalized trust. An argument can therefore be made that if partnerships work in this region, usually regarded as a not-so-hospitable environment, they are even more likely to work in other, more favourable circumstances.

The paper by Milio and Simoni focuses on two TEPs in Campania (one of Italy’s Southern regions), which appear similar to one another on various counts, except that one is characterized by extensive involvement and participation of civil society organizations and the other is not. The authors ask what determines civil society participation and what kind of impact, if any, such participation may have. Contrary to technocratic views of partnership, according to which involvement is motivated by the knowledge and problem-solving capacities that actors bring to the bargaining table, they find that the patterns of inclusion and exclusion are political: political entrepreneurs have an interest in involving certain actors and not others. They also find that civil society inclusion does not affect the efficiency of the partnerships – at least if efficiency is measured as capacity to spend the allocated funds. Both pacts appear remarkably successful in this regard. Where civil society seems to make a difference is in the type of projects that are selected and implemented. The pact in which civil society organizations were involved internalises to some extent their policy concerns. In the other pact, in which civil society associations were absent, the projects that were financed had instead a more traditional nature and content.

The article by Gambaro places Territorial Employment Pacts in the broader perspective of the evolution of Italian development policies, emphasizing the shift from top-down *Intervento Straordinario*, based on state investments in capital intensive sectors, to a more decentralized and participatory approach in which local actors are held responsible for the design and implementation of local policies. The article also outlines the broad intellectual consonance between the partnership approach and the Italian reflection on industrial districts in the Third Italy. Similar to the previous article, Gambaro’s contribution finds that civil society involvement is not an autonomous choice of local actors, but a constraint placed on them by the European Commission, which seeks to build as broad partnerships as possible in order to maximize their employment-creation potential. The article also shows that the major effect of the partnerships is not that of mobilizing the information and problem-solving capacities of civil society organizations; rather, that of promoting a reform of the public administration, which makes it more attuned to understanding, and responding to, the needs of firms in particular. Finally, similar to the previous, the article underscores the importance of political networks in shaping the contours of partnership and identifies this as a potential risk

for the future, because it makes partnerships somewhat vulnerable to electoral changes.

In seeking to understand its inner working, both articles produce an image of partnership that falls somewhat short of normative ideals. Partnerships seem a messier affair than one would be led to think after reading other, glossier accounts. Nonetheless, this new institutional form should not be underestimated. For many years, the Italian regions have been unable to spend the money that was allocated to them by the European Union. In this regard, the TEPs represent a break with the past. Also, as Gambaro writes in her concluding remarks, “the areas covered by the TEPs are plagued by huge problems: mafia, corruption, environmental degradation, insufficient water provision, lack of waste disposal facilities, to name just a few. The TEPs could not tackle all these problems ... but they did manage to achieve the more limited targets they had set for themselves. And this fact itself increased the confidence in collective action in areas in which distrust had always been the common feeling.” These are no negligible achievements in and of themselves. Perhaps more importantly, they show that institutional reforms do have effects and do change things, even when initial conditions seem especially difficult.

Lucio Baccaro  
Head of Research  
Institute

# Scrutinizing partnership

## The weight of civil society in Italian Territorial Employment Pacts

By Simona Milio and Marco Simoni<sup>1</sup>

### **Introduction**

This paper is concerned with particular practices of social dialogue at local level. In the last several years, social dialogue, or *partnership* to use EU terminology, has been one of the central pillars on which the allocation of European Structural Funds<sup>2</sup> had to be based. A typically technocratic approach, reflected in the literature devoted to this argument, intended wide social dialogue at local level as a tool to mobilize the actors' in-depth knowledge of problems and possible solutions and therefore increase the efficacy of governance at local level. Digging into the formation of partnerships, this paper emphasises a political dimension to local partnership that is generally neglected. Indeed, the empirical material presented here reveals that the formation of partnerships and, *a fortiori*, their outcomes, are highly dependent on political logic, that is, on the main outcomes the key local actors want to reach. Political dynamics among mayors, social partners, and other local personalities will ultimately shape the development programs.

The concept of partnership was officially introduced in 1988, in order to bring in a decentralized approach to the Structural Funds. In the Commission's words:

[Community operations] shall be established through close consultations between the Commission, the Member State concerned and the competent authorities designated by the latter at national, regional, local or other level, with each party acting as a partner in pursuit of a common goal. These consultations are [...] referred to as the 'partnership'. The partnership shall cover the preparation, financing, monitoring and assessment of operations." (Art.4, Regulation n.2052/88)

Therefore, from the very outset, the scope and composition of the partnership, i.e. the kind and amount of actors involved, was expected to vary. At the core of the rationale underpinning this approach to local development was the conviction that spending is more effective when it relies on consensual planning that involves local actors (Anselmo and Raimondo 2000; Barca 2001). The latter are thought to possess the knowledge required to identify the main problems and propose the most appropriate solutions. Moreover, their inclusion in the development process would mobilize energies and human resources that otherwise would remain inactive.

---

<sup>1</sup> The authors wish to thank the personnel of the "Patto dell'Agro Nocerino Sarnese" and the "Patto di Napoli Nord-Est," and especially Carolina Cascone of the Agro, for the help received during their fieldwork. Gratitude is owed to all the interviewees for their time and openness, to Piero Crivellaro, Lydia Fraile and especially to Lucio Baccaro for helpful comments on (many) earlier drafts of this paper. Responsibility for mistakes or misinterpretations remains upon the authors.

<sup>2</sup> The EU's Structural Funds are administered by the European Commission to finance Community structural aid. The aim of the Structural Funds is to reduce inequalities between regions and social groups by addressing long-term social and economic problems and by promoting regional development. They comprise the Guidance Section of the EAGGF for agriculture, the Regional Fund (ERDF) for structural aid under the regional policy, the Social Fund for social policy measures (ESF), and the Financial Instrument for Fisheries (FIG). Financial support from the Structural Funds mainly goes to the poorest regions to strengthen the Union's economic and social cohesion so that the challenges of integration can be met right across the EU (see: Bache 1998).

Not surprisingly given this logic, during the last several years the concept of partnership has evolved to include more and more collective actors belonging to different public and private sectors (Roberts 2003). This paper starts from a simple empirical observation: very different types of partnerships can lead development programs to very similar rates of efficiency. We considered ten Territorial Employment Pacts (TEPs) located in Italy, which are a good example of development programs based on partnership. When assessed on standard criteria of efficiency and effectiveness, they are all considered to be success stories (European Commission 2001: 20; Dipartimento per le Politiche di Sviluppo 2003: 4-6). National actors we interviewed, including trade unions and employers' organizations officials, expressed the same view. Yet, the partnership structures of these ten TEPs are very different, i.e. the number and types of actors vary across the different programs. In particular, the non-for-profit<sup>3</sup> sector is unequally distributed among the different partnerships, while traditional social partners constantly meet the public authorities as core parties in each pact. Community-based and voluntary associations, whether membership-based or professional NGOs, seem at first sight not to make a big difference on spending decisions.

What motivates the different composition of partnerships? When included, did the non-for-profit organizations have any impact on development programs?

This paper seeks to answer these two questions in the perspective of the established literature on partnership for development at local level. This relatively novel concept soon became the overall principle of development measures in the EU and elsewhere. As a means of mobilizing local knowledge, wide partnership is expected to improve success of the spending programs. Moreover, through a consensual approach, it is aimed at enhancing the legitimacy of the spending measures (World Bank 2004).

In Italy, area-based spending programs grounded on partnership were introduced at the beginning of the 1990s as a new means of intervention for the development of the *Mezzogiorno*, historically lagging behind the richer centre-north of the country. (CNEL 1998; CNEL 1999; Dipartimento per le Politiche di Sviluppo 2003 4-6).

Concertation<sup>7</sup> was the buzzword of policy makers in 1990s Italy (Negrelli 1997; Regini 1999; Salvati 2000; Baccaro 2002), and its extension at local level for development aims seemed logical.<sup>4</sup> *Patti Territoriali* (Territorial Pacts) and other forms of area-based intervention were therefore introduced in economically disadvantaged sub-regional areas<sup>5</sup> (Cersosimo 2000b; Di Gioacchino 2001; OECD 2001). *Patti* were local partnerships between private and public actors, based on the definition of a common project, and funded by the central government. The Territorial Employment Pacts (TEPs) were the EU-funded version of

<sup>3</sup> This paper uses the descriptor "non-for-profit" interchangeably with "civil society", "third sector", or "social pillar" to intend the wide variety of community-based or voluntary organizations spanning across different sectors (e.g. environmental, gender-oriented, caring, etc). For a discussion on the extent and meaning of "civil society" see: Baccaro (2001).

<sup>4</sup> During the 1980s and 1990s, relevant scholar attention was paid to specific local arrangements in Northern Italy that were considered crucial (local) factors of economic development. This contributed to shift the focus towards the sub-regional dimension of development also in depressed areas of *Mezzogiorno* (Beccattini 1989; Pyke, Beccattini et al. 1990; Beccattini 2000).

<sup>5</sup> Law 662/1996 institutionalised the policy tools in the framework of the so-called *Programmazione Negoziata* (Negotiated Programming). It introduced, beside the *Patto Territoriale* (Territorial Pact), other new forms of institutional agreements, such as: (1) *intesa istituzionale di programma* (institutional protocol of understanding), directed to realizing inter-governmental coordination between State, regional and provincial governments. *Intese istituzionali di programma* are called in particular to outline programmes and related objectives and joint actions, to define the listing and scheduling of operational agreements (*accordi di programma quadro*), and to set criteria for monitoring and evaluation and for periodic revisions of objectives. (2) *contratto d'area* (area-based contract), a peculiar collective agreement envisaged by 1996 national central accord in order to foster employment within Objective 1 areas.

the *Patti*, and as such followed specific procedures and timing.<sup>6</sup>

In order to address our empirical questions, we carried out a two-case study comparison. During July 2002, we conducted a total of 37 interviews with as many actors in two Italian TEPs: the Patto of the Agro Nocerino Sarnese (which did include civil society groups) and the Patto of Napoli Nord-Est (which did not).<sup>7</sup>

Based on this material, as well as on primary sources, the paper concludes by highlighting the political dimension of partnership, which is generally overlooked by the established literature. The latter identifies knowledge as the key contribution that local actors can deliver to a development program. This is confirmed by our field research. However, the actors that will participate to the partnership are identified in the initial phase, during which the working party is established.

The making up of the partnership is a process dominated by politics. The strongest actors, in terms of power and influence, will put forward their priorities, and will seek to meet their own interests. Civil society organizations are generally small and fragmented. Unless the leadership emerging among the convened actors exerts enough pressure on the strongest stakeholders, namely the mayors and the social partners, the smaller bodies will be excluded from the partnership.

When included, civil society groups prove able to influence the development plan throughout, with a remarkable impact on the final outcomes. More precisely, the size and inclusiveness of the partnership did not influence the success or failure of the program based on standard efficiency criteria such as the quantity and rapidity of expenditure (Dipartimento per le Politiche di Sviluppo 2003: 5-6). Instead, it strongly influenced the *quality* of the program, i.e. the kind and types of actions pursued.

The rest of the paper proceeds as follows. The next section briefly recalls the historic evolution of the concept of partnership, and its importance for developing policies at EU and Italian level. It highlights the function that a wider partnership is expected to fulfil. Section three gives account of the empirical research. It describes the methodology and then carries out the two-case study comparison: (a) by highlighting the political dynamics that were at the base of the composition of the two partnerships; and (b) by analysing the impact that civil society organizations were able to exert on the planning and the expenditure when included in the partnership. Section five concludes.

## **2. Partnership: origins and meanings**

### **a) A concept between theory...**

The concept of partnership is broad and inclusive. As such, it can be defined in general terms as an arrangement whereby two or more parties cooperate and work together. In a more specific fashion, the aim of the partnership can be to co-ordinate the use of partners' resources more economically, efficiently and effectively. In this context, partners have a shared aim or set of objectives, and develop a commitment to an agenda for joint or co-ordinated action. Ideally, partnerships should achieve synergy by pooling resources, avoiding duplication and achieving more together than each partner could achieve alone (Tavinstock Institute 2003).

M. Mackintosh (1992: 210-224) has described partnership as "one of the code words of our times in the field of public policy generally, and local economic development in particular." However, in spite of this popularity, other authors have noted that the "concept is ambiguous" (Parkinson 1996: 28). Indeed, Parkinson observed that some regard the idea as a uniquely valuable way of addressing the changing world that local institutions face, while others see it as a way of "distracting attention from the economic, legal, institutional and

---

<sup>6</sup> See also Cersosimo 2000a, and OECD 2001: 218.

<sup>7</sup> 29 out of 37 actors belonged to the Agro pact, while 11 to the Napoli pact (three of them participated to both). A complete list of the interviews is available from the authors upon request.

financial constraints that local authorities face.” (Parkinson 1996: 28).

In spite of these apparently contrasting views, a number of shared concepts and ideas are found throughout the literature, and the different development practices. Roberts (2003: 21) summarised them effectively underlying that “the concept of partnership includes the promotion of joint working between a combination of organisations from different backgrounds; the pursuit of a set of commonly held and agreed goals; and the assumption that the achievements of the whole exercise will be greater than that which can be achieved by the partners acting separately.” In other words, the different belonging of the actors, their negotiated common goals, and the value-added derived from their cooperation are the core elements of a proper partnership.

Roberts and Lloyd (1998) concluded that the partnership model is now accepted as the preferred method of regional and local development, and it has been applied in a variety of circumstances in order to stimulate resource pooling, joint working, policy development and the integrated implementation of agreed priorities at regional level.

Against the background of a widespread positive opinion on it, partnership has been one of the key principles underlying the management of the European Structural Funds since the 1988 reform. As such, it has taken on different meanings over time.

At the beginning, it referred to the inclusion of regional and local authorities (1989-93); in a second phase, the social partners were included (1994-99). In the most recent planning period (2000-06), the inclusion of representatives from “various groups” (Roberts 2003: 28) was advocated.

The broadening social composition of the partnerships finds strong support in the work of Pickvance (1985), Cooke (1988: 191-199), and Harvey (1989). These authors point to the importance of ensuring the inclusion of the widest possible range of actors in order to match the scope of the problems encountered and the tasks involved. At present times, the principle of partnership is considered the key factor able to promote development at each level: local, regional, national and European. It is widely believed that growth and development can be better reached through a process of cooperation between the public and private sectors, rather than concentrating decision-making power only into some actors.<sup>8</sup>

With regards to Italy, the principle of local partnership was introduced at the beginning of the 1990s. On one hand, this was the extension at local level of the ‘concerted’ approach to policy making which dominated Italian public life since 1992. (CNEL 1996a; Carrieri 2001). On the other hand, it was the main feature of a new development strategy called *Programmazione Negoziata* (PN, Negotiated Programming or Planning in Partnership). This reversed the traditional top-down approach, which used to treat the whole of *Mezzogiorno* as a territory sharing the same economic and cultural difficulties. Instead the PN, through the concept of partnership, attempted to focus on each specific area, aiming to capture its hidden needs and potentialities<sup>9</sup> (CNEL 1999; Cersosimo 2000b; OECD 2001: 213-250).

Among the concrete deployments of the PN, the *Patti Territoriali* (Territorial Pacts) were local partnerships between private and public actors based on the definition of common projects and financed by the central government. They were considered effective instruments

---

<sup>8</sup> Further confirmation of the relevance of partnership for the European strategy can be found in the words spoken by Michel Barnier, European Commissioner for regional policy during his presentation of the Third Report on Economic and Social Cohesion: “The Union faces many socio-economic challenges in this period and to achieve these objectives we need to involve all of the regions and people in generating wealth” (as reported from the press “*Speech given by Michel Barnier to the European Parliament's enlarged.*” Conference of Presidents - European Parliament - Brussels, 18 February 2004).

<sup>9</sup> Before the PN, the ‘old’ model, *Intervento straordinario* (Special Intervention), lasted from the 1960s into the 1990s. It had attempted to base development on public investments on infrastructures, which was totally managed from the centre, as well as on big industry “exported” to disadvantaged territories. The PN, which is now mainstreamed in the political and economic discourse, aims to spread a culture of local entrepreneurship, and of individual and institutional responsibility (OECD 2001: 213-214).

to foster private investment and local relations (CNEL 1998: 13-16; Cersosimo 2000a: 227-235; Di Gioacchino 2001: 153-167). *Patti* were, moreover, aimed at enabling the rise of forms of self-organization and cooperation (OECD 2001: 219).

### **b) ... and practice**

Both the Italian sources on the PN and the European Commission sources on the Territorial Employment Pacts (European Commission 2001: 3) distinguish between *institutional* and *social* partnership. The first one encompasses public authorities; the latter includes intermediate organizations of the economy and the society. More specifically, a proper *institutional partnership* must be two-fold: not only between different levels of government (central, regional and local government), but also across the same government level (among regions or municipalities). *Social partnership* refers, in turn, to the inclusive involvement of the different socio-economic actors, namely business organizations, trade unions, and NGOs.

Many authors have suggested that partnership, both institutional and social, is deemed necessary in order to allow the transfer of knowledge required for enacting any development plan. Anselmo (2000: 3) has argued:

[A]ny economic strategy contains a high knowledge content. Knowledge needed to implement the strategy is often tacit and is spread at different government levels and among private actors. Unlike responsibilities, it cannot be easily transferred from one level to the other via formal protocols. This asks for informal interactions among actors to be developed and encouraged.

According to this vision, the partnership should enact a strong process of *knowledge-sharing* in order to enable the programme to function and to reach the goals as stated.

In a similar fashion, institutional and social partnerships contribute to increase the quantity of information available for the managing of the interventions. As a consequence of receiving the adequate information, the administration can respond coherently to the needs of the final beneficiaries. Many studies have supported the relevant role of partnership, among others, the Tavistock Institute report (1998-1999), confirms that when partnership is wide and is integrated with the programming system, the programs have a greater level of success.

Peter Roberts (2003) analyses the growth in importance of the partnership over the different periods of Structural Fund planning and observes that the efficient implementation of this principle has contributed to the improvement of the quality and the efficacy of the funds expenditure.

It must be noted, however, the persistence of different types of partnerships, which, while apparently all directed to foster development, leave room for a variety of final outcomes. Thus, there is no universal model of partnership. A very well known form of partnership is the Public-Private Partnerships (PPP). PPPs have received a boost since the 1990s in various European countries undergoing process of significant economic growth. At the core of PPP resides the collaboration between private and public actors over implementation of single economic projects. PPPs arrangements were driven by limitations in public funds to cover investment needs, but also by efforts to increase the quality and efficiency of public services. More than providing additional capital and alternative management and implementation skills, PPPs appeared able to deliver increased value-added to consumers after a better identification of consumer needs<sup>10</sup> (European Commission 2003: 4).

---

<sup>10</sup> While PPPs can present a number of advantages, it must be remembered that these schemes are also complex to design, implement and manage. The same European Commission source (2003: 4) adds that they are, by no means, the only or preferred option and should only be considered when it can be demonstrated that they will achieve additional value compared with other approaches, if there is an effective implementation structure, and the objectives of all parties can be met within the partnership.

From the perspective of development aimed at raising standards of living in a broader sense, partnerships between governments, social partners, and civil society organizations are at present considered as one of the most effective tools.

Collaboration of social partners in policy making is not a new feature in European countries. Particularly in Northern European countries, tripartite social partnership at national and local level has long constituted a distinctive form of governance entailing specific economic (distributive) and social consequences (Esping-Andersen 1990). Thus, it is no surprise that trade unions and employer organizations are considered the primary actors in local partnerships for development.

More of a novelty is the sought inclusion of civil society organizations, which are not (or not necessarily) institutions of the political economy (Baccaro 2001: 2-3).

In fact, according to a recent initiative that is being carried out by the World Bank (World Bank 2004), civil society organizations (CSOs) play a critical role in helping to amplify the voices of the citizens in the decisions that affect their lives. Taking account of civil society organizations in the planning and implementing of a spending program should aim at meeting non-economic goals. According to the World Bank three aims are particularly relevant. (1) Dialogue with CSOs promotes inclusive societies, which give all citizens improved access to opportunities. This will encourage all individuals and groups to participate in development activities. This, in turn, leads to (2) cohesive societies, where people work together to address common needs, overcome constraints, and consider diverse interests. They resolve differences in a civil, non-confrontational way that promotes peace and security. Finally, shared decisions improve the (3) accountability of institutions, endowed with increased transparency. They will take responsibility for their actions, and respond to people's needs in a more effective, efficient, and fair way (World Bank 2004).

Although the literature recommends wide institutional and social partnership in order to improve the governance of a given area, this is not always easy to achieve. Indeed some factors might impede the implementation or functioning of an adequate partnership. Some experts identify two main problems that might arise. First, it might be the case that the socio-economic actors do not participate in the consultation phase. In this case there is no exchange of information, and the decision-makers do not have adequate knowledge of the process. Alternatively, the actors might not have an appropriate number of skilled staff able to influence the decision-making process. In this case, the nature of the partners influences (negatively) the features of the partnership.<sup>11</sup> Second, there might be the case that the central and local administrations limit the consultation of the socio-economic actors to the minimum required. Indeed, the partnership will be undermined if the institutional partnership considers that the social component is not important for local economic development. Similar behaviours can be determined by local elites fearing losing hold of their power (see: Trigilia 1992).

This fairly complex picture on local partnership does not answer, however, the questions we raised at the beginning, i.e. what explains differences in partnership composition, with specific regard to the inclusion or exclusion of civil society organizations? When included, are the latter able to exert a measurable impact on the development programs? The next section addresses these questions directly, through a two-case study comparison.

---

<sup>11</sup> These judgments emerged through different interviews and discussions with CNEL (a tripartite consultative body) officials.

### **3. The empirical analysis**

#### **a) Context and methodology**

There are several good reasons for which we took the Italian TEPs as our universe for the study of the politics and effects of social dialogue at local level. As we had remarked above, in 1998, when they got approval from the European Commission, they were not totally new devices. Indeed, Territorial Pacts (TPs) had already been launched in 1994. In the intention of the legislator, the TP would represent the highest expression of social partnership as

“[A]greement between institutions (local authorities and other local public bodies, local representatives of employers and employees, private organisations [...]) in order to implement an integrated action programme within the sectors of industry, agribusiness, services and tourism, as well as in infrastructure. The TPs must pursue objectives regarding the promotion of local development, on a sub regional scale and compatible with the principles of sustainable development” (CIPE deliberation of 21 March 1997).

At the core of the TPs would be an institutional partnership among mayors of bordering towns, who sought to gather around a social partnership made by unions, employers, private and public organizations, and non-for-profit associations. The spending measures would depend on a development program drafted by the local partnership, i.e. the assembly of the convened actors. The spending would then be managed by an ad hoc semi-public limited corporation (CNEL 1996b: 22-27; Cersosimo 2000a: 212-219; Di Gioacchino 2001).

In late 1990s Italy, 61 different pacts had been funded (Cersosimo 2000a: 213), among which ten EU-funded Territorial Employment Pacts (TEPs). Hence, the latter are a specific sub-variety of pacts, and are the most appropriate setting for the purpose of studying the politics and effects of partnership compositions. Four reasons concur to this conclusion: (1) They have been developed under an homogeneous legal framework dictated by the European Commission and thus share the same rules, timing and procedures; the Patti, on the contrary, were subjected to complicated legal provisions that changed over time (OECD 2001: 212); (2) The TEPs guidelines advocated explicitly that the partnership composition ought to be as inclusive as possible, with particular mention of civil society organizations (European Commission 2001: 3); (3) If compared to the nationally-funded Patti, TEPs enjoyed greater autonomy in orientating the spending measures which were entirely up to the partnership decision (OECD 2001: 219); (4) They are unanimously considered as success stories.

As remarked above, the literature on partnership for development assumes that an effective and wide partnership generally enhances the chances of success of a given program. According to the standard criteria, in order to be successful a program must be effective and efficient. The effectiveness of the program is measured by answering the following questions: “To what extent have the expected objectives been achieved? Have the instruments used produced the expected effects? Could more effects be obtained by using different instruments?” Whereas the efficiency of the program is related to the cost – i.e. “have the objectives been achieved at the lowest cost? Could better effects be obtained at the same cost?” (European Commission 1999: 72).

According to the European Commission, “The Italian TEPs have been a great success in terms of both implementation and impact. [They had a] marked capacity to commit and disburse funding in a very short time.” (European Commission 2001: 20). Trade Unions officials and functionaries of employers’ organizations at national level that we interviewed shared the same opinion. They said that the overwhelming majority of the spending measures were appropriate; the timing was always respected; the planning efficient, and that the institutional and social partnership had been at the core of this success. Moreover, the same

actors and the Commission (*ibidem*) underline that the TEPs success becomes more apparent when compared with the much slower and problematic development of the nationally funded pacts.<sup>12</sup>

A different, and more precise measure of the efficiency of TEPs can be found in a study commissioned by the Italian Ministry of Economy and Finance (Dipartimento per le Politiche di Sviluppo 2003). The two basic indicators used in this study are (1) the capacity of expenditure as the ratio between disbursed and committed resources; (2) the rapidity of expenditure as a percentage of yearly disbursing since the resources were committed. The TEPs compare incredibly favourably to the nationally funded pacts in both indicators. They score 99.9 per cent in the capacity of expenditure, against 31.5 per cent of the 'Italian' pacts. Moreover, their expenditure rapidity was four times higher than their 'Italian' counterparts, i.e. 41.1 per cent against 10.4 per cent (Dipartimento per le Politiche di Sviluppo 2003: Table 3 and 4, pages 5-6).

Table 1 gives details on the partnership composition of the ten Italian TEPs. It reveals that these success stories have been built on extremely heterogeneous partnership compositions. Within each partnership, we have grouped the parties that belonged to the same sector of activity, or the same typology. Even though there is considerable variation in the quantity of actors involved in each group, only the "civil society" group is virtually absent in roughly half of the pacts. The number of civil society organisations involved ranges from 38 actors to zero. Why is so? When included, did these organizations make any difference?

The not-for-profit sector includes community-based associations, NGOs, or voluntary associations, which span through a variety of different sectors of activity. Among them one finds local chapters of national care organizations, religious associations, environmentalist groups, etc. Local associations aimed at fighting social exclusion or developing skills for unemployed people are part of the picture as well. In order to understand what motivates their inclusion (or exclusion) from this form of social dialogue at local level, we conducted two case studies in the Patto di Napoli Nord Est, and in the Patto dell'Agro Nocerino Sarnese. Another inspection of Table 1 reveals the reason behind the choice. Both pacts are in the same Italian region,<sup>13</sup> their territories have a similar size with regards to population, and their partnerships are similar except for our study variable: 38 civil society organizations were included in the Agro partnership, only one in the Napoli partnership. Therefore, they are the best setting for our research.<sup>14</sup>

---

<sup>12</sup> It must be noted that social partners participated through local representatives to both the TEPs and the nationally-funded *Patti*.

<sup>13</sup> This is Campania, one of the twenty administrative partitions of Italy. Italian *Regioni* hold considerable administrative and financial leverage.

<sup>14</sup> Clearly, we are approximating the famous "method of difference" research design introduced by John Stuart Mill (1946: book 3, chap. 8). According to this, the two cases are the ones for which the difference in the value of the study variable is the largest, while the difference in the value of other variables is the smallest.

Table 1 – Territorial employment pacts in Italy

1.a) *Descriptive Data*

<b>Pact</b>	<b>Inhabitants</b>	<b>ESF Obj</b>
Napoli Nord Est	258'000	1
Agro Nocerino Sarnese	264'000	1
Alto Belice Corleonese	120'000	1
Appennino Centrale	335'000	2
Calatino Sud Simeto	152'000	1
Catania Sud	346'000	1
Matese	110'000	1
Nord Barese Ofantino	340'000	1
Oristano	157'000	1
Sangro Aventino	132'000	1 and 2

1.b) *Partnership Composition*

<b>Pact</b>	<b>Local Govt's</b>	<b>TU Confed's</b>	<b>Employers' Org's</b>	<b>Civil Society Org's</b>	<b>Banks</b>	<b>Other</b>
Napoli Nord Est	11	4	16	1	2	10
Agro Nocerino Sarnese	13	3	19	38	9	18
Alto Belice Corleonese	21	4	10	2	-	3
Appennino Centrale	15	12	47	0	18	3
Calatino Sud Simeto	16	3	20	10	7	21
Catania Sud	3	5	20	1	3	2
Matese	66	3	17	4	3	16
Nord Barese Ofantino	14	6	18	17	14	17
Oristano	17	4	13	0	10	3
Sangro Aventino	5	4	15	4	3	13

Sources: (1a) European Commission (1997); (1b) each pact's company provided a list of partners to the authors which then grouped them by typology.

### **b) The case study: The political logic of inclusion**

Our field research revealed that the reason for the different partnership composition of the two pacts had to be found in the politics of partnership creation.

First of all, it must be stressed that the mayors of the towns involved were the focal actors of these processes. They were the most important stakeholders since the company managing the funds was to be a semi-public one. Moreover, during the mid 1990s, their role in Italian public life was greatly enhanced by new electoral rules. As a consequence, they sought to increase leverage and resources for their territories. Against the background of reduced public funds, the pacts represented one of the few opportunities they had (Cersosimo and Donzelli 2000: XXIV-XXIX).<sup>15</sup>

The scarcity of available resources rendered more difficult the task of putting together a large number of actors, for their meetings invariably resulted in negotiations aimed at securing for each one the largest share of funding. According to the great majority of the actors we interviewed, the leadership of the pacts was, in both cases the crucial factor that made possible to steer the special interests into an organic development plan. Thanks to leadership action, particular interests became part of an organic whole, instead of pulling apart the discussion table into a myriad of unrelated requests. Yet, the nature of the two partnerships was fundamentally different.

In the Agro Pact, a national deputy minister, belonging to the same territory, played the leadership role in the start-up phase. He acted as an informal political mediator but, in fact, he was able to put forward his own views on the ultimate aims of the TEP. In the Napoli pact, the leadership was instead guaranteed by a technical coordinator, i.e. a private consultant with expertise in local development.

In the first case, the political vision of the national political figure proved crucial for the inclusion of civil society groups. In the Napoli pact, on the contrary, the technical leadership could merely reflect the point of views of the main territorial stakeholders, namely the majors, with business and labour that opposed further enlargement of the partnership.

The political leader of the Agro pact exerted pressure on the strongest stakeholders, including mayors, trade unions and employer organizations, to widen as much as possible the partnership composition. In his view, which became widely shared by the partnership and the personnel of the "Patto dell'Agro ltd", social concerns were as important as economic ones in order to secure a healthy and durable development process.<sup>16</sup> In his opinion, in fact, the ultimate aim of the pact was to enhance social capital and the sense of individual responsibility, through an active involvement in the development program of all the intermediate organizations active in the area. In other words, the act of implementing spending measures based on social consensus had a wider rationale in revitalizing a social milieu distressed by decades of malpractice, criminality and lack of mutual trust. Through a wide partnership, the expenditure would have improved its legitimacy, more than just its effectiveness. It would have been a way, in his words, to promote a type of "associative democracy" where "economic, social and cultural" organizations could participate in public decisions (Sales2003:25-42).

The opinions of this political leader had a great impact on the most important stakeholders included in the partnership, namely the mayors of the largest towns, the unions and the employers. In the end, the very presence of a prominent national politician, even if only in an informal capacity, had a doubly important effect. First, his authority smoothed the bargain dynamics that are normally triggered when several actors are put before scarce resources. Second, through the display of his own credible commitment to ensure success of the partnerships, his presence reinforced the trust of the actors on the likelihood of a good

<sup>15</sup> This concept had been confirmed also by all the mayors we have interviewed.

<sup>16</sup> Interviews with CEO and other managers of the Agro pact.

result. In turn, this facilitated cooperation and mutual reliability. This second aspect was particularly important as the territory in question suffered from decades of malfeasance in public fund management.

The non-for-profit associations of the Agro were prompted by the existence of this new opportunity, and so they clustered together into an ad hoc permanent Forum. In this way, a very dispersed and fragmented reality could find an easier and more effective way of expression within partnership meetings. In turn, this enhanced the chances that the presence of civil society could matter in the different phases of the pact's life.

This series of political dynamics is not found in the Napoli pact. Indeed, here there was no political mediator holding a 'finalistic' view of the pact. The logic that dominated the pact was one of hard bargaining between 'big' stakeholders. The mayors, first of all, and the social partners in second instance, constantly bargained upon any single aspect of the plan. Compared to the Agro pact, they had a much harder time in reaching an agreement in the first place.<sup>17</sup> The technical leadership, provided by the same person that later became CEO of the "Patto di Napoli Ltd", became the crucial element able to eventually broker a development plan that could serve as the basis for discussions, and agreement. However, the main territorial stakeholders remained at the centre of the scene much more than in the Agro pact.

In their opinion, "real" development was the one linked to productive activities and the economy. They considered the pact primarily as a vehicle for economic growth, and regarded the civil society groups as useless in this regard<sup>18</sup>.

To sum up, in the Agro the political leadership of the pact pushed forcefully and successfully towards an enlargement of the partnership with the aim of increasing its legitimacy and broadening its scope to 'social' objectives. The intra-partnership dynamics were smoothed by the intervention of a prominent political leader and, therefore, the participation of smaller groups in civil society became easier. In the Napoli pact, the focus on economic growth and a 'technocratic' approach focused on economic development, left no space for the inclusion of civil society. In the absence of a prominent political leader, the conciliation of different interests proved very hard, so that intervention of smaller bodies was not feasible. Moreover, the pact stakeholders were sceptical with regards to the contribution that these could have provided.

Did this heterogeneity in the partnership composition make any difference in the overall results of the pacts?

### **c) The case studies: The weight of civil society**

The weight of civil society in the Agro pact, as compared to its absence in the Napoli pact, can be assessed in the different phases of the life of the two pacts. These phases were the same, and are traceable through official documents. Once a preliminary plan was approved by the EC, the latter would provide technical assistance to the partnership in order to draft a fully-fledged Action Plan. Once the latter was then approved again in Brussels, funds were allocated. All the phases since the first approval were managed by a semi-public limited corporation, usually called "Patto Ltd", the board of which was made by the members of the partnership.

Therefore, in order to assess the impact that the civil society organizations had (or not) on the development plan we referred to two official documents: the Action Plan and the Final budget. Both of them had to be drafted following EC indications, therefore they are totally comparable across different pacts.

The development plan had to follow a detailed analysis of the territory and its needs.

---

<sup>17</sup> This judgment comes from our own comparison between the two stories, and from the opinion of the few actors that were involved in both pacts.

<sup>18</sup> In this respect, a dissonant opinion was given to us by the CEO of the "Patto di Napoli Ltd" which considered the exclusion of the social pillar from the partnership as an unwanted necessity.

Accordingly, it had to be sub-divided into different Measures indicating the broad spending areas. These would have been then detailed into a number of Actions. The final budget would then report ex post the amount of funding actually allocated to the single Actions and Measures.

From the four documents (i.e. Action Plans and budget sheets of the two pacts), we selected all the Actions (i.e. the single spending measures) that were related to non-for-profit organizations in the broadest possible way.

Consequently, we selected Actions that would fall in one of the following three cases. (1) Actions that implied direct funding of civil society organizations. A clear example is Action 4 developed under Measure 2 referring to the area “Culture and Environment” of the Agro Pact. This action funded 10 projects aimed at “improving the level of awareness” of the population on environmental issues (Patto dell'Agro 2001: 78). The territory of the Agro is in fact extremely polluted due to effects of intensive industrial activities grown up in a regulatory vacuum. These projects were carried out by non-for-profit environmentalist associations, which benefited directly by the allocated spending. (2) Actions aimed to enhance the non-for-profit sector as such. Clear example of the kind is Action 4 under Measure 5 of the Agro, i.e. “Active Labour Market Policy”. Through this action, 14 training courses were financed in order to increase the number of specialized personnel for the non-for-profit service sector, i.e. proximity caring services (Patto dell'Agro 2001: 92). (3) Actions that would have resulted in indirect advantage for civil society organizations. Best example is again found in the Agro’s pact. Action 3 under Measure 1 (“Cities”) included the refurbishing of a number of run-down public buildings in as many town centres. These premises had to be rendered available to the public, and many of them were given for use to non-for-profit organizations at particularly low rents (Patto dell'Agro 2001: 72).

Having examined the four documents through these lenses, the results leave few doubts with regards to the weight that civil society organizations have been able to exert when involved in social dialogue.

Table 2 compares the two Action Plans showing the share of Actions in each pact that was related to civil society organizations, along the lines just explained. The difference between the two pacts is remarkable. As much as 40 percent of total Actions envisaged by the Agro pact was related to non-for-profit organizations, whereas only 23.5 percent in the Napoli pact. Moreover, when it comes to actual expenditure the difference gets even bigger.

Table 2 - Comparing the Action Plans of the Agro and Napoli pacts

Pact	Total Number of Actions	Actions Related to Non-for-profit Organizations*	
		Total	As a % of total actions
Agro Nocerino Sarnese	25	10	40%
Napoli Nord Est	17	4	23.5%

\*See text for definitions

Source: Ministero del Tesoro (1998)

As appears in Table 3 and 4, in both pacts the greatest share of expenditure was devoted to productive measures, such as incentives and co-financing measures for private enterprises in the industrial or service sectors (i.e. measures 1 and 3 for the Napoli and Agro pact respectively). However, it is easy to note, comparing Table 5 and 6, that the Agro Pact spent almost five times as much than the Napoli one in Actions related to non-for-profit

organizations. In total, almost 15 per cent of total expenditure was related to civil society organizations in the Agro Pact, while only 3.7 per cent in the Napoli one.<sup>19</sup>

Against this background, it is possible to conclude that the civil society groups in the Agro pact were able to exert a considerable influence on the development plan. This influence is particularly apparent when the pact is compared to the Napoli one, where civil society was virtually absent.

First of all, as emerges from the comparison of the two Action Plans, civil society organizations contributed to the drafting of the development project. Further evidence of this comes from the additional protocols that accompanied the Action Plans. In fact, each partnership had the option of adding protocols to the plan on particular areas of their concern. In the Agro pact, two out of the five additional protocols were drafted by the non-for-profit members of the partnership: the environmental protocol and the social protocol. Needless to say, none of the six additional protocols of the Napoli pact was written by or contained any reference to civil society. The Agro's social protocol formed at a later stage the basis for a new project on public care services for the Agro area. Non-for-profit groups specialized in health and caring assistance managed the project, which enjoyed further public funding, and benefited by low-rent premises just refurbished by the pact itself.<sup>20</sup>

In other words, after the planning phase, civil society groups were able to continue to exert their influence. This is apparent both through the figures relative to the actual spending of the Agro pact, and through the follow up we had just mentioned.

Table 3 – Total expenditure of the Napoli pact

Measure	Million euros	%
1. Entrepreneurship promotion	17.6	54%
2. Agriculture	3	9%
3. Territory renovating	7.7	24%
4. Labour policies	3.2	10%
5. Quality of life	0.9	3%
<b>Total</b>	<b>32.4</b>	<b>100%</b>

Source: Final budget as provided by the pact to the authors.

N.B. The figures include only the EU funds. If including other public and private co-financing the overall total would almost treble (source: interviews with local actors)

<sup>19</sup> Data provided here come from documents in electronic format that were provided to the authors by the two pacts. They include only the funding coming from the EC and the Italian state, therefore they are net of co-financing from other private and public bodies. The expenditure for staff and management is excluded as well (electronic documents can be consulted upon request).

<sup>20</sup> Interview with Caritas directors of the Agro area.

Table 4 – Total expenditure of the Agro pact

Measure	Million euros	%
1. Cities	6.6	19%
2. Culture and environment	3.2	9%
3. Productive sector and employment	15.3	43%
4. Research	0.3	1%
5. Active labour policies	5.5	15%
6. Agriculture	4.7	13%
<b>Total</b>	<b>35.6</b>	<b>100%</b>

Source: Final budget as provided by the pact to the authors.  
N.B. As Table 3.

Table 5 –Expenditure of the Napoli Pact related to non-for-profit organizations\*

Measures	Million euros	% Of total exp.)
1. Entrepreneurship promotion	-	-
2. Agriculture	-	-
3. Territory renovating	-	-
4. Labour policies	0.9	28.1%
5. Quality of life	0.3	33.3%
<b>Total</b>	<b>1.2</b>	<b>3.7%</b>

Source: Final budget as provided by the Pact to the authors.  
N.B. As Table 3. \*See text for definitions.

Table 6 – Expenditure of the Napoli Pact related to non-for-profit organizations\*

Measures	Million euros	% (Of total exp.)
1. Cities	2.4	36.4%
2. Culture and environment	0.4	12.5%
3. Productive sector and employment	0.5	3.3%
4. Research	-	-
5. Active labour policies	2	36.4%
6. Agriculture	-	-
<b>Total</b>	<b>5.3</b>	<b>14.9%</b>

Source: Final budget as provided by the pact to the authors.  
N.B. As Table 3. \*See text for definitions.

## 4. Conclusions

Based on field research and primary sources, this paper sought to answer two questions: under which conditions are civil society (non-for-profit) organizations involved in local partnership? When involved, are they able to exert a measurable impact, or make a remarkable difference?

From a more general standpoint, these questions reflected a wider problem concerning the interpretation of the role of partnership in contemporary development programs devised at European and national level. The results confirm the main insights of the literature while suggesting that greater attention should be focused on the political dynamics that, perhaps not surprisingly, are at the basis of the partnership formation.

First of all, as observed in section 2, the literature and the multilateral institutions, that are advocating partnership as a development method, put particular emphasis on the function of knowledge-sharing that should be fulfilled through the interaction among the different actors. The importance of this aspect is confirmed by our study in two different ways. First, in the Agro pact, the inclusion of non-for-profit organizations impinged directly on the drafting of the development plan. Moreover, the care associations and the environmental ones wrote two additional protocols to the plan that contributed (1) to develop specific actions (2) to inform the whole project with 'social' contents. Second, the contribution in terms of knowledge that the actors are expected to give is confirmed in a negative fashion by interviews in the Napoli pact. When asked on the non-inclusion of civil society groups, the most important actors including trade unions and employers organizations would explain that the 'social' knowledge embedded in the non-for-profit sector was useless when it comes to plans for economic development.

Therefore the first conclusion from our study is that in spite of the highly technical approach to these local development programs, which have to follow clear-cut guidelines from the European Commission, the making-up of a partnership is an eminently political process and that the inclusion/exclusion of certain actors follows a political, not technical, logic.

In both our case studies, the size and scope of the partnership emerged as conditional upon the aims that the key actors wanted to reach through the development program itself. In the Agro, the central figure was a third player that concentrated the political leadership and steered the plan towards the direction he considered the best, which included a relevant role for civil society groups. In the Napoli pact, no clear political leadership emerged, and the technical leadership was forced to second the preference of the strongest actors, who wanted to focus on sheer economic growth while keeping 'social' concerns on the side.

The importance of the political dimension to local partnership needs to be emphasized. Indeed, the objectives that are to be met through the inclusion of civil society groups belong more to the realm of democracy and politics, than to economic accountancy. The objectives stated by the World Bank (2004), i.e. increased legitimacy of the expenditure, a more inclusive society, or even the increase of social capital, need political will to be pursued.

In the absence of such will, as enacted by a clear leadership, a different logic grounded on bargaining will prevail: the strongest stakeholders within the area will negotiate to allocate resources among themselves, as such they will be interested in reducing rather than enlarging the circle of the partnership. To state our argument in different and clearer terms, we are not arguing that a political will cannot be enacted by a collective leadership. We argue (a) that a political will in favor of civil society inclusion is needed in order to actually have these groups included in the partnership, and (b) that such will has to be expressed and enacted by a leadership (whatever form this might take).

Along these lines, it is interesting to remark that our case studies suggest that power-preserving attitudes of the type feared by some literature as possible sources of impediment for a working partnership (Trigilia 1992), are not just a prerogative of public officials, but can also be found among traditional social partners.

The first conclusion, which emphasises the role of political dynamics in the formation of partnerships, is closely tied to our second conclusion on the influence that civil society groups are able to exert. We underscored earlier that all the EU-funded Italian Territorial Employment Pacts – including the Napoli and the Agro ones – have had similarly high rates of success in terms of the ratio between disbursed and committed resources, and in terms of velocity in their disbursing (European Commission 2001; Dipartimento per le Politiche di Sviluppo 2003). Hence, the scope of the partnership cannot be held accountable for the efficiency of the development plan: indeed, the Napoli and the Agro pact involved different types of partnership.

However, the composition of the partnership strongly influenced the quality of the expenditure, i.e. the types of actions implemented. Where non-for-profit were directly involved, they moved a considerable amount of resources towards towards ‘social’ aims. Their sectors of activity, including the environment, social care, and other non-for-profit ones, were able to gain prominence, and funds.

This difference in the quality of expenditure between the two pacts reinforces the first conclusion on the importance of political elements with regards to partnership. In fact, the decisions upon the composition of the partnership may de fact turn out to be decisions on the types of actions that will be implemented: the political dynamics that develop at the beginning of the program are going to influence its whole development.

Against this background, the technocratic, neutral approach so much en vogue when it comes to partnership for local development appears to poorly match the way in which these institutions actually work, at least in our two case studies. Their rate of inclusiveness or exclusiveness (and, ultimately, their portfolios of public policy projects) appears to crucially depend on political dynamics and on the role of local ‘political entrepreneurs’.

Future research should perhaps pay more attention to the political nature of the partnership process, and spell out some criteria, both normative and efficiency-based, to evaluate it. If this is not done, the shiny ‘technocratic’ coat that these partnership-based programs often wear could end up legitimizing a less than transparent policy process.

## References

- Anselmo, I. and L. Raimondo (2000). The objective 1 Italian performance reserve: a tool to enhance the effectiveness of programmes and the quality of evaluation, Unità di Valutazione degli Investimenti Pubblici - Ministero del Tesoro.
- Baccaro, L. (2001). Civil Society, NGOs, and Decent Work Policies: Sorting out the Issues. Discussion Papers. International Institute for Labour Studies. Geneva, International Labour Organization.
- Baccaro, L. (2002). "Negotiating the Italian pension reform with the unions: lessons for corporatist theory." Industrial and labor relations review 55(3): 413-431.
- Bache, I. (1998). The Politics of European Union Regional Policy. Sheffield, Sheffield Academic Press.
- Barca, F. (2001). "Il ruolo del Dipartimento per le politiche di sviluppo e di coesione." Le Istituzioni del federalismo XXII(2): 419-445.
- Beccattini, G., Ed. (1989). Modelli locali di sviluppo. Bologna, Il Mulino.
- Beccattini, G. (2000). Dal distretto industriale allo sviluppo locale. Torino, Bollati Boringhieri.
- Carrieri, M. (2001). Agire per accordi. La concertazione nazionale e locale. Roma, Ediesse.
- Cersosimo, D. (2000a). I patti territoriali. Mezzo Giorno. D. Cersosimo and C. Donzelli. Roma, Donzelli.
- Cersosimo, D., Ed. (2000b). Il territorio come risorsa. Programmazione, concertazione e sviluppo regionale nel Mezzogiorno. Roma, Donzelli.
- Cersosimo, D. and C. Donzelli (2000). Introduzione. Mezzo Giorno. D. Cersosimo and C. Donzelli. Roma, Donzelli.
- CNEL (1996a). Partecipazione e Concertazione nei Processi Decisionali-Attuativi. Roma, CNEL.
- CNEL (1996b). Un futuro per il Mezzogiorno. Roma, CNEL.
- CNEL (1998). I patti territoriali e lo sviluppo locale. Roma, CNEL.
- CNEL (1999). Rapporto sulla concertazione locale. Roma, CNEL.
- Cooke, P. (1988). "Municipal enterprise, growth coalitions and social justice." Local economy 3.
- Di Gioacchino, R. (2001). Patti a rapporto. Indagine sui patti territoriali. Roma, Ediesse.
- Dipartimento per le Politiche di Sviluppo (2003). La lezione dei Patti Territoriali. Roma, Ministero dell'Economia e delle Finanze,.

- Esping-Andersen, G. (1990). The three worlds of welfare capitalism. Cambridge, Polity.
- European Commission (1997). Communication on the Interim Progress Report on the Implementation of Territorial Pacts for Employment. Brussels, European Commission.
- European Commission (1999). Evaluation design and management. MEANS Collection. Luxembourg, Office for Official Publication of the European Communities.
- European Commission (2001). Territorial Employment Pacts. [http://europa.eu.int/comm/regional\\_policy/innovation/innovating/pacts/pdf/sum\\_en.pdf](http://europa.eu.int/comm/regional_policy/innovation/innovating/pacts/pdf/sum_en.pdf), Last access September 2004, European Commission.
- European Commission (2003). Guidelines for successful Public-Private Partnership. [http://europa.eu.int/comm/regional\\_policy/sources/docgener/guides/PPPguide.htm](http://europa.eu.int/comm/regional_policy/sources/docgener/guides/PPPguide.htm).
- Harvey, D. (1989). From managerialism to entrepreneurialism: the transformation of urban governance in late capitalism. Geografiska Annaler.
- Mackintosh, M. (1992). "Partnership: issues of policy and negotiation." Local Economy 7: 210-224.
- Ministero del Tesoro (1998). Programma Operativo Multiregionale "Sviluppo Locale - Patti Territoriali per l'Occupazione" Ob1 Italia, Ministero del Tesoro, Bilancio e della Programmazione Economica.
- Negrelli, S. (1997). Social pacts and flexibility: towards a new balance between macro and micro industrial relations: the Italian experience. Social Pacts in Europe. G. Fajertag and P. Pochet. Bruxelles, ETUI.
- OECD (2001). Local Partnerships for Better Governance. Paris, OECD.
- Parkinson, M. (1996). Strategic Approaches for Area Regeneration. Liverpool, European Institute for Urban Affairs, John Moores University.
- Patto dell'Agro (2001). Rapporto Finale.
- Pickvance, C. (1985). Spatial Policy as Territorial Politics, Political Action and Social Identity. G. Rees. Houndmills., Macmillan.
- Pyke, F., G. Beccattini, et al., Eds. (1990). Industrial Districts and Inter-Firm Co-operation in Italy. Geneva, International Institute for Labour Studies.
- Regini, M. (1999). "L'Europa tra de-regolazione e patti sociali." Stato e Mercato(55): 3-38.
- Roberts, P. (2003). "Partnership, programmes and the promotion of regional development: an evaluation of the operation of Structural Funds regional programmes." Progress in planning 59.
- Roberts, P. and G. Lloyd (1998). Developing Regional Potential. British Urban Regeneration Association, London.
- Sales, I. (2003). Riformisti senz'anima, l'ancora del mediterraneo.

- Salvati, M. (2000). "Breve storia della concertazione all'Italiana." Stato e Mercato(60): 447-476.
- Stuart Mill, J. (1946). A System of Logic. New York, Harper & Brothers.
- Tavinstock Institute (2003). The evaluation of socio-economic development: the Guide. London.
- Triglia, C. (1992). Sviluppo senza autonomia: effetti perversi delle politiche nel Mezzogiorno. Bologna, Società editrice il Mulino.
- World Bank (2004). Action 2015. Accountability, Cohesion, Transparency, Inclusion, and Opportunity – Now: An agenda of social progress.  
[www.worldbank.org/socialdevelopment](http://www.worldbank.org/socialdevelopment) last access October 2004



## **Bottom-up development? The experience of the European Territorial Employment Pacts in Italy**

By Ludovica Gambaro<sup>1</sup>

### ***Introduction***

In a context of widespread restructuring of public policies in different sectors, there is renewed interest in the local dimension of development. It is important to underline at the outset that this new dimension has gained ground in the past few years not so much as the result of new theoretical developments, but as a response to the recent crisis of traditional deficit spending policies. In European countries, local development policies have mostly taken a “concertative” approach.

The so-called “Territorial Pacts” (TPs) are built against this background, as a part of a wide range of local initiatives with an emphasis on planning-in-partnership and co-operation in territorial governance. The central idea is to bring together different actors: parts of the public sector as well as the business sector, trade unions and the community and voluntary sector. Such partnerships aim at setting up a common development project, which takes into account the many different factors at stake, and which seeks to ensure coherence and effectiveness by taking advantage of the limited geographical scale.

A complete assessment of the TP experience is beyond the scope of this paper. Instead, the paper focuses on a particular group: the Italian Territorial Employment Pacts (TEPs), which have benefited from the technical assistance and direct financial support of the European Commission. This group consists of 10 pacts located in the Italian Mezzogiorno (the Southern part of the country). These were originally conceived as an Italian project and were later selected by the European Commission as part of a pilot project of 89 territorial employment pacts all over Europe.<sup>2</sup>

Focusing on this small group is justified on two counts. First of all, processes of participation and co-ordination are particularly innovative in a context such as the Mezzogiorno, which for 40 years has been characterized by the opposite experience of top-down, subsidising policies (Trigilia, 1992). At this point in time, the entire economic development policy for the South is based on the participatory approach.

Second, the TEPs are widely considered to be among the most effective in the Italian context (see, for example, Cersosimo and Wolleb, 2001: 399). Their good performance relies on two distinctive features related to both funding and rules. While in the case of the Italian pacts each project included in the pacts had to go through an individual bidding procedure to access money, financial resources for the TEPs were set aside in bulk, thus each TEP only had to follow the set procedural rules to be entitled to receive its funds (Cersosimo, 2000: 213). Moreover, the EU Commission provided technical support and resources to make procedural rules as clear and easy to follow as possible for all the TEPs.

The paper reviews the evolving structure of the TEPs from their emergence to their aftermath. The focus is on the shift from previous economic policy strategies to new strategies focused on participatory development, among which the TEPs are one of the most successful examples. Thus it examines on one hand the permanent changes introduced by the TEPs, and their continuity with the past on the other. Special attention is devoted to three points: 1) the

---

<sup>1</sup> I am very grateful to Lucio Baccaro for his insightful advice and patient help. The kind collaboration of all the interviewees is also gratefully acknowledged. I wish to thank Lydia Fraile for useful suggestions on an earlier draft. Remaining errors and omissions are all mine.

<sup>2</sup> See Table 1 in the appendix for a list of pacts.

main features of the cooperative networks; 2) the results attained through what promises to be a more pragmatic problem-solving approach; 3) the institutional arrangements arising from these experiences as well as their durability.

The structure of the paper is as follows: The paper begins by providing a brief account of the institutional context in which both the Italian and European territorial pacts are embedded. This institutional and historical premise is then followed by a more in-depth description of the TEPs. This section examines common features and key moments in the wide range of TEPs' experiences. The third section is devoted to the role played by each of the four main actors in the pacts (the public administration, the employer associations, the trade unions, and civil society). This third section provides an analysis of the TEPs' main substantive and procedural innovations, thus examining the impact of this new governance method for public policy. The last section concludes.

## **2. Institutional framework**

### **a) European context**

After the European Council's endorsement of the Commission's White Paper on Growth, Competitiveness and Employment in 1993 (EC, 1993), economic policies in the EU have shifted from a pure macroeconomic approach to a more micro-oriented approach targeted to labour market reforms.

Since then, this approach has been extended in different directions, not always in a co-ordinated manner. One goal has been to strengthen the supply-side factors that are potentially capable to boost employment. In parallel with this strategy, the Commission has promoted a survey on local development and employment initiatives. The survey states that "local initiatives are the best way of creating jobs [...], since they are better able to take account of the diversity of cultures and forms of socio-economic organisation." (EC, 1995:2) With a view to exploiting new sources of employment, the Commission pinpointed 17 fields, which could combine job creation with unmet societal needs.<sup>3</sup> All these initiatives were brought together under the "Confidence Pact for Employment." This document set, for the first time, a complete framework to support and encourage local development and employment initiatives. TEPs were chosen as a powerful tool to strengthen the efficacy of Structural Funds in the fight against unemployment. During the Florence Council in June 1996, the governments of the member states decided to endorse the Commission's position to increase the Structural Funds' focus on job creation and to select regions and cities that were eligible to subscribe the TEPs. The financing was drawn from available Structural Funds resources.

The criteria for pact selection were three:

- a) a bottom-up approach: initiatives had to spring from the local level;
- b) a large partnership, including members of the local administration, employers' organisations and trade unions, as well as all the civil-society organizations which could play a significant role in generating employment;
- c) an integrated and innovative strategy, based on a detailed analysis of the local situation (EC, 1998).

The Amsterdam Council of June 1997 launched the first action plans for 89 TEPs selected by the Commission. These pacts received technical assistance by the Commission, including ECU 200,000 for each pact to help them in the preparatory work. This experiment

---

<sup>3</sup> The fields are: home help services, child care, new information and communication technologies, assistance to young people facing difficulties, better housing, security, local public transport services, revitalization of urban public areas, local shops, tourism, audiovisual services, the cultural heritage, local cultural development, waste management, water services, protection and conservation of natural areas and the control of pollution, with the necessary infrastructure (EC, 1994).

represented a new approach aimed at promoting a deeper local involvement based on shared development and employment objectives, rather than at promoting specific individual measures. The shift in approach was well reflected in the strong emphasis the Commission put on co-ordination and dissemination aspects, as well as in the creation of a permanent network among TEPs co-ordinators and in the organization of thematic seminars.<sup>4</sup> In this way, the Commission's constant assistance, throughout the preparatory as well as the implementation phase, helped the TEPs overcome the usual uncertainties of pilot-projects.

At the end of this section, it is useful to remind the reader that the TEPs are an initiative undertaken within the structural funds framework and thus subjected to the rules under which structural funds are disbursed. Since structural funds are assigned to member states at the beginning of each six-year cycle, these funds are actually put at the disposal of national governments, which, in turn, reallocate them to the selected pacts.

### **b) The Italian context**

In Italy, TEPs were implemented together with a large number of Territorial Pacts (TPs), which were entirely national. The two typologies of pacts developed in close proximity, both geographical and cultural. First, the pacts following the European guidelines were located literally next door to the Italian TPs, thus creating unusual possibilities for exchange of information, benchmarking and organizational learning.

Second, a common cultural background underpinned both kinds of pacts. This originated from the search for solutions to Italy's unbalanced development. The Italian context has been marked, until few years ago, by centralistic approaches to economic development. There have been, however, experiences and contributions focussed on a more local dimension. These minority examples have been seminal for the further developments here discussed. The experiences of the 1950s were especially important. The great success story was the Olivetti 'model' factory at Ivrea, based on the tight interconnection between the plant and the surrounding territory. In that period, even the South experienced the emergence of peasant organizations and local movements to promote development in backward rural areas during the years of the agrarian reform (De Rita and Bonomi, 1998: 48). Yet, this attention to local development disappeared in the 'economic miracle' years (1958-63), characterized by mass production located in big fordist firms.

In the 1970s, the country's economic structure changed, favouring the emergence of new considerations on the importance of the territorial dimension. While the South was still lagging behind, the Centre and North-East of the country witnessed a development process based on small and medium-sized firms. This type of development was different from the one that had taken place in the so-called 'Industrial Triangle' in the North-West years before. This process broke the traditional image of a dual Italy split in the industrial and developed North and the Mezzogiorno (Bagnasco, 1977). Moreover it highlighted the role of regions as the locus of specific untraded interdependencies, which could become key factors for development (Beccattini, 1989).

For a better understanding of the pacts, it is worth describing another experience, historically parallel yet culturally antithetical, which took place in the South, where the TEPs were eventually located. This has been given the name of 'Intervento Straordinario' (Special Intervention Program). It can be defined as a different model of policy intervention, centred on public redistribution in the name of national solidarity.

The Mezzogiorno and the dualism of the Italian economy, usually defined as 'Questione Meridionale' (Southern Question), has always been one of the thorniest problems of the country since its foundation. The idea of the Intervento Straordinario arose in 1947, when the country was undergoing after-war reconstruction. The 'Cassa per il Mezzogiorno'

---

<sup>4</sup> The thematic seminars were held between September and October 1997 in Östersund (S), Viareggio (I) and Porto (P). They were aimed at launching the initiative and promoting a common methodological approach.

(State Found for the South) was set to support the ‘Intervento Straordinario’. The Cassa was an autonomous institution, set apart from the traditional ministerial bureaucracy, and enjoyed a broad autonomy in planning and managing economic state intervention. At the beginning, the Cassa concentrated its actions on basic infrastructures in rural areas. After 1957, it shifted its efforts to promote industrialization.

The latter was pursued through a complex system of private incentives and investments by state-owned industries (the so called *Partecipazioni Statali* or State-Owned Enterprises). Public and subsidised private investment in industrial plants led to the creation of massive factories, petrochemicals and steelworks, which were to gain the epithet of ‘cathedrals in the desert’.<sup>5</sup> All very capital-intensive, these investments proved inadequate to fight unemployment and spur endogenous development in the surrounding areas. Most importantly, these new initiatives lacked a clear industrial plan. In addition, the 1973 economic crisis set off a recession that hit the Mezzogiorno’s key sectors in particular.

Exception made for few targeted projects, by the end of the seventies the intervention of the Cassa had come to a dead end. Its credibility had been indelibly stained by the many examples of mismanagement. In addition, the 1970 enactment of a constitutional provision to create regional governments made the tangle of public responsibilities even more intricate. Parliament suppressed the Cassa in 1984. Two years later a new agency was established, the *Agenzia per lo Sviluppo del Mezzogiorno* (Agency for Mezzogiorno Development) – endowed with financial resources to be managed by the newly-created regions (Cafiero, 1996: 216). This was an attempt to increase administrative capacity at local level. Yet the administrators involved seemed to be totally unprepared for this step.<sup>6</sup>

The top-down economic policy of the *Intervento Straordinario* ended in 1992. But only in 1996 new incentive measures took its place. Ordinary administration became responsible for intervention in all ‘*aree depresse*’ (depressed areas) – 73 percent of them were in the Mezzogiorno.<sup>7</sup> There were no more ad hoc institutions, running under extraordinary rules. The public investment crisis of the early 1990s, combined with the Italy’s general economic and monetary crisis, plunged the Mezzogiorno into recession.

It is important to discuss here three specific limitations of the *Intervento Straordinario*: the consequences for local administration, the consequences of the failed industrial policy, and role of the local political class. Even the terminology used, *Straordinario*, reveals how the normal administration mode was considered inadequate to tackle the problems of the South. The decision to step out of the realm of existing bureaucracy and create a special agency weakened ordinary administration and bypassed the functions of decentralized government structures (D’Antone, 1997). The centralistic feature of the *Intervento* increased over the years, to reach a situation where “it was the Cassa that built nurseries, cemeteries, slaughterhouses and abattoirs, as well as water fountains – which were all to be done, but it did not make sense to do them under the umbrella of the ‘extraordinary intervention.’” (Novacco, 1998: 558). The consequence was a hollowing out of the local administrations’ powers, and, linked with these, knowledge and responsibility. For many years, municipalities

<sup>5</sup> The decision to pour investments in the Mezzogiorno was implemented through law n. 643/57. Forty percent of IRI’s (Institute for Industrial Reconstruction, the largest agency for state intervention in the economy) total investment and 60 percent of its investments in industrial plants were to be located in the Mezzogiorno. In addition, generous financial concessions were offered to private investors, mainly in the form of discounted loans and initial non-repayable grants. The most famous ‘cathedrals’ were: two SIR’s petrochemical works in Sardinia, Olivetti’s factory in Pozzuoli (Naples), Fiat’s factory at Poggioreale (Palermo) and the huge Montecatini petrochemical plant at Brindisi. On the public-owned side, ANIC, a subsidiary of ENI (the national agency for hydrocarbons) opened a petrochemical plant at Gela, in Sicily; Alfa Romeo opened a plant at Pomigliano D’Arco (Naples); Finsider developed colossal steelworks in Taranto and Bagnoli (Naples).

<sup>6</sup> For example, local governments were unable to implement any of the projects financed by the EEC Regional Fund within the scheme, the *Integrated Mediterranean Projects*. For further details on this, see Buresti and Marciari (1991).

<sup>7</sup> The criteria used to identify the *aree depresse* were in conformity with objective 1 of the Structural Funds regulations.

and provinces shared one trait in common, that of having to engage in continuous dialogue with the central power. Such dialogue often created room for clientelistic relationships.

It should also be noted that the state's effort to reduce territorial disparities did not just involve top-down industrialisation, but also social policies. This demand-led strategy was partially successful in bringing about redistribution and offsetting the failure of the top-down industrialization process. Yet it came short of the goal of autonomous development; moreover, it generated a phenomenon known as *assistenzialismo*, a culture of dependency, which has become one of the distinctive features of the Mezzogiorno's society (Triglia, 1992). Redistribution was not in terms of overall expenditure levels – state spending per inhabitant has always been higher in the North – instead, it was in terms of percentage: more than half the income produced in the South came from the public sector. State spending targeted health, pensions, social security and sickness benefits, and bloated the public sector with often unnecessary new hires. Subsidies to small and medium enterprises were a much smaller chunk, especially if compared with the North (Padoa Schioppa, 1993: 84).

The importance of state transfers explains the key role of the Southern political class, hegemonised by the Christian Democrats (DC). In the words of Paul Ginsborg (1990:162), “with the creation of the agrarian reform boards and the Cassa per il Mezzogiorno, a new and dominant political caste came into being in the South, whom Gabriella Gribaudi has called ‘the mediators’. These were the local Christian Democrat bosses, the bureaucrats, building speculators and lawyers who were in receipt of funds flowing from central government and who mediated between the state and the local communities.” In other words, the success of the local political class was measured in terms of the capacity to mobilize personal ties through which to access state resources for the various local constituencies. A dual relationship of dependence was hence established: on the one hand, the Mezzogiorno needed this kind of efficient political mediators for its economic needs (Piattoni, 1998); on the other hand, the political class needed the Mezzogiorno to secure its electoral power base.

Between 1992 and 1993, the judiciary breakthrough known as ‘Mani Pulite’ (Clean Hands) triggered the sudden breakdown of the traditional political parties in power, i.e. the Christian Democrats and the Socialists. The collapse of the ruling class created a huge void in the political arena and great bewilderment in public life. Civil society, which had always reflected the cleavages of the political realm, disenfranchised itself from its party sponsors and began participating in democratic politics on an independent footing. It is not clear, however, whether this outburst of civil society participation led to permanent changes (Bull and Rhodes, 1997).

In 1993 a new electoral system was introduced to allow for direct election of mayors and province presidents. The reform led to a completely renewed political class at the municipal level. The new mayors were either new to politics or different from the previous ones. They gained remarkable public prominence and the so-called “Mayors’ Party” became a driving force for reforms in the transition phase.<sup>8</sup> At the same time the *Intervento Straordinario* was drawing to an end.

To complete the picture, it is necessary to introduce the *Consiglio Nazionale dell’Economia e del Lavoro* (CNEL) (National Council for the Economy and Labour), which played a key role both at the cultural level, by generating and disseminating information about the importance of planning in partnership, and at the political level by providing an institutional link between the local partnerships and the central power.<sup>9</sup> The CNEL put in place a new policy-making method, which included a strong commitment to solving the Mezzogiorno question combined with a local-oriented approach to development. The basic

---

<sup>8</sup> The first generation of mayors included Mr. Castellani in Turin, Mr. Sansa in Genoa, Mr. Cacciari in Venice, Mr. Illy in Trieste, Mr. Rutelli in Rome, Mr. Di Cagno in Bari, Mr. Orlando in Palermo e Mr. Bianco in Catania.

<sup>9</sup> The CNEL is an advisory council established by constitutional provision. It is composed of 112 members. The president is appointed by the President of the Republic, based on the President of the Council's recommendation. The other members are representative of the social partners (trade unions and employer organizations).

idea was to accompany the various local actors in a process that ultimately led them to take direct responsibility for designing the development of their territory. This method was adopted after many meetings involving representatives of trade unions and employer associations, artisan groups or small organisations of entrepreneurs. TPs stemmed from this work of grassroots mobilization.

Only at a later stage did the Treasury define the rules for TPs and for allocating funds.<sup>10</sup> Many legal definitions were introduced, thus creating a good deal of confusion together with very tight procedural rules – these may have hindered the development of TPs in some cases. But this stringent legal setup did not apply to the lucky pacts selected by the European Commission.

### **3. The course of Territorial Employment Pacts**

This section examines the different phases TEPs went through. The account relies on empirical work based on a close-ended questionnaire and 34 open-ended interviews with participants in the pacts (public officers, trade unionists, employer representatives, representatives of civil society organizations). The questionnaire was sent to randomly selected actors of the ten pacts: 9 trade unionists, 28 employers, 28 local administrators and 8 representatives of civil society organisations returned the questionnaire. Interviews focussed on key actors, who had played an active role in the “adventure” – as one of the interviewees called it.<sup>11</sup> In addition, secondary sources were used, especially to reconstruct the backgrounds of the pact.<sup>12</sup> To protect the confidentiality of the sources, interviewees are not identified in the remainder of this article.

The course of TEPs can be broken down to three steps:

- a start-up phase, which includes the formation of the cooperative venture and the drafting of the agreement to be submitted to approval;
- a second phase during which the projects are formulated and the financial aspects made clear;
- a third phase of implementation, in which funds are released.

#### **a) Partnership and planning**

Reconstructing the TEPs’ start-up phase allows one to understand the channels through which the concept of planning in partnership takes root among the local actors and to identify the actors who are most active in implementing this concept. Public officials played a key role. Eight pacts out of ten examined were promoted by municipal authorities, which involved other social partners immediately afterwards. In the cases of the Oristano and Matese pacts, however, social partners initially took the lead and later asked the province leaders to join in. While in the Oristano TEP participation of the Province was sought out from the beginning, in the Matese case a forum was constituted by trade unions and employers as a counterpart to the public actor. Only when the Commission selected the pact, and therefore required participation of public authorities in the partnership to abide by the EU guidelines, did the social partners involve the local authorities. Specific circumstances lay behind the particular beginning of the Matese pact. Partnership between employers’ organisations and trade unions had emerged before, as an emergency tool to respond to the closure of the most important

<sup>10</sup> The CIPE (the Inter-Ministry Committee for Economic Planning) intervened on the TPs issue for the first time in 1995 - recommendation n. 56 of 10/5/1995 – to endorse the CNEL approach. Yet, in 1997 – recommendation n. 29 of 21/3/1997 – the CIPE set new definitions and procedural rules for the TPs to empower the Treasury to run the entire scheme. This new institutional framework strongly limited the CNEL’s role and gave prominence to procedural aspects.

<sup>11</sup> Interview to a representative of a small-business organisation.

<sup>12</sup> A full description of this methodological approach, based on open-ended interviews, can be found in Bewley, 2002.

plant in the area.<sup>13</sup>

In some pacts, the major of the most populated town or of the town launching the initiative played a leadership role. In other pacts, there were multiple actors with leading roles and different municipalities started off together in a coordinated manner.<sup>14</sup> The Sangro Aventino TEP adopted an original solution. Here, due to the high number of municipalities involved, the towns agreed to create a permanent association led by Atessa, one of the big towns in the area.

It is worth considering briefly the case of Catania due to its distinctive features. This pact is the only one that covers a geographic area totally included within the administrative domain of one municipality.<sup>15</sup> Thus, there is no partnership among mayors, as in the other cases. It is not surprising that some of the people interviewed referred to the pact as the “Bianco’s Pact”, after the name of the city mayor, thus signalling a diffuse perception that the Catania Pact, unlike others, was strongly centred on a single institutional actor.<sup>16</sup> The municipal administration used the pact to target problems of urban renewal, which the administration had failed to tackle through ordinary measures such as the urban development plan.<sup>17</sup> These elements differentiate the Catania Sud Pact from the others and from the general approach suggested by the CNEL, which aimed at supporting smaller local authorities.

However different the foundation process may have been, all pacts came to establish a formal working group, which put together mayors, trade unions’ and employers organisations’ representatives. After a first phase of informal networking, the promoters started publicizing the pact through open meetings and established formal contacts with social and economic stakeholders. In parallel, they drafted a first ‘document on local agreement’, which followed the guidelines set by the CNEL. The plan was generally structured in three points: 1) a declaration of intent by the parties to the agreement; 2) a definition of the area covered by the pact; 3) a ranking of interests and concerns expressed by local actors.<sup>18</sup> This outline reflects the CNEL’s idea of planning in partnership as a mediation process of local interests (CNEL, 1996).

As for the geographical scale, the CNEL’s approach seemed tailored to industrial districts and local systems of production. Thus, the CNEL suggested that the pacts cover sub-provincial areas or homogeneous small areas in-between two different provinces. All the TEPs followed this proposal, except the Oristano case, where the area covered corresponds to the entire provincial territory.<sup>19</sup>

The promoters of each pact organized activities to raise awareness at the local level. These activities consisted mainly of open meetings in the major towns, with two objectives: to introduce the pact to local constituents and to collect ideas and proposals. Obviously the local authorities had the greatest interest in giving prominence to the pact; however, trade unionists

---

<sup>13</sup> This was a plant located in Bojano and owned by Aia, a meat-processing company. Under the threat of plant closure (something that had occurred to a sister plant in Veneto), trade unions mobilized in each municipality to induce the local authorities to declare a “state of emergency” – something which they eventually managed to obtain. In so doing, trade unions created a dense web of cooperative links with local communities. An interview with a trade union representative revealed that the Matese TEP drew upon such cooperative links.

<sup>14</sup> Calatino Sud Simeto, Appennino centrale and Sangro Aventino belong to the first group; Alto Belice Corleonese, Agro Nocerino Sarnese, Napoli Nord Est and Nord Barese Ofantino are in the second group.

<sup>15</sup> The area covered is the cost between Catania Port and the Simeto Oasis.

<sup>16</sup> Enzo Bianco was elected as Catania mayor in 1993 and then re-elected in 1998. In 2000, Bianco became Minister of the Interior. Early elections were then held in Catania, leading to the victory by the centre-right candidate Scampagnini.

<sup>17</sup> The problem of the urban development plan has emerged in many interviews. Some people have pointed out the necessity to tackle this problem first; otherwise every other intervention would have been meaningless. For a more detailed account, see Cecconi and Mallamo, 1996.

<sup>18</sup> The first definition of TPs can be found in the CIPE recommendation n. 56 of 10/5/1995, which is based on the broad guidelines suggested by the CNEL.

<sup>19</sup> One of the leaders of the Oristano TEP described, in an interview, the long negotiation with CNEL, which insisted on the necessity of a smaller area. The pact’s promoters objected that, due to low population density in the area and its homogeneous features, the entire provincial territory should be eligible for the pact.

and employers also put in a lot of enthusiastic work to explain the mechanisms of the pact to the public. These meetings were instrumental in connecting ideas and proposals coming from the public and also in reaching unorganized employers. Many interviewees highlighted the importance of these grassroots activities. One of them, a representative of an employer organization, explained the process of proposal formulation in some detail, by referring to the Oristano Pact:

“The working group had individuated four macro sectors with potential resources. It was important to check whether these priorities actually corresponded to the situation on the ground and how they could be translated into concrete measures. It was also necessary to raise interest in the pact, which was a difficult task because everything was still very blurred and the dominant attitude among entrepreneurs was of great disillusion: ‘I-listen-but-I-don’t-trust-you’ type. Yet, the more the discussion went on, the more this initial distrust faded and creative proposals emerged. There was one who wanted to produce chestnuts in alcohol, another who wanted to make jam out of prickly pears, another one who was proposing cherries without figuring out exactly what for...For us, who were planning the pact, these inputs were crucially important: they revealed that within the agro business, we had to promote initiatives for niche products.”

The opportunity to join the European Commission’s pilot project on TEPs, which occurred in May 1997, implied several changes. Even if the guidelines were broadly in line with the path till then trodden, a new approach emerged.

First, the emphasis shifted from development to employment: thus the name changed into Territorial Employment Pacts. Consequently, partnerships opened up to all the actors with some potential for employment-creation and especially to the representatives of those sectors that the Commission had hand-picked as holding a great potential for job creation. Thus partnerships were invited to involve actors from the third sector to tackle problems like social exclusion and environment-related issues.

Not all the TEPs followed this recommendation. In many cases, the broadening of the sectors of intervention was not accompanied by a widening of partnership. In some cases, local authorities covered the new issues related to the care sector without including new representatives in the pact’s board, but rather by involving their own departments for social assistance.<sup>20</sup> Sometimes, the employer organizations representing cooperatives brought in their colleagues from the care branch (the so-called “social cooperatives”), leaving out NGOs operating in the same domain. In these cases, the partnerships did not really involve new actors; rather, they involved the most institutionalised organizations of the care sector. These choices appeared dictated more by fear to mediate among a larger spectrum of interests than a willingness to promote further integration.

In contrast, in other cases the boards of directors of the pacts invited NGOs and community-based organisations to take part in the project. Still, their participation took different forms. In some cases they were not given the same role as other partners. In one particular case, it emerged that formal inclusion of voluntary associations in the lists of participants was followed by their de facto progressive exclusion from any active role. At the other end of the spectrum stood the case of the Agro Nocerino Sarnese TEP. Here the presence of Caritas, a large Catholic NGO, shaped the pact, which, after its inclusion in the EU project and the consequent involvement of Caritas, underwent a shift from an industry-oriented approach to a more integrated one, i.e. incorporating social aspects as well.

The inclusion of environmental associations (in some cases) led to different outcomes. Their traditional antagonism made for a much more spirited debate. In three cases partnerships were not able to harmonise the different views, and the pacts met with the environmentalists’ loud opposition. In the case of the Oristano TEP, the main struggle concerned construction of a golf course: the environmentalists took legal action against it, causing long delays. Environmental associations also mobilized against projects for a sky

---

<sup>20</sup> This was the case with the Catania Sud, Alto Belice Corleonese, Napoli Nord Est and Sangro Aventino TEPs.

resort in the Matese area and for the construction of hotel facilities along the coast of Catania.

Another effect of EU involvement had to do with method. The EU guidelines radically changed the pacts' procedural scheme. The Commission set a new working plan. The first part required more formal structures, the partnerships themselves had to become more institutionalised and identify a director. Also, efforts needed to be made to increase the pacts' visibility. Perhaps more importantly, a detailed analysis of the area had to be conducted, paying special attention to the issues recommended by the Commission. Thus, the partnership structure included an institutional co-ordinator, a technical co-ordinator, a secretarial board, and a partners' assembly. The institutional co-ordinator was always the mayor of the biggest municipality or the president of the province.

The 200.000 ECU provision covered the co-ordination structure, which included a technical secretariat and a technical co-ordinator. Usually these people were those members of employer organisations or chamber of commerce who had until then worked on the pact on a voluntary basis. All pacts resorted to technical assistance from the Commission to draft the area analysis. This step generally permitted the incorporation of new perspectives, especially regarding social exclusion. One of the participants interviewed stated that these issues were totally unknown to her before. Also, in the case of the Alto Belice Corleonese TEP, evidence from interviews suggests that partners were not prepared to deal with these problems. These comments reflect mainly the position of business organisations representatives, who were not familiar with social policies. However, this position is combined with a more shared culture that understands social policies as state financial subsidies to families. On the contrary, the TEPs were aimed at widening the local economy by addressing social needs. Hence, this new approach forced partnership to develop stronger awareness of living conditions in the various areas. Partnerships organised working groups to carry out discussions on different sets of topics: productive activities, social inclusion, infrastructures, and so on.

The Commission approach definitely encouraged a more objective analysis rather than simply the synthesis of represented interests. However, in some cases this objectiveness requirement created a rift between the political leadership and the technical co-ordinator.

## **b) *The planning phase***

The previous section described the ways different pacts set up their partnerships and identified areas of interventions. The pacts also had to agree on more detailed objectives and on a series of consistent criteria for the selection of projects to support. It is mainly the partnerships' secretariats that undertook this exercise. This second phase was characterised by a constant dialogue among pacts, central government and the European Regional Policy DG, aiming at setting a coherent founding framework. Two aspects of this particular phase are examined here: first, the setting up of a collaborative network between different levels of governance and, second, the sectors targeted by the various projects.

Throughout 1998, the pacts went through an intense phase of consultations, which involved technical secretariats and institutional coordinators, the Department of Development and Cohesion Policies of the Treasury, the Regional Policy DG of the European Commission, together with a group of consultants hired to provide technical assistance and monitoring. The Italian Government arranged a national scheme to finance the TEPs using EU Structural Funds and National Funds. This was the Multi-regional Operation Program, which allocated 140MECU. The EU Commission approved such scheme in December 1999.

The complexity of this phase fully emerges when one looks at each TEP plan. The pacts were divided into measures and actions. Each measure had to specify what kind of interventions were admitted, the requirements for participants, the percentage of public leverage and the procedures for competition. The complexity of these measures was responsible for the secretariats developing very close ties with ministerial and DG staff, as the expense of the partners' assembly. The gap between partnerships and technical secretariat led

to a feeling of dissatisfaction among partners who talked of a “phase of weariness.” Yet, not all the pacts underwent the same split between the technical domain and the partnership. Some pacts were structured in such a way to allow the secretariat to implement the agreed-upon strategy. In these cases the interviews showed full approval and, in some cases, even a sense of pride for the efficient work of the secretariat. The case of Alto Belice Corleonese seemed to be particularly successful: four interviewees stated that meetings were held every two weeks to inform the assembly about the process. In other pacts, however, the secretariat was perceived to have become too distant from the partners’ assembly, thus causing the emergence of distrust.

Regarding the sectors covered by the TEPs, the Commission approach, which targeted a wide range of sectors, clashed with a deeply-rooted focus on the industrial sector at the local level. The target sectors were manufacturing, small and medium enterprises, agriculture, tourism, environment, the labour market, the social and care sectors. Excluding third sector and environment, TEPs centred their action on very traditional sectors. Many measures aimed at renovation of the architectural heritage of town centres. These measures favoured the construction sector, which lacked vitality and innovativeness, but had always been a very prominent and powerful sector in the Mezzogiorno economy. Some municipalities resorted to TEP funding for individual actions that were poorly linked with the overall strategy. A civil servant argued that:

“[In] the end, each municipality has renovated a façade or rebuilt a footpath, but nothing with a wider scope was done.”<sup>21</sup>

On the other hand, the Agro Nocerino Sarnese Pact was successful in designing actions that integrated the renewal of town centres with environmental concerns. The same approach characterised the Alto Belice Corleonese Pact, where refurbished town centres were connected by a bicycle lane, with small fountains, parking areas, small handicraft manufacturing and other tourist-friendly facilities along the way.

The creation of serviced industrial sites took up the bulk of infrastructural development. This action was manifold. First, it tackled the unauthorised building problem (*abusivismo*) and the chaotic development of industrial sites. It was especially the TEPs located in Campania that faced a particularly run-down environment. Second, this action pushed municipalities towards coordination to achieve economies of scale sharing business estates, incubator units and others services. Third, combined with subsidies, it created, incentives to convert and legalise the informal sector.

Firm incentives represented the biggest investment item in the TEPs. Criteria for incentives followed national legislation, in particular law n.488/1992.<sup>22</sup>

There was also another group of activities, which were not included into the pacts’ plans, but which formed separate protocol agreements. Many of these protocol agreements remained on paper. In particular, security agreements were supposed to introduce exceptional measures to make the business environment more secure (particularly *vis-à-vis* organised crime), but they did not produce any substantial result. An interviewee (a chief police officer to be more precise) argued that security agreements were included in every Pact, but that no special activity followed up from them. A successful protocol agreement was the Agro Nocerino Sarnese one, where, according to interview sources, social measures for community integration and against social exclusion were included and implemented.

<sup>21</sup> Interview to a civil servant who had assisted the local mayor along the TEP process.

<sup>22</sup> After the end of the *Intervento Straordinario*, this law became one of the main tool for firm support. The law started to be implemented in 1996.

### **c) Implementation**

In January 1999, each pact constituted a limited liability company, which had to be mostly public-owned and which was accountable to the Ministry of the Treasury and the European Commission for implementation. This society was referred to as ‘Soggetto di Intermediazione Locale’, SIL (or Local Intermediation Subject). The SIL ran many activities: strengthening communication and the information flow to attract investments from other regions, organizing public tenders and publicizing the implementation of the projects, assisting applicants in the preparation of project proposals, implementing projects directly, performing other, miscellaneous administrative tasks. An accredited bank was in charge of the appraisal procedure. Its decisions were taken according to financial criteria. Eventually, the bank issued a ranking of projects. The SIL approved the projects and channelled the funds.

The SIL only included a portion of the partners: while the partnerships were composed of a plurality of private actors and organizations, the SILs mainly involved municipalities. In many cases, this disjuncture between the partnership and the SIL gave rise to disagreements between those who had until then run the pact and those within the SIL who were in charge of implementing it. This separation of responsibilities was perhaps necessary for running an integrated project like the TEP. However, in some cases the separation meant the marginalisation of partnership. Some interviewees reported that it was only the “SIL the one who ran the show.” When the social partners had played a leading role in the setting up phase, the breach between partnership and SIL was even wider. The case of the Matese TEP illustrates this kind of phenomenon. Here the local authorities joined the pact only in a second phase but then gained a key role in SIL, thus causing disappointment among the other partners.

Trade unions and small firm organisations did not participate in the SIL mainly for two reasons: first, participation would have involved modifying their bylaws, since these frequently explicitly forbid participation in limited liability ventures; second, in order to participate they would have to commit part of their funds – something they were not in a position to do. The Alto Belice Corleonese TEP represents a good example of a balanced structure: even though the SIL was only composed by municipalities, as in other cases, the partners formed a permanent Co-ordination Assembly with strong guiding powers.

There was one case where employers’ organisations participated in the SIL (Oristano). This, however, did not imply more cohesion. The local administrators had a majority position and therefore no particular incentives to seek a larger consensus – which had been a feature of the partnership in the previous phase. In some cases the municipalities transformed the SIL into a formal agency for economic development in their jurisdictions, as in the case of the Sangro Aventino and Napoli Nord Est TEPs.

Different from the question of partnership is the issue of the efficiency in management. In this regard, all the SILs performed reasonably well, in the sense that they proved able to secure project implementation and showed a good spending capacity. Thus, noted several interviewees, many grudges that the partnerships held vis-à-vis the SILs faded when the achievements proved satisfactory.

## **4. Planning in partnership: the actors**

From what has emerged so far, it is clear that the pact is a very complex tool and its procedural aspects have great importance. Even if financial means represent the meat and bone of the strategy, it is the way the goals are achieved that shapes the pact. Thus it is possible to highlight two aims of the pacts:

“The first aim is socio-institutional, and consists in strengthening cooperation at the horizontal level among local institutions, in diffusing participatory forms of democracy, and

in establishing co-operative attitudes. The second aim is to plan and implement integrated development projects, tailored to the specific needs and priorities of the local areas, and to pre-existing productive clusters and capabilities. Following the logic of the pact, this second aim has to be pursued along the lines described and prescribed by the first aim.” (Cersosimo and Wolleb, 2001: 379)

Thus, compared with more traditional systems of public funding, the value added of the pacts lays in the involvement of many actors and of a wide range of resources. They all contribute based on their different knowledge bases, skills and initiatives.

This section looks at the positions, interests and contributions of those who have participated in the pact. Due to the multifarious nature of partnership, the analysis focuses on those who had a major role in the pacts: local administrators, trade unions and employers organisations. To this core group, the “third sector” has been added. This label brings under the same umbrella various associations and social cooperatives. In particular the focus is on whether the Commission’s recommendation to involve the third sector in the pacts has been followed and, if so, whether the greater inclusiveness of the TEPs has contributed to their success.

#### **a) Local administrations**

Local administrators (mayors and presidents of provinces) have been the backbone of territorial pacts. Their role had been strengthened by a series of recent occurrences. First, the autonomy of municipalities had been increased through the 1993 abolition of external controls by the national administration on a large majority of local decisions, the 1993 strengthening of the executive councils (*giunte*), the 1993 introduction of local taxes allowing for greater fiscal autonomy and, perhaps most importantly, the 1993 introduction of a new electoral system, which provided for direct election of mayors and city councils. Second, municipalities were very fast to hold new elections after the decimation of the national political class in the early 1990s. Thus, while national-level politicians were delegitimised, a completely new class of municipal politicians appeared on stage (Dente, 1997). Third, the abolition of money transfers to the South forced local politicians to look for alternative venues.

The participation of the presidents of provinces has a different explanation. The administrative reform had also touched upon the provincial level but had failed to provide the latter with a clear role. The provinces were not promoters of the pacts, but they were involved either by a group of mayors, when there was no clear leader among them, as in Agro Nocerino Sarnese TEP, or by social partners, as in the Matese and Oristano TEPs.

Building up a territorial pact entailed a radical change in the *modus operandi* of public administrations. They had to shift from unilateral and imperative practices to a contractual approach, based on multilateral agreements. From this point of view, TEPs can be linked to a more general trend in the design of public policies through agreements. During the nineties, central government and social partners reached several agreements on different topics. Yet, it was at local level that this new trend led to the most innovative experiences. The increasing discretionary power of local administrations progressively took shape as freedom of contract (Bobbio, 2000).

With the introduction of territorial pacts local administrations had to deal with public policy problems through contracts, i.e. through a legal form that has traditionally been employed for relations between private individuals. Contractualisation enhanced more co-operative dynamics. It created consensus on overall projects, as in the case of TEPs, or on specific policies. The significance of this change can be better appreciated by putting it in context.

First, Italy’s administrative law is based on direct control, at least in principle, through strict and uniform rules. In this authority-based hierarchical system collective choice takes the

form of unilateral decision. Second, Italy's public administration has always been considered to lack competences and knowledge, to be unable to exert a planning role, and to set instead "obstacles, tributes, exactions on every sort of activity, behaviour, contract" (Cassese, 1998: 81; see also Barca, 1998). Excessive formalism has, paradoxically, often given way to discretionary power. Third, the Italian public system is structured in a way that a central power, with funding capacity, stands against a disconnected and incoherent periphery, populated by all kinds of public agencies, autonomous institutions and administrative entities, not just local administrations, each jealous of their own powers and spheres of influence.

Compared with this situation, territorial pacts represent a new way to design public policies less based on the hidden influence of particularistic interests, and more on a deliberative process in which every partner is publicly accountable for its commitment. Moreover, the pact forces public administrations to increase their planning and coordination capacities. All decisions are the result of exchange, thus the public administrations are forced to break out of their isolation and foster cooperation among public and private entities.

Regarding the dynamics among public actors, it is useful to remember that the fragmentation of public power translates into cumbersome procedures. Public decisions are made through a sequential process, which creates a sort of negative co-ordination. Every procedure is broken down into many steps, each of them under the control of a different office. Each administrative entity has a veto power and can block the decision-making process. In this regard, the coordination capacity that local administrators put in place through the TEPs offsets this obstructive structure and generates a commitment to cooperation by all relevant public agencies. The decision-making process of territorial pacts may seem complicated at first sight, but turns out to be effective because, once the agreement is reached, implementation can more easily follow. It is thus not surprising that one often finds in the long lists of participants to each pact several acronyms, standing for all those public bodies whose positive contribution may perhaps be negligible but which certainly could bring the pact to paralysis during the phase of implementation.

One of the key outcomes of the pacts was the establishment of cooperative relationships among neighbouring municipalities, which were often used to compete with each other for investments. Since municipalities are chiefly interested in business and infrastructural development, a good signal of cohesion is the number of industry settlements per pact appearing in the projects. If each municipality builds its own industrial area, thus forfeiting possible economies of scope and scale with other municipalities, this is a sign that distribution prevailed over coordination.

Public administrations had to establish relationships with the private sector as well in order to promote a business environment conducive to investment. All the pacts submitted protocol agreements, aimed at introducing simpler and more efficient frameworks for the evaluation of investment projects. Local governments issued instructions to accelerate or consolidate administrative procedures regarding the approval of projects. In many cases, municipalities set up a one-stop agency (SUAP, Sportello Unico Attività Produttive) to simultaneously examine requests, issue permits and accreditations, and provide assistance to business start-ups.

Yet, a culture that considers all attempts to respond to citizens' needs as acts of accommodation and dangerous pragmatism is very much rooted in the public administration's rank-and-file. Thus a kind of "revolution" was needed to promote more cooperative behaviour.<sup>23</sup> The TEPs were composed of small projects, not dissimilar from others, which, in the eyes of civil servants, could easily appear as ordinary measures. Therefore mayors and other high officers had an additional task to perform, that of diffusing a new culture of cooperation and responsiveness. Indeed local mayors with insight and enthusiasm managed to

---

<sup>23</sup> The word "revolution" was used in an interview by a civil servant of Corleone, a town participating in the Alto Belice Corleonese Pact. For an example of the difficult relationship between employers and the public administration, see Hoffmann et al., 2001.

do much more than just cutting the red tape. Still, new services like the SUAP, which needed to be supported by sound new competences within the public administration staff, failed to be implemented permanently. The Sangro Aventino TEP represents an exception: here the SUAP was introduced at the same time as the TEP itself, as part of an experimental program run by the Ministry of Public Administration.

A final consideration on the limited role of the regions in the TEPs is in order. Much has been written about the poor performance of regional governments in the Mezzogiorno (Putman, 1993). This same opinion has often been heard in interviews, especially to local administrators. This judgement is not only due to a rivalry between different levels of government, but probably reflects the belief that regional administrations have been an obstacle to local development. The unsuccessful experience of the Integrated Mediterranean Plans mentioned above confirms this opinion. Also employers, especially in Sicily, tended to blame the regional government for non-transparent and ineffective management of resources. One Sicilian interviewee argued that one of the strong points of the pact was the bypassing of the regional level to establish direct contacts with Rome and Brussels. Some scholars have explained the proliferation of pacts in Sicily with the strong antagonism between mayors and region (CNEL, 1999: 118). Yet, there are differences. The Campania region, for example, played a very active role in promoting the pacts. At any rate, the regions will have to develop an important role as co-ordinators of territorial policy in the future.

#### **b) Employers' organisations**

The CNEL had marked Assindustria (provincial structure of the national industrial association Confindustria) and the trade unions as key actors for territorial pacts. Assindustria participated in eight of ten pacts examined. Only in two, Assindustria played a leading role in the planning phase. The other strong actor, on the employer side, was the National Association for Building and Construction, ANCE – a further confirmation of the importance of the building sector.

Beside Assindustria, the pacts involved a number of other business organisations, as they were especially committed to developing SMEs in tourism, agriculture, handicraft, trade, and the third sector. The aim was to put together initiatives from different sectors within a comprehensive strategy and to give new prominence to activities that, otherwise, would have had a marginal role. This objective was in line with the European strategy of creating employment by promoting entrepreneurship and by promoting small and medium firms.

The role of the pact as an instrument to support firms can be better understood if compared with the most important measure of firm assistance, i.e. Law No. 488/92 on Assistance for Firms Located in Less Developed Areas. Both the territorial pacts and Law No 488/92 date from the 1990s and concern the same geographical areas.

Law No 488/92 represented the first efficient and effective instrument of assistance to firms. Firms eligible for financial support had to submit their project to an accredited bank, which examined the projects and send its assessments to the Ministry of Industry, which produced a national ranking of projects. Compared with the Law 488/92 framework, TPs were comprehensive projects. They still used financial support to stimulate investment, but their objective was the integration of different measures in a co-ordinated strategy. They combined projects that would have been eligible for Law 488/92 with projects related to other sectors, such as agriculture, or in a start-up phase.

It is important to understand whether employers participated in the planning-in-partnership phase of the pacts or simply used the pacts to access funds. To address this issue, it is necessary to make a distinction between representatives of business organisations and single entrepreneurs. Organisational representatives were very active and their role was essential to reach firms (Hoffmann et al., 2001). They carried out the territorial audit activity that was mentioned in section 3.1. During the meetings that they organised, they explained the

potential and the functioning of the pacts. In an environment where the structure of society is fragmented, sheer participation in these assemblies represented a great success for the organisers. The assemblies were constructed so as to let entrepreneurs give suggestions and propose projects. Many interviews considered these assemblies as the most meaningful moments of the pacts. Yet, the participatory approach was limited to these moments: single entrepreneurs did not participate in the strategy design phase. Thus, the pacts seemed to create a dynamics of participation, commitment and co-operation among business representatives only. It was this small group that embarked on the intense preparatory work and learnt to discuss and negotiate to select priorities. In other words, the pacts worked through representatives, coming short of a more direct involvement of citizens. This outcome can be seen as the result of the CNEL's approach, which was focussed on fostering participation at an intermediate level. Moreover, it is implicitly connected to the Third Italy model, which has always been characterised by employers' organisations providing services to the local firms and acting as political mediators with the local administrators (Arrighetti and Serravalli, 1997: 343).

### **c) Trade unions**

All three major union confederations, CGIL, CISL and UIL, participated in all the TEPs. The pacts were not focused on negotiating more flexible working conditions but, rather, on local development and the creation of employment through new investments. The flexibilisation of industrial relations rules was, instead, at the core of the area contracts (*contratti d'area*). These are other manifestations of the strategy of "Planning in partnership." They were implemented in crisis areas only, and were concluded by trade unions and employer organisations, even though local authorities were also involved, especially when particular administrative measures were necessary for implementation of the agreements. The two instruments, TPs and area contracts, were somehow designed to be complementary. However, TEPs included a wider range of activities and projects.

Trade union representatives played a very relevant role in disseminating information about the goals of the pacts and raising awareness. They carried out the task of making the pact visible and its promoters accountable to the workers/population. They were more effective when they could link several firms in a single local network, as in the Matese TEP. Also, trade unions were crucial for the implementation of the TEP bargaining approach. Their experience of collective action was particularly important in those cases in which there was no strong leadership by local administrators.

Regarding the influence of trade unions on the TEPs' contents, three aspects need to be emphasized. The role of trade unions on investment decisions was limited to checking the overall consistency of the pact itself and the congruity between the pact and the territory. It has to be remembered that the position of trade unions about economic policy for the Mezzogiorno, and in particular of the CISL, is marked by a strong emphasis on infrastructures and on the necessity to target the development of different sectors to the specific needs and characteristics of different areas. Instruments like the TPs seemed to suit this view. The other sector trade unions were particularly sensitive to was human resources. In particular, they insisted on including measures aimed at vocational training. This item was included in all the TEPs' plans, as recommended by the European Commission (Di Gioacchino, 2001). However, the trade unions still call for a better integration between the projects financed by pacts and the vocational training schemes.

All pacts were accompanied by protocol agreements about industrial relations. These labour market measures only applied to those firms that implemented projects financed by the pacts. Thus, the territorial pacts did not contain provisions aimed at a generalised increase in labour flexibility, as was the case with the area contracts. The measures were generally of two kinds. The first had to do with working-time agreements. These consisted in flexible working

schedules, including week-end contracts and annualisation of working time. The second introduced “work-entry” policies based on traineeships, apprenticeships and work grants.

Protocol agreements on the informal economy were included in the Campania and Apulia pacts, where the problem was particularly acute. They called for the enforcement of the legislation against illegal work, which allowed temporary exemptions from the application of collectively agreed wage levels, in order to create incentives for the regularisation of informal firms.

#### **d) Third sector**

Since the early nineties, the Third Sector has attracted the attention of the European Commission. In particular, the Commission has put strong emphasis on its potential role in fighting unemployment. Thus, special actions have been undertaken to support this sector.

Some features of the Third Sector fit well with the European agenda. The third sector is part of civil society, but covers collective needs and interests traditionally considered under public sector responsibility. Moreover, the third sector runs its wide range of activities outside the market mechanism. “The third sector’s innovativeness is found in these two aspects: in expressing a new societal orientation, which cannot be traced back to either the political or the economic sphere. This new orientation takes the form of a solidaristic approach, i.e. translates in the production of public utility services” (Ranci, 1999: 26).

It is clear that the attention paid to this dimension is the result of the ongoing crisis of the welfare state. The Commission, however, does not insist on the aspects of social cohesion only, but also on the third sector’s potential role in more specific employment policies: its contribution to employability, first, and, second, to direct job creation. The first refers to the third sector’s role in re-integrating those with labour market problems, most particularly the long-term unemployed, and its activities in the training sector. Direct job creation refers to the possibility of delivering new services responding to unmet needs (Campbell, 1999).

This is the context underpinning the decision to include the third sector in TEPs’ partnerships. This inclusion is thus imposed from above by the Commission itself. The Italian pacts included two new macro areas of intervention: the care sector and the environment. The outcomes have been very different according to the context in which the pacts operated.

Regarding the care sector, interventions have proceeded along three lines. The first concerned the supply side. It included all those measures aimed at promoting provision of personal services and at developing professionalism and quality. Solutions ranged from setting up info-points for organisational advice and financial assistance, to providing help in getting projects on their feet, to providing subsidies for the formation of cooperatives. These initiatives were usually carried out by social service offices within the local administrations. Their personnel usually drafted the projects and collaborated with well-experienced organisations of the third sector to run the services. The second line of intervention tackled the demand side. The aim here was to turn needs into effective demand. Usually third sector organisations tender for contracts from local authorities, thus the development of relations between the public administration and the third sector is critical for success. Pacts issued incentives to local administrations for sub-contracting services, developing networks with public agencies and establishing collaborative partnerships.<sup>24</sup> This kind of cooperative agreements are new to the Mezzogiorno, where regional social policies have always consisted in direct money transfers to families, with two consequences: 1) poor development of direct service provision; 2) much social work was carried out within families, i.e. by women, resulting in low female participation in the labour force. Proof of this situation was found in those interviews which described the lack of competence by local civil servants, who were clueless about the regional legal-framework for the third sector. The only exception was the

<sup>24</sup> For a detailed account of “welfare mix” dynamics, see Ranci, 1999, in particular chapters VII and VIII.

Abruzzo region, where in 1997 a very up-to-date action plan had been implemented for the care sector, leading to the creation of many cooperatives and third sector entities.

The third line of intervention on the third sector was more cross-cutting: it included measures for human capital development and vocational training or for the adoption of ICT technologies. These measures were not third-sector specific, but included these types of organisations among the eligible beneficiaries. The lion's share went to social co-operatives, which were more structured and had taken part in the planning phase.

Pacts did not show a strong willingness to involve representatives of the third sector. When formal involvement occurred, the new entrants did not enjoy full recognition, but were, instead, considered as "younger-brothers" – as a trade union representative put it. In some pacts, the list of participants included voluntary associations for the sake of fulfilling the Commission's requirements only. Such obstructive behaviour resulted in restricting participation to big and institutionalised non-profit organisations only, which possessed greater project- and application-drafting skills. Other pacts pursued the involvement of the third sector by means of local administration care sector offices. Civil servants responsible for this area conducted territorial audits to gain a better understanding of non-profit organisations and associations' needs and requests. Thus, grass-roots organisations were involved in the same way single entrepreneurs were. For them too, participation was limited to assemblies, and not to the policy making process.

This general statement has two exceptions. The first one is the involvement of Church-related organisations and those related to political parties or trade unions. These organisations monopolised all fields of the third sector. They were granted resources and access to policy-making thanks to the support of the political class of which they were direct emanations. On the ground of ideological proximity, leaders of some pacts involved civic associations like ARCI (Associazione Ricreativa e Culturale Italiana) or charities like Caritas.

The second exception refers to social co-operatives. Social cooperatives are defined by law as cooperatives whose scope goes beyond traditional "mutual help" and covers "mutualistic and altruistic assistance".<sup>25</sup> These social cooperatives are usually part of confederations of cooperatives. Representatives of cooperatives were usually included in the partnerships due to their important role in the production system.

The environmental sector deserves special mentioning. The associations involved were generally local branches of national associations. Though they could rely on solid structure and on long lasting commitment to environmental issues, their contribution was negligible. This absence was reflected in the lack of an integrated approach to environmental issues. The environment did not become a cross-cutting issue, but was limited to a few exemplary measures aimed at conservation of natural heritage. Most pacts plans referred to waste management by quoting the so-called Ronchi law. Yet, very little was done to really implement the integrated approach promoted by that law.

Southern Italy suffers for very low supply of waste management services and it has, especially in the Campania region, often witnessed tremendous waste-disposal problems. The pacts neglected the prevention side of the environmental problems. This aspect of prevention could have been promoted at the educational level as well as the firm level. It is not possible to affirm that these drawbacks were due to the non-participation of environmental associations in the pacts. At the same time, however, it is clear that municipalities alone were not able to put in place a comprehensive strategy on this matter.

Some interviews suggest possible reasons for the exclusion of environmental associations. These associations were sometimes criticised for their non-cooperative or even antagonistic attitudes. When they were included, it was difficult to reach consensual outcomes, possibly due to inadequate knowledge of the field by other actors, as suggested by

---

<sup>25</sup> The law distinguishes between two types of cooperatives, those engaged in the sectors of social and health welfare (A) and those who help disadvantaged people including prison inmates, former drug-addicts, alcoholics, and the physically or mentally handicapped (B).

a representative of the industrial sector.

The care sector was instead always the object of favourable comments. This favourable image seems to be the result of a diffused perception that the provision of services to disadvantaged people is a good thing in and of itself.

## **5. Conclusions**

This last section will attempt to draw some conclusions – of a preliminary nature since expressing a definitive judgement on a process that has just started seems premature.

The TEPs have surely been a successful experience, as demonstrated by one key fact: the funds have been spent in a short lapse of time. Moreover, the pacts seem to have been managed efficiently and have been able to foster stronger relationships of trust both among the local actors and between local actors and public policy. Projects have been completed in a relatively short period of time, while people used to wait for decades to get things done. Acerra, for example, a commune that participated in the Napoli Nord Est TEP, has 50,000 inhabitants. There was not even a cinema in town: there used to be one but it had closed twenty years before. Thanks to the pact the city now has a cinema. The communes in the Alto Belice Corleonese TEP had never had any experience of coordination before: now they act collectively. The social partners of the Sangro Aventino TEP set up a permanent apprenticeship scheme for local firms. The examples could go on, but is not a matter of quantity nor of the value of the single projects themselves. It is more a matter of symbols, which can be better understood if all the tiny projects are put against their backgrounds. The areas covered by the TEPs are plagued by huge problems: mafia, corruption, environmental degradation, insufficient water provision, lack of waste disposal facilities, to name just a few. The TEPs could not tackle all these problems, but they did manage to achieve the more limited targets they had set for themselves. And this fact itself increased the confidence in collective action in areas in which distrust had always been the common feeling.

Yet, some doubts remain about the TEP structure. On what criteria is the partners' involvement based? This question is especially relevant in the Italian context. Italian public life has always been controlled by political parties, including in the realm of civil society. This situation has nurtured relationships of political patronage in various sectors and led to a phenomenon known as *lottizzazione*, the distribution of posts according to party membership rather than competences or technical expertise. Account has been given in the first section of the radical changes that occurred in the nineties and that decapitated the Italian ruling class. The pacts were launched in that political void. Yet, the void has never been total or permanent. Therefore the question arises to what extent the pacts' composition really corresponds to a willingness to maximise the capacity to solve collective problems and pursue general interests, rather than to a willingness to cultivate and extend political networks. The Catania case is telling in this regard: being the pact very much linked to the Catania mayor Bianco, it was abandoned by the subsequent centre-right administration. In other cases a Catholic cooperative confederation blamed a left-wing administration for its exclusion from the partnership. Similarly, civic associations traditionally linked to the left wing area claimed they were excluded after a political turnover in the provincial administration.

These examples lead to a related but distinct problem: how to overcome an unbalanced partnership structure, which may hinder a fair decision-making process? To be effective, the dialogue among participants in a territorial pact has to rely on objective criteria, on a common diagnosis of problems, and on shared views about potential solutions. In this regard, the European Commission put a lot of emphasis on territorial diagnosis. This was a way to provide the partners with a neutral common ground, subtracting the pact from the vagaries of power balance. Yet, the contents of the various agreements, as mirrored in the local plans of action, certainly responded to objective and rational criteria for the most part, but also reflected the preferences of those actors with stronger bargaining power. Pacts were usually

promoted by new mayors, young and mostly affiliated with left-wing parties. In a few cases, they were women. But they involved from the beginning other municipalities of different orientation. At the time of the pacts' launching these municipalities did not have many alternative ways of accessing state funds, so pragmatism prevailed and they went along. However, there have been pacts where political orientation – in these cases always leftwing – was a strong component. In these cases, the traditional conservative forces, which came back to power in the last years of implementation, tended to look down on the pacts and to disregard the knowledge accumulated therein. This fate did not occur, however, where cooperation across political lines had been achieved. In these cases, the political class that came into power in 2000 and 2001 did not boycott the pacts and somehow even inherited the method that had been established. In these cases, the pacts' staffs turned themselves into technical development agencies, thus abandoning any ambition to play a more political role.

What is the role of these agencies for development? They feature the most highly skilled technical staff and the most experienced coordinators of the pacts. They represent the direct result of the Commission's method: clear rules, strict guidelines and clear control of the schedule. Such a strong stress on technical aspects, while contributing to overcome the problems of political affiliations, tended to alienate political powers from the pact. Once again, the Italian tendency to commit strategic decisions to special bodies outside the ordinary administration is confirmed. The efficiency and the effectiveness of the pacts were pursued along different tracks from the public administration itself, thus missing another chance to reform it. Thus we now have a situation where local administrators have civil servants on one hand, and a local agency with skilled staff but no political leadership on the other (De Vivo, 2001: 98). Development is a multifaceted process, and cannot be carried out by an agency that builds its legitimacy on management skills and a good knowledge of the procedures for funding only.

This suggests a possible technical drift. The partnerships themselves are hardly accountable to the overall population, and the debates leading to the partnerships have rarely gone beyond the circle, quite restricted, of active participants. Among such active participants, only organizational representatives have been involved. Thus, pacts have been kept at the level of enlarged representative democracy at best, sometimes even bypassing some of its procedural rules of legitimacy. Definitely, pacts have not led to a considerably wider and deeper participatory process in terms of civil society or grassroots inclusion.

## Appendix

Table 1: Territorial employment pacts in Italy

Pact	Region	No. Municipalities	Total Population	Unemployment Rate
Alto Belice Corleonese	Sicily	20	121.855	19%
Agro Nocerino Sarnese	Campania	11	252.084	40%
Calatino Sud Simeto	Sicily	15	151.971	38,83%
Catania Sud	Sicily	1	333.075	33,50%
Matese	Molise	57	137.829	20%
Napoli Nord Est	Campania	9	274.330	28,85%
Nord Barese Ofantino	Apulia	9	358.427	25,80%
Oristano	Sardinia	78	158.043	26,91%
Sangro Aventino*	Abruzzi	59	133.000	9,40%

Source: Programma Operativo Multiregionale (POM) "Sviluppo Locale – Patti Territoriali per l'Occupazione", Ob.Italia, Rome 1998.

\* Sangro Aventino has not been co-financed by the EU funds, because Abruzzo is not under Ob.1 any more. It has however benefited by the EU technical assistance. There is also another TEP, Appennino Centrale, which in the end was not included in the POM-programme. This pact had been run along the national lines and has started to implement activities only at the beginning of 2000, thus it has been only partially included in our analysis.

## References

- Alessandro Arrighetti and Gilberto Serravalli (1997), "Istituzioni e dualismo dimensionale in Italia." In Fabrizio Barca (ed), Storia del capitalismo italiano, Roma: Donzelli.
- Arnaldo Bagnasco (1977), Tre Italie: la problematica territoriale dello sviluppo italiano. Bologna: Il Mulino.
- Fabrizio Barca (1997), "Compromesso senza riforme nel capitalismo italiano." In Fabrizio Barca (ed), Storia del capitalismo italiano, Roma: Donzelli.
- Giacomo Beccattini (1989), "Introduzione." In Giacomo Beccattini (ed) Modelli locali di sviluppo. Bologna: il Mulino.
- Truman Bewley (1997), "Interviews as a valid empirical tool in economics". Journal of Socio-Economics, 31, 343-353.
- Martin Bull and Martin Rhodes (1997), "Between Crisis and Transition: Italian Politics in the 1990s." West European Politics, 20(1), pp.1-13.
- Luigi Bobbio (2000), "Produzione di politiche a mezzo di contratti nella pubblica amministrazione italiana." Stato e Mercato, 58, 111-141.
- Corrado Buresti and Giovanni Enrico Marciani (1991), "L'esperienza dei programmi integrati mediterranei." Rivista economica del Mezzogiorno, 5(1), 7-54.
- Salvatore Cafiero (1996), Questione Meridionale e unità nazionale. Roma: Carocci.
- Mike Campbell (1999), The third system, employment and local development. Synthesis report for the European Commission, Leeds.
- Sabino Cassese (1998), Lo stato introvabile. Modernità e arretratezza delle istituzioni italiane, Roma: Donzelli.
- Carlo Cecconi and Antonio Mallamo (1996), "Aree metropolitane: il caso di Catania." Rivista economica del Mezzogiorno, 10(1), 111-142.
- Domenico Cersosimo (2000), "I patti territoriali." In Domenico Cersosimo and Carmine Donzelli, Mezzo Giorno, Roma: Donzelli.
- Domenico Cersosimo and Guglielmo Wolleb (2001), "Politiche pubbliche e contesti istituzionali. Una ricerca sui patti territoriali." Stato e Mercato, 63, 369-412.
- CNEL (1996), Un futuro per il Mezzogiorno. Roma: CNEL - 'Laboratori Territoriali'.
- CNEL (1999), Rapporto sulla concertazione locale. Roma: CNEL - 'Laboratori Territoriali'.
- Leandra D'Antone (1997), "«Straordinarietà» e Stato Ordinario." In Fabrizio Barca (ed), Storia del capitalismo italiano, Roma: Donzelli.
- Bruno Dente (1997), "Sub-National governments in the long Italian transition." West European Politics, 20(1), pp.176-193.

- Giuseppe De Rita and Aldo Bonomi (1998), Manifesto per lo sviluppo locale, Torino: Bollati Boringhieri.
- Paola De Vivo (2001), "Le attuali politiche di sviluppo per il Mezzogiorno: i Patti Territoriali e le istituzioni locali." In Domenico Cersosimo (ed) Istituzioni, capitale sociale e sviluppo locale. Catanzaro: Rubettino.
- Roberto Di Gioacchino (2001), Patti a rapporto, Roma: Ediesse.
- European Commission (1993), "White Paper on growth, competitiveness, and employment: The challenger and ways forward into the 21st century." Brussels: COM(93) 700 final, December.
- European Commission (1994), "Inventory of community action to support local development and employment, Commission staff working paper." Brussels: SEC(94) 2199, December.
- European Commission (1995), "A European strategy for encouraging local development and employment initiatives." Brussels: COM(95) 273, June.
- European Commission (1998), "Guide to Territorial Employment Pacts." Brussels: June.
- Paul Ginsborg (1990), A history of contemporary Italy, London: Penguin.
- Alessandro Hoffmann, Pietro Columba, Pipitone V. and Notarstefano G. (2001) "L'esperienza siciliana dei patti territoriali: alcune considerazioni critiche." Rivista economica del Mezzogiorno, 15(1), 79-98.
- Nino Novacco (1998), "Rilievi critici sulla strategia dello sviluppo locale." Rivista economica del Mezzogiorno, 12(3), 545-564.
- Fiorella Padoa Schioppa Kostoris (1993), Italy: the sheltered economy. Oxford: Clarendon Press.
- Simona Piattoni (1998), "Clientelismo virtuoso: una via di sviluppo nel Mezzogiorno?" Stato e Mercato, 54, pp. 483-514.
- Robert D. Putnam (1993), Making democracy work, Princeton: Princeton University Press.
- Costanzo Ranci (1999), Oltre il Welfare State. Bologna: il Mulino.
- Carlo Trigilia (1992), Sviluppo senza autonomia. Bologna: il Mulino.