

## **Higher Capacity with Limited Competence, Regional Development Agencies in Unitary States: The Case of the Emilia-Romagna<sup>1</sup>**

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**Abstract:** It is generally accepted that regional development policies and institutions in unitary states are shaped under potent influence of the center without leaving any room for peculiar characteristics of the regions. As introduction of regional development policies preconditions devolution of some power to sub-national administrative tiers, central governments seek to strictly control the process and restraint the regional competencies. Region of Emilia-Romagna and ERVET confronted with the same difficulties and experienced a policy learning process during which they incrementally discovered various methods and instruments of policy to diminish the influence of the central constraints. Upon the analysis of ERVET, this article claims that the national government would not necessarily be the sole determinant of the regional development policies as generally accepted. If RDAs efficiently integrate political, cultural, social and economic particularities of the region into its administrative structures and policies and create a regional consensus upon their priorities, it would become

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more likely that they can play a remarkable role to exploit more power than central government allocated, and they can become rather influential in shaping regional development.

**Keywords:** Regional Development, Regional Development Agencies, ERVET, Region of Emilia-Romagna, Italy.

## **1. Introduction of Region in Italy**

Italian administrative system consistently preserved its unitary state form from its foundation in 1861 until the end of the Second World War. Following the war, the government introduced in 1948 a new constitution in which regions were defined as an administrative tier. The Constitution specified two different statuses for the regions; while one category was recognised as ordinary regions with no power; special regions would have some economic and administrative competencies (Kogan, 1975: 383; Loughlin, 2001: 215; Zariski, 1985: 69). 1970's was a period in which centralised structures confronted insurmountable difficulties in many countries including Italy. Italy, like many other countries, introduced some reforms to handle the negative consequences of centralisation by devolving some competencies, though limited, to regional / local authorities.

In that context, some of the central powers were delegated to ordinary regions as well in 1970. Article 117 of the Constitution empowered ordinary regions to exercise power on agriculture, housing, health, artisan production, vocational training and territorial development<sup>1</sup> (Putnam et al., 1983:57; Mazzonis 1996:132; Ciaffi, 2001: 117). However it must be noted that the devolved responsibilities were symbolic rather than essential. The central government for example did not devolve industrial policy to regional government; industrial policies were run by central state and regions had no say. Moreover, the central government imposed strict measures on the expenditure of transferred monies, hence regions were subjected to the tight control of national

government to deliver the funds to prescribed areas. In another saying regional authorities were required to act as a distributor in delivering the funds (Kogan, 1975: 392, 403; Zariski, 1985: 64; Dente, 1997: 181; Ieraci, 1998: 21; Garmise, 1995: 149; Cooke and Morgan, 1998: 118-119). In essence, the aim of this law was to reform central structures and enhance efficiency of central mechanism rather than substantially empowering regions (Keating, 1988: 185).

As one of the 20 regions in Italy, the region of Emilia-Romagna (RER) is located in central north of the country with a population of about 4.5 million. RER is a “third Italy”<sup>2</sup> region known by its high social capital, participative political culture and small and medium size enterprises (SMEs) dominated economy (Putnam et al., 1983: 63-64; Cooke and Morgan, 1994: 103).

Emilia-Romagna is endowed with a historically grown republican culture. Higher level of participation in various areas of public life is considered as a natural part of strong sense of citizenship. Moreover, group entitlements, rights and responsibilities have been valuable assets of Emilian political culture which grounded the rise on remarkable number of associations. The associations have functioned as a means to channelize individual opinions into public decision making processes and public authorities have regarded associations an important component of decision making processes. Consultative and inclusionary policy preferences of authorities have kept the spirit of participation alive that has facilitated to reach consensus concerning regional affairs (Putnam et al., 1983: 65-66; Amin, 1999: 395).

Following the introduction of the regions in Italian administrative system, PCI (Partita Comunista Italia) won the first election and formed the government in the region. The party adhered to republican culture and civic heritage of the region and hence contributed to the consolidation of the traditional associative patterns. The inclusionary method of the regional government helped to succeed in creating a coalition of development comprising of opposition parties,

local governments, associations, trade unions, universities and SMEs upon the principle of collective responsibility (Bellini, 1990: 110; Leonardi, 1990: 14; Cooke, 2001: 35). As the inclusionary policies produced outcomes serving to satisfy distinctive expectations, it rather enabled the regional government to get the support of voters such as the peasantry and agricultural workers, urban working class and urban entrepreneurial groups (Rinaldi, 2005: 244).

In unitary states, when the regional authorities undertake the responsibility for regional activities, they generally imitate the central government and reproduce a new centre at the regional level (Zariski, 1985: 75). The RER authorities, in contrast, preferred to establish a model complementary with its historical local polycentrism and consultation tradition. The governing party's ongoing allegiance to the regional tradition of associative politics allowed various parties and associations gather around a consensus that has functioned as the seed of "progressive government, social integration and entrepreneurial success" in the region (Bellini, 1990: 109:117).

## **2. Establishment of ERVET: A Node of Synergy with Negligible Competence (1973-1977)**

Upon the 1970 law, regional governments gained the right to establish their own financial agency as "development and promotional board" (Bianchi and Giordani, 1993: 32). Accordingly, regional government of RER founded ERVET (Ente Regione Valorizzata Economic Territory) in December 1973 (Bellini, Giordani and Pasquini, 1990: 172; Bellini and Pasquini, 1998: 254). In spite of devolution of some responsibilities<sup>3</sup>, all regionally conducted activities depended on the central financial resources and were still subordinated to central administrative directives (Ieraci, 1998: 23). ERVET was allowed to undertake responsibilities related to physical development and infrastructure programmes. At the onset, ERVET as a financial agency focused on overcoming the inequalities in different parts of the re-

gion by bolstering new businesses in lagging areas. For this purpose new enterprises were encouraged by low cost of real estate, construction and promotion of basic physical infrastructure and some fundamental services (Mazzonis, 1996: 133; Amin, 1999: 393). The first programme directly implemented by ERVET was on cleaning of the Adriatic coast<sup>4</sup> (Leonardi, 1990: 19).

Italy had a legalistic approach of administration that all the competences and responsibilities were defined strictly by law (Piattoni and Smyrl, 2003: 139; Mattei, 2004: 541). It was because of that from the very beginning, RER came up with formulas to find the loopholes in national legislation through inventive interpretation to create a wider room for their activities (Leonardi, 1990: 19). The establishment of ERVET in the status of public-private Company was designed by intention of going beyond the boundaries drawn for public organisations by the central government. The hybrid structure functioned as a means for regional government to handle the constitutional impediment and became more active in domains of regional development (Marzocchi, 2009: 45). ERVET was established as a financial agency; nonetheless, in practice it carried out researches and undertook projects upon the needs of the regional firms (Bellini, Giordani and Pasquini, 1990: 174).

As a RDA in a centralized state ERVET had just negligible competence and financial resources to undertake any considerable program to shape regional development. RER economy was composed of mainly artisan workshops and SMEs. Before the establishment of the ERVET, associations, as a platform enabling to form common targets and reach them collectively, were one of the key economic actors in the region. As strong associations were the peculiarity of the region (Russo et al., 2000: 70; Mazzonis, 1996: 132; Garmise, 1995: 148; Amin, 1999: 393), regional government took into consideration that legacy and included the associations and chambers as shareholders of ERVET (Bellini, 1990: 110; Cooke and Morgan, 1994: 109; Hei-

denrich, 1996: 408; Cooke and Morgan, 1998: 116: 125-127). The integration of associations into its structure contributed ERVET to compensate its lack of competence by providing formal and informal resources and to enable the agency to establish a strong linkage with small firms.

One of the impediments for the invigoration of RDAs in centralized states is limited and strictly controlled financial resources. In order to tackle financial deficiency, ERVET as a holding company allocated its 22 per cent share to the banking institutions, the federation of chambers and associations (Cooke and Morgan, 1998: 116, 125-127). The incorporation of the banking institutions provided a platform for the smooth relations between credit institutions and SMEs and the latter became able to easily reach financial resources. Without mobilizing increasing amount of regional financial sources, ERVET would have been doomed to failure regarding to achievement of the envisaged regional development targets.

Another hindrance in front of the RDAs to become an influential actor of regional development is the conflict which would emerge between the regional and local authorities. After the introduction of region in unitary states, local levels generally oppose to regional authorities on the basis of shared competencies (Zariski, 1985: 64, 75). Put it differently, local governments usually stand on the side of national government (Desideri and Santantonio, 1996: 97; Bellini, 1996: 71; Dente, 1997: 181) and they abstain from being an integral part of regional development policies. Likewise, Emilian local governments at the beginning were suspicious of the domination of regional government and hesitant in taking part in regional mechanisms. However, inclusionary policies of ERVET paved the way of cooperation and sub-regional tiers became an integral part of regional development policies. Such cooperative relations with local governments in midterm acquired institutional characteristic through Consultative Committee<sup>5</sup> and local development agencies (Leonardi, 1990: 14, 21). Since there

is a higher sense of local belongingness for municipalities and communes in Italy (Loughlin, 2001: 214; Desideri and Santantonio, 1996: 98; Dente, 1997: 182), their integration into regional policies naturally became a power base for ERVET.

SMEs were the backbone of the RER economy and many owners of the SMEs were previous technicians or graduates of vocational schools. They were in need of platforms providing recent knowledge and supporting opportunities for technological upgrading (Bellini, 1990: 110; Bardi and Bertini, 2004: 12; Rinaldi, 2005: 250). Also, they had been experiencing financial deficiencies to upgrade their technologies in order to keep up with the progress (Cooke, 1996: 55). Associations provided several services but they were not sufficient to meet their expectations, SMEs were in need of structural adjustments. Regional government was decisive to act to contribute to improving the existing situation of small firms through ERVET. However, the jurisdiction of ERVET was limited to territorial planning and research, and the Italian laws restricted regional authorities to play further roles (Rinaldi, 2005: 256). The weakening position of SMEs required a more active and greatly involved RDA, though ERVET was not in a position to provide further structural support. In spite of its limited competence, on the ground of its coordinating and networking capability, ERVET achieved in the establishment of Ceramic Centre (Centro Ceramico) in 1976 as a consortium of Bologna University and regional ceramic association (Assopiastrelle). The centre provided services such as making applied research upon the demand of firms and testing new materials (Bianchi and Giordani, 1993: 37).

As an institution, ERVET was born of regional values and was embedded in the region, so it did not experience any difficulty in becoming an integral part of the Emilian economy and society. Moreover, in early phase, in spite of having limited competence, the policies of ERVET were highly compatible with economic needs of the region and the new agency had the capacity to create synergy among

the regional actors. ERVET ignited a growing interest among actors for endogenous development and motivated various actors to take responsibility for the realization of that purpose, which in turn created a trust for ERVET and increased its administrative capacity. In spite of the fact that ERVET was expected to operate as the mere executor of the centrally drawn programs, in the early years it became source of motivation for further development activities and gave the impression that if a larger room of competence was given, ERVET could certainly contribute to mobilization of regional resources in an efficient way to overcome the bottleneck of SMEs and could create a multiplier effect to move the regional economy to a higher level.

### **3. Institutionalization of Regional Peculiarities under Central Control (1978-1987)**

A critical presidential decree was issued in 1977, which delegated more administrative and financial autonomy to regional governments in determining their own policy objectives (Putnam et al., 1983: 57; Zariski, 1985: 71; Leonardi, 1990: 24; Bianchi and Giordani, 1993: 32; Ciaffi, 2001: 120). Regional governments were authorized responsible in solving the regional problems and RER got the opportunity to perform some crucial economic functions through its own organs. As regional government gained a wider power to administer industrial development, Emilian regional authorities started to prepare regional development programmes (Piani di Sviluppo Regionali) and the first one was prepared between 1978 and 1979 (Bellini, 1990: 113). Nonetheless as the virtually all financial resources for the regional programmes came from the centre, the regional planning was to comply with the requirements of central standards rather than reflecting regional particularities (Desideri and Santantonio, 1996: 97; Ieraci, 1998: 24, 29).

Following the oil crisis of 1974, many European countries started to experience financial deficiency and Italy was no exception. In that context, Italian government initiated considerable cuts in their budget



especially on expenditures related to regional areas. However, on the Emilian side it was a time during which the SMEs in RER had financial problems and were in need of public support. It was under such impoverished resources and deteriorated economic conditions that regional government came to conclusion that regional sources and instruments should be combined to promote economic development in line with the needs of the small firms (Leonardi, 1990: 25).

As the driving force of the Emilian economy, SMEs<sup>6</sup> were agglomerated in clusters upon common interests and shared values. Industrial districts with a flexible specialisation and decentralised structure<sup>7</sup> were informal- type institutions based upon cooperation and reciprocity (Brusco, 1982: 169, 178); yet they lacked any formal structure that coordinated them for further targets. Against this state of affairs, so as to back up SMEs through institutional structures, ERVET initiated the establishment of business service centers (*servizi reali*) in 1980 (Bianchi and Gualteri, 1990: 88; Heidenrich, 1996: 407; Bardi and Bertini, 2004: 12). As would be expected, associations acted in close cooperation with ERVET in the foundation stage with their technical experience and intensive networks and became stakeholder of various business service centers (BSCs) (Garmise, 1995: 152; Cooke and Morgan, 1998: 127). The establishment of BSCs points out the initiation of peculiar institutionalization of the regional development policies of RER.

The consequence of consultation sessions for framing the objectives and structures of BSCs (Cooke 2001: 35), ERVET recognised collective needs of SMEs in different industries. It was affirmed that it could not have been a proper solution to formulate a single program applicable to all industrial districts; BSCs should have operated in parallel with industrial districts. Dominant industries of RER were clothing, footwear, food, furniture, ceramic and mechanical engineering (Brusco, 1982: 169; Bianchi and Gualteri, 1990: 89; Heidenrich, 1996: 408). In this context, in 1980 ERVET founded the first BSC in Modena for textile sector (CITER). It was followed by the introduction of

two BSCs in 1983 namely CERCAL for shoe producing small firms in Forli and CESMA for agriculture and machinery in Reggio Emilia. In 1985 QUASCO, operating in the construction sector, was added to the ERVET system in Bologna (Cooke and Morgan, 1994: 111; Bellini, Giordani and Pasquini, 1990: 174). Through BSCs ERVET became the key policy node to institutionalize the cooperation,<sup>8</sup> to improve the effectiveness of small firms and to implant a culture of innovation by providing recent technological information and qualified personnel. The establishment of BSCs upon the collective needs of SMEs (Bellini and Pasquini, 1998: 259) and the permeation of demands of the regional firms into the structure of BSCs contributed to enhancing the entrepreneurial dynamism of the RER.

The core mission of the centres was to enhance the capacity of regional production system. Small firms were in need of structural re-adjustment but their sources were insufficient for such an operation. For this aim, ERVET gave assistance to the firms to improve their technical capacity and upgrade their production system. These centers targeted to conduct the small firms for structural modification with concrete outcomes such as adopting advanced production techniques and gaining wider market coverage (Rinaldi, 2005: 256).

These sectoral centers were established in the direction of regional planning activities. The centres were designed to provide various kinds of services for regional SMEs agglomerated in the various parts of the region. This was compatible not only with economic particularities of the region but also political tendency of the governing party (PCI) which emphasized the support of SMEs as an extension of its “anti-monopoly stance”<sup>9</sup> (Bellini, 1990: 119-120). During this process ERVET functioned as an agency to put regional government planning into practice, to design structures to implement the plans and play coordinating and leading roles. The interventive coordination of ERVET did not exclude its collaborative stance; the designing and implementation processes were carried out in consultation with a

broad range of actors such as associations, local authorities and universities (Heidenrich, 1996: 401; Bianchi and Giordani, 1993: 36).

RER gained more positive economic outcomes after 1982 when compared to Italian economy which empowered ERVET to enhance its formal presence in developing peculiar strategies and playing a leading role for the institutionalization of its peculiar policies (Bianchi and Gualteri, 1990: 104). In this direction, ERVET founded new BSCs with functional focuses. ASTER, CERMET and SVEX were established in 1985 in Bologna and RESFOR in Parma in 1986. ASTER and SVEX provided services to all sectors; the former for technological development and the latter for export increase. CERMET functioned as a research centre and carried out duties as to provide technological consultancy, to assure product quality, to certify quality system processes. RESFOR operated to upgrade subcontracting network services (Bellini, Giordani, Pasquini, 1990: 174-182; Cooke and Morgan, 1994: 111). ERVET became a node to introduce new strategies for development and diffuse novelties among regional firms. Thus, BSCs were not homogenous; however, they were differentiated in their missions and structures (Bellini, Giordani and Pasquini, 1990: 171).

Different from sectoral service centers functional ones focused on intangible factors of the production. During the late 1980's ERVET through sectoral and functional BSCs offered a wide range of services such as supplying technical information and legal advice, organizing public seminars, conferences and training courses, providing applied research facilities, procuring platform for network formation, providing services for export linkages, contributing to establish consortia for joint purchasing and sale, securing guarantee loans and credit, channelling technology transfer facilities, stimulating technological innovation, providing quality assurance, testing new materials. These services were continuously being updated in light of changing needs of small firms and provided an opportunity for them to pace up with the innovations (Bianchi and Giordani, 1993: 36; Garmise, 1995: 151; Hei-

denrich, 1996: 408; Cooke, 1995: 164; Amin, 1999: 394; Bellini, Giordani, Pasquini, 1990: 175). ERVET diversified its services so markedly that the huge variety and volume of public support became one of the outstanding characteristics of ERVET/RER<sup>10</sup> (Amin, 1999: 394).

As an ERVET's shareholding enterprise, CETAS was established for the purpose of providing training facilities; nevertheless, all centres carried out training function in varying degrees on various subjects. ERVET provided diverse training courses to assist the regeneration of local development through an emphasis on enterprise development. The training programmes aimed at not only improving the skills of the attendant but also contributing for emergence of new generation highly educated entrepreneurs. In doing so, ERVET operated as a key mechanism for spreading the training culture to smaller firms as a part of innovation policy (Russo et al., 2000: 83-85; Amin, 1999: 398)

As one of the source of ERVET's strength, collaborative relations with local governments continued in this period. A regional fund (Fondo Regionale di Infrastrutture Economiche e Territoriale) was introduced in 1982 to support economic infrastructure. The fund provided extra financial sources that were granted to just local and provincial governments, mountain communities and regional development corporations (Leonardi, 1990: 31). The further point of regional-local cooperation was the establishment of local development agencies with partnership of ERVET; ASE in Ravenna, PROMO in Modena, SALINO in Piacenza, SIPRO in Ostellato and SOPRIP in Parma (Marzocchi, 2009: 50; Cooke and Morgan, 1994: 111).

ERVET was not the sole shareholder of any BSC, as was told before; the BSCs were created generally in partnership with associations, local governments or universities (Garmise, 1995: 151; Bellini, Giordani and Pasquini, 1990: 174; Bellini and Pasquini, 1998: 261-262). The multitude of shareholders made the BSCs be able to design integrated policy framework and gain the support of broad range endogenous actors. In another saying, the multitude of shareholders

functioned as a magnet to attract wider groups to take part in attaining the targets. The institutionalized cooperation of various actors gathering around common purposes gave birth a heightened level of collectivity for the regional development under the roof of BSCs. The active participation of a wide range regional actors contributed to consolidating the differentiation of shared regional development policies from the one shaped in Rome.

BSCs provided a grey area to expand regional jurisdiction and to loosen the stifling control of central government to some extent (Bellini and Pasquini, 1998: 258). By means of BSCs, ERVET gained a larger room of manoeuvre to implement development policies in direction of regional preferences rather than centrally prescribed directives (Bellini, Giordani and Pasquini, 1990: 173). BSCs became a ground for ERVET to gain a power base to function as a pole of coordination which held the constituting elements altogether. In 1980's Emilian model produced adorning positive outcomes which empowered regional government to obtain a considerable legitimacy to further their own principles of development. As a result, Bellini and Pasquini called 1980's as the "golden years of regional industrial policy" (1998: 258) of RER in which the RER gained more positive outcomes than Italy in some main economic indicators such as GDP, employment rate, commence of new business and export rate (Garmise, 1995: 135; Bianchi and Gualteri, 1990: 104-105). The favourable outcomes brought an unshakeable self-confidence to develop more autonomous power structures and make the regional institutions the hub of economic development.

#### **4. The Partnership Principle and Wider Competences: 1988-2001)**

At the end of the 1980's, 90 percent of the Italian regional financial sources were still composed of transfers from Rome (Desideri and Santantonio, 1996: 97). That's why the fund to be used for centrally

determined areas and regional government had virtually no choice to utilize it in direction of regionally specified areas (Piattoni and Smyrl, 2003: 138). The country witnessed an increased tension between central and regional governments in the late 1980's, because central government decreased the amount of financial resources transferred to the regional governments (Cossentino, 1996: 105; Mazzonis, 1996: 135).

Emilian success was a good example of endogenous development (Garmise, 1995: 149) achieved with limited competence and scarce resources (Cooke and Morgan, 1994: 109). Nevertheless, their celebrated activities were subjected to a great number of central restraints because the regional success was usually conceived as a challenge to central stance by some administrative circles in Rome. Yet after 1988, the developments in the context of European Regional Development Funds (ERDF) and European integration opened new tracks offering extra opportunities for ERVET to widen its jurisdiction to install peculiar development policies with original instruments. The partnership principle, introduced as a condition of structural funds during the reform of 1988 (Bauer, 2002: 769), could be considered as one of these tracks which offered regions new opportunities for financial resources and instruments and reduced pressures of the central governments over sub-national levels. The European Commission assumed to create a tripartite engagement between the EC, national government and regional administrations with partnership principle (Ansell, 2000: 304; Grabbe, 2001: 1028; Bruszt, 2008: 613). Partnership principle at the same time aimed at encouraging the creation of a solid framework for the inclusion of sub-national actors in regional development affairs (Bache, 1999: 32; Bailey and De Propriis, 2002: 305).

The partnership principle ascribed a considerable degree of empowerment for the regional actors to change the institutional templates of hierarchical administration. In practice, partnership principle did not empower all the regions but only the ones with higher economic capacity. The regions capacity to offer themselves as a key partner to the

European Commission and to attract funds is closely related to their capability to determine their priorities with the participation of distinctive actors, to prepare convincing development programmes compatible with their particularities and to mobilize their local resources (Piattoni and Smyrl, 2003: 136). RER and ERVET already proved their capacity in determining their priorities on the basis of consensus, preparing coherent regional development plans, gathering distinctive actors in reaching collective goals, and mobilising regional resources efficiently. Moreover in 1986 regional government decided to make structural arrangements in line with EC standards (Leonardi, 1990: 35) that enabled the region to acquire the EC qualifications and propose themselves as an inevitable actor for regional development programmes. The performance of the RER in 1988-1990 IMP (Integrated Mediterranean Program) financial implementations with expenditure of 40.27 million ECU, ranking second following Toscana (Piattoni and Smyrl, 2003: 140) clearly manifested the capacity of the region. The widening domain of the regional authorities enabling institutional innovation to fulfil their objectives through their own instruments with an increasingly decentralised tone became rather apparent in the late 1980's and early 1990's (Cossentino, 1996: 107; Bellini, 1996: 67).

The Maastricht Treaty (1992) introduced cohesion funds which modified the partnership principle in 1993 so as to strengthen the position of regions and that the amount of funds increased considerably in the following years. Increasing administrative and financial capacity of regional actors and a large and decentralized room of manoeuvre became significant preconditions for fruitful implementation of the EU regional development programmes (Lavanex, 2008: 939; Hesse 1998: 173; Bailey and De Propriis, 2002: 305; Bruszt, 2008: 608).

The principles and components of EU funds changed dramatically; however, Italian central administration lacked the capacity to keep pace with changes in giving appropriate and timely responses (Ciaffi, 2001: 118). In contrast, Emilian government, in addition to previous

amendments, introduced a reform to benefit more from EC funds. In this context, the mission and financial resources of ERVET were changed. Regional government reduced resources transferred to ERVET and ERVET turned into a project-oriented agency. The new financial structure of ERVET necessitated attracting more EC monies to implement its programmes. Moreover, ERVET was expected to support regional firms to upgrade their qualifications to be eligible for EC projects and funds (Mazzonis, 1996, 135; Rinaldi, 2005: 257).

The region in 1994-1999 CSF financial implementations of objective 1 and 2 got 50.0 % of the payments and ranked second in Italy following Friuli-Venezia-Giulia (Piattoni and Smyrl, 2003: 153). The performance of ERVET revealed its high capacity to cooperate with EC institutions to enhance the prospect of continuous flow of EC resources to reduce its financial dependency to central government and to create a larger and peculiar economic domain immune from central government's stifling control.

In this stage, ERVET functioned as a platform to diffuse the information related to EC projects and funds among regional actors, provided legal and technical support to the same actors to improve the project design and implementation capacity, and operated as a channel between EC and regional institutions to increase the level of relations. ERVET's coordinating function in this stage transformed into arranging the resources of various regional actors within collective and formal framework to implement EC projects efficiently. In this context, ERVET became a contact point for the regional actors looking for technical guidance or contributive partners to enter into EC sphere. ERVET as a node of network integrated various resources and experiences and merged them within a formal framework to make the region advantageous comparable to other competing regions of EC.

In spite of ERVET's incrementally intensified relationship with EC to attain more autonomy on development policies and to gain increasing amount of funds, until 1996 Italian laws forbade regional govern-



ments to have direct contacts with EC authorities<sup>11</sup> even in the cases that were directly related to regional development<sup>12</sup> (Ciaffi, 2001: 118; Desideri and Santantonio, 1996: 108). In addition to the EC's positive effect, the next step that enabled RER and ERVET to shape their development policies in line with their own preferences was the issue of the Bassanini Law by Italian government in 1998. The law allocated additional room to the regional governments. RER finalized the first Regional Three-Year Plan in 1999 which was prepared in line with regional priorities upon the regional particularities without a dominating influence of central government (Russo et al., 2000: 77).

Italian Parliament approved a reform of the 1948 constitution upon the basis of the concepts of subsidiarity and decentralization in 2001. The related articles (Article 114-132) were amended to equip regional and local governments with a considerable amount of autonomy (Groppi and Scattone, 2003: 131, 133). As a result, the regional authorities attained a notable amount of autonomy to go in direction of particular regional development framed in the region rather than in Rome. RER / ERVET suffering from marked central constraints gained an opportunity to become the main actor of the regional development activities and attain a new momentum to realize their potentials with their own institutions and instruments.

## **5. Conclusion**

As a RDA in a centrally organized administration ERVET was allocated with limited competences and scarce resources to implement negligible functions as prescribed by the central government. However, ERVET succeeded in going beyond the borders drawn by the capital and became source of motivation for the regional economy and played significant roles in shaping the patterns of Emilian development. The peculiar experience of ERVET is meaningful to make inferences for the principles of the success of the RDAs with insufficient financial resources and constrained competence. The first inference is

that incorporation of the peculiar political and economic characteristics of the region into its policies and structures facilitated to reach notable endogenous sources providing the agency with extra informal powers for further moves. The driving force of the Emilian economy was huge numbers of SMEs experiencing difficulty in upgrading their technology to respond the changing conditions of competition. Considering this situation, ERVET succeeded in designing highly compatible policies and services to meet the needs of the small firms. Moreover, providing services to the collective needs of small firms in distinctive sectors through various BSCs served to fulfil the expectations of regional firms which became a source to mobilize increasing amount of regional resources. Compatible policies of the agency made upon regional economic peculiarities gave rather positive outcomes enhancing the commitment of the economic actors to the further programs of the ERVET. As an integral part of the Emilian economy and society, ERVET was deeply rooted in the region that enabled to establish cooperative mechanisms without encountering any difficulty.

The close linkages with other regional actors such as associations, local governments, banking institutions and universities could be pointed out as one of the most significant strengths of ERVET. Its reciprocal ties with the business circles enabled to perceive the urgent needs and produce coherent programs. Close relations with the business ensured their support for further programs of ERVET. ERVET would be doomed to failure to achieve the envisaged regional development policies, without incorporating main regional actors. As an Emilian peculiarity, associations were among the most influential players of the regional economy. Thus, the integration of associations into the structure of ERVET / BSCs contributed to compensating lack of competence and enabled to attain extra resources. Second conclusion is that that institutionalized cooperation with pivotal economic actors could create a synergy and ignite a growing interest in the region. The collaboration of a broad range of actors could give

the agencies more power to become an influential player of regional development programmes rather than being mere executor of the centrally drawn programmes.

One of the main impediments in front of the success of regional development agencies is the potential conflict that would take place between regional and local authorities. It is because of the fact that RDAs encounter difficulties in gaining the support local authorities suspicious of undertaking negligible roles within regionally prepared programmes. In contrast, consultative and inclusionary relations of ERVET with local governments gave rise to collaborative relations. The collaborative relations of ERVET and local governments were institutionalized under the local development agencies and that represented one of the outstanding peculiarities of ERVET. Third inference is that concerted relations with local governments loosened the constraints of national government and created a larger room of manoeuvre to make and implement development policies in line with regional particularities rather than centrally prescribed directives.

Finally, the ERVET experience is a convincing example that if a regional development agency with higher capacity related to designing credible development plans, mobilizing resources efficiently and integrating various economic actors and local governments into their programmes could benefit from EC partnership principle to be more active in regional development programs. By the tripartite engagement between EC, national governments and regions, regional authorities could attain more resources and instruments for the implementation of their programs in a more autonomous way.

### **Sınırlı Yetkiye Rağmen Yüksek Kapasite, Üniter Devletlerde Bölgesel Kalkınma Ajansları: Emilia-Romagna Örneği**

**Özet:** Genel olarak üniter devletlerdeki bölgesel kalkınma politikalarının ve kurumlarının bölgelerin kendine özgü özelliklerine yer bırakma-

dan, merkezin güçlü etkisi altında şekillendiği kabul edilmektedir. Bölgesel kalkınma politikalarının ortaya çıkması ve gelişmesi belli yetki ve sorumlulukların yerel yönetim kademelerine devredilmesini gerektirdiğinden, merkezi yönetimler süreci sıkı bir şekilde kontrol etmeye ve yerel / bölgesel yetkileri kısıtlamaya çalışır. Emilia-Romagna bölgesi ve ERVET, aynı zorluklarla karşılaştılar ancak merkezi kısıtlamaların etkisini azaltacak çeşitli yöntem ve araçları aşamalı olarak keşfettikleri bir politika öğrenme süreci yaşadılar. ERVET'in yapısını ve faaliyetlerini analiz eden bu makale, genel kabul gördüğü gibi merkezi yönetimin bölgesel kalkınma politikalarının tek belirleyicisi olmayabileceğini iddia ediyor. BKA'lar bölgenin kültürel, sosyal ve ekonomik özelliklerini idari yapılarına ve politikalarına etkili bir şekilde eklemelerse ve kalkınma öncelikleri üzerinde bölgesel bir fikir birliği yarattırsa, merkezi hükümetin tahsis ettiğinden daha etkin bir rol oynayabilir ve bölgesel kalkınmanın şekillenmesinde oldukça etkili olabilirler.

**Anahtar Kelimeler:** Bölgesel Kalkınma, Bölgesel Kalkınma Ajansları, ERVET, Emilia-Romagna Bölgesi, İtalya.

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## Notes

1. But these responsibilities cannot be exploited by regional government without a decree is promulgated and published by the central government and promulgation of decrees in some areas extended until 1977.

2. A term coined by Arnaldo Bagnasco to point out the difference of a group of regions that their economic characteristics did not correspond industrial north and underdeveloped south classification.

3. Even some of devolved areas were concurrent with central govern-



ment which sustained to exploit power in these areas.

**4.** Some cities and towns of RER are located in Adriatic coast were favourite tourism destinations; however, their coasts had been having a serious problem of contamination. As a result, the number of tourist declined considerably which influenced local economy negatively hence the programme carried significance for regional economy.

**5.** The regional office of ANCI (Associazione Nazionale dei Comuni Italiani) was the main channel for the consultation with the municipalities and URPER (Unione Regionale delle Province dell Emilia-Romagna) for provinces (Leonardi, 1990: 21). The Consultative Committee in 1979 prepared the Apennine project and in an Italian parliamentary report upon the implementation of DPR 616 mentioned the committee as an example of best practice between regional government and local governments (Leonardi, 1990: 26).

**6.** In 1980 the %74 ER region firms employed less than 10 workers. Majority of the firms organised around craft lines and traditional consumer sectors (Amin, 1999: 391).

**7.** This was called as Emilian Model by Brusco in 1982 and since then it has been studied in different fields by many authors.

**8.** 63 percent of all Emilian centres operating by the aim of strengthening the relations among regional firms (Garmise, 1995: 153).

**9.** Regional authorities disregarded and even excluded the big business (CONFINDUSTRIA) in policy making processes until 1993, which represented a contradiction for the inclusionary character of the regional administration. However, after 1993 the suggestions of big business were also taken into consideration and they became an increasingly important actor of regional development activities.

**10.** Asheim and Gertler (2005) defined the Emilian innovation system as *territorially embedded regional innovation system* in which small firms developed an innovation system based upon “localised learning processes stimulated by geographical, social and cultural proximity, without much direct interaction with knowledge organisations” and public authorities. The same authors did not make any reference to the planned policy leadership of public authorities (ERVET) in the development of Emilian innovation

system. On the contrary, regional authorities, as in the case of foundation of BSCs and their wide range services, took the lead by undertaking roles for the introduction, maintenance and improvement of innovative programs in a planned manner. Since the onset, ERVET and BSCs organised various training courses and stimulated vocational training in order to foster the knowledge infrastructure. Moreover, ERVET incorporated universities into innovation mechanism as in the case of Centro Ceramico (1976) and as shareholder of BSCs. Especially after 1993 reform, ERVET in an insistent tone designed programmes to incorporate universities and private research institutions as an integral part into regional innovation system and to enhance regional R&D system. The regional government in first RTYP in 1999 stimulated the operation of the innovation related policies by providing various supports such as incentives for the spin-offs and financial support the establishment of new firms on high tech sectors. Moreover, there were stimulating programs for university graduates to become employed in business community. In this context the author of this article claims that Emilian firms were endowed with supportive institutional environment comparable to their counterparts in countries with neo-corporatist systems.

**11.** As an example of RER finding loopholes for creative solutions, the public-private organisation status of ERVET was exploited in way to strengthen the relationships between EC and RER by establishing a branch in Brussels. However, the EC could not become a notably partner until late 1980's.

**12.** The presidential decree allowed regions to have direct contact without the consent of central government was enacted on 31 March 1994 but as a result of central government reluctance, it was approved in January 1996 (Desideri and Santantonio, 1996: 108; Loughlin, 2001: 224).