

The Perverse Effects of Multi-Level Governance and Partnership Principle. Evidence from the Italian experience

Simona Milio¹
s.milio@lse.ac.uk

Associate Director – Social and Cohesion Policy Unit
London School of Economics and Political Science

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Abstract

With reference to Cohesion policy, Multi Level Governance (MLG) is the policy-making architecture which implements the subsidiarity principle of that calls for a direct involvement of levels of government closer to the citizen)). Parallel to this, the Partnership Principle (PP) has been introduced to guarantee the participation of social and economic actors in both decision-making and implementation processes in order to better understand and respond to territorial needs.

A review of existing literature demonstrates opposing views on the benefit of this complex architecture. This paper investigates potentially perverse effects of MLG and PP on Political Accountability by, means of blurring responsibilities and corrupting stakeholder engagements. The Italian case is used to test the hypothesis and identify bottlenecks. Initial findings suggest that the empowerment of new actors by means of MLG has had the effect of disclosing political influence from several players in the decision making arena, therefore obscuring the accountability of the different tiers involved both vertically and horizontally. This is because actors in the governance chain might tend to shift blame of policy failure towards higher or lower governmental levels, or against other actors within the same policy network. Also, engagement of stakeholders may reduce the efficiency of implementation processes both through a lack of inclusiveness in the decision and policy making style or through a lack of competences from the civil society in interpreting local needs in relation to EU Cohesion Policy goals. We conclude this work by identifying potential modifications to minimize the negative consequences of a multi tier,/multi actor system

¹ The findings of this work are still at an initial state and need to be completed by a second round of interviews.
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1. Introduction

Numerous authors have previously suggested that the main obstacle to successful Structural Funds (SFs) implementation is the extent of Administrative Capacity (Bollen 2001; Hughes *et al.* 2004; Kun-Buczko 2004; Shoylekova 2004; Milio 2007). Over the last decade this has encouraged a process of wide ranging administrative reforms, both within the ten Central Eastern European Countries (CEEC) and the EU-15 (Council Regulation 1999: Art. 44). However, unexplained discrepancies still currently exist in implementation results achieved, suggesting other factors may also play a significant role. For example, striking empirical evidence shows that although Italy had undergone intense political, institutional and administrative reforms since 1990, surprisingly it still have contrasting results within its different regions. Under the institutional perspective, the political and administrative reforms culminated in the changes in title V of the Italian Constitution, made in 2001 (Constitutional Law 3/2001) by the Amato government. Indeed, under Constitutional Law n. 3/2001, the republic was defined as a unit composed of municipalities, provinces, regions and the state. The legislative powers of the regions were considerably extended, while government restrictions on regional legislation were curtailed. A new legal framework for governance was thereby created, and new criteria were established for the distribution of administrative duties among the state, regions, municipalities, provinces and metropolitan cities, while external controls were lifted. New provisions governing the financial autonomy of regional and local authorities were laid down. Finally, regional powers with regard to relations within the EU and at international level were redefined, and given more space for regional participation. All these changes irrevocably established a strong and autonomous role for the regional dimension within national boundaries and mirrored the new model of governance that was spreading in Europe – i.e. Multi Level Governance (MLG).

MLG has been described by the White Paper on EU governance (EU Commission, 2001c) as the most appropriate governing framework for the EU. Moreover, the application of MLG within EU Member States is deemed necessary for improved SF implementation (Hooghe and Marks, 2003). However, this governance approach may trigger a perverse path if applied in Member states and regions where politician and stakeholder interests are not in alignment with ultimate broader economic goals (Milio, 2010).

Indeed, the MLG model's main points of strengths appear to coincide with its fundamental weakness. MLG increases deregulation, opens doors to different actors, allows regions to implement their self-model of development and brings regions to the centre of the political arena. However, MLG might be detrimental when a region fails to manage these devolved additional powers. Therefore, the EU has a limited chance of succeeding in implementation unless it manages to persuade relevant policy actors at national and subnational levels to cooperate with its policy goals. However, cooperation is not possible unless all parties manage the complex policy requirements and implementation regimes responsible for European policy enforcement.

Also, MLG is undermined at each level by the Partnership Principle (PP). Indeed, PP may arguably be interpreted as a form of horizontal MLG, where relevant socio-economic actors are consulted in order to design the programming of the multi-annual development plan. In this context the power and interests of different stakeholders strongly influences choices made from the Managing authority.

With specific reference to Cohesion policy, MLG is the policy-making architecture which implements the principle of subsidiarity that calls for a direct involvement of levels of government closer to the citizen. Subsidiarity is the general principle according to which authorities should perform only those activities which cannot be carried out effectively at a more local level. This aspect is reinforced in the latest European Parliament document 5 Oct 2011 about Cohesion Policy post-13 which describes as a key strength of Cohesion Policy its adaptability to the specific needs and characteristics of EU territories. This has always been a defining asset of the policy, but it has become more visible in EU discourse as a result of the rise of the territorial cohesion objective and the need to justify the policy's contribution to broader EU objectives (i.e. the Lisbon agenda and its Europe 2020 successor). The added value lies in its ability to diagnose the territorial challenges and opportunities of European development and deliver EU objectives in a territorially-sensitive manner through a partnership-based framework of MLG.

This arrangement is reflected in the MLG system, a system by which the responsibility for policy design and implementation is distributed between different levels of government and special-purpose local institutions (Barca, 2009:2).

The novelty of this implementation model resides in 'the difficulty of having to coordinate governmental and non-governmental actors at different territorial levels in ways that do not conform with the hierarchical relations or the mechanisms of consultation currently in place in the member states' (Piattoni, 2008: 71).

The MLG theory is consistent with a bottom-up policy perspective, where subnational actors play an important and flexible role. Such bottom-up models are more capable of dealing with complex issues and are well suited to situations where policies are layered upon each other: the 'bottom-up' perspective takes account of the fact that implementation processes are hardly ever characterised by an unambiguous definition of competencies between the political and administrative actors involved at different levels:

Implementation more often implies complex interactions between public and private actors and organizations at the national, regional or local level. All these components have potentially diverging interests, beliefs and perceptions with regard to the underlying policy problem. From this perspective, implementation is based less on hierarchically defined and controlled requirements and more driven by a bargaining process between numerous organisations and administrative agencies participating in the implementation process (Knill, 2006: 362).

However, we argue that the creation of a MLG structure of European policy making has itself lead to deficiencies in cohesion policy implementation. The literature review in section 2, suggests that MLG as a theoretical descriptive model has been analysed in detail, less attention has been paid to MLG as an implementation model – which is precisely the focus of the present research

This paper explores whether MLG exerts perverse effects on particular political conditions, which are necessary in order to ensure effective cohesion policy implementation. In section 3, two hypotheses are put forward: i. *MLG has a perverse effect on Political Accountability*; ii. *PP has a perverse effect on Stakeholders Engagement. Ultimately, perverse Political Accountability and Stakeholder Engagement undermine the decision making and implementation process of cohesion policy.* These hypotheses respond to the need to investigate two questions: a. is MLG a system that can work in any Member State or does it in some cases create a negative effect by blurring Political Accountability? ; b. Is PP regulated so that stakeholders are selected to be the most adequate representatives of the territorial needs or the opening of the decision making arena to different actors undermines the process as a whole ?

Sections 4 and 5 describe an Italian case study used to test these hypotheses and investigate the perverse effects that MLG has on Political Accountability as well as to analyse the weakening effect that the PP has on MLG. For clarity of analysis, section 4 investigates Political Accountability and PP before the establishment of MLG and section 5 looks at the consequences of MLG on these two variables. Section 6 discusses potentially virtuous mechanisms identified from these analyses, that may minimize the identified weaknesses of MLG and PP. We suggest provisions that need to be made in future cycles of Cohesion Policy, in order to improve Stakeholder Engagement and contribution. These conditions include: sanctions for national, regional and local authorities that do not comply with the principle; a system of monitoring of partnership performance; unambiguous local actors' mechanisms to collect preferences and organize them. Similarly, provision needs to be considered in order to avoid blurring in Political Accountability. These may include more clearly defined and allocated levels of responsibility and competence as well as a decrease the number of bodies involved in policy making and implementation processes.

2. Multilevel Governance in the existing literature

2.1. Origin of the concept

The mainstream of the literature refers to MLG as a descriptive theory, highlighting the vertical relations and boundaries between actors located at different territorial levels, and shifts in horizontal

relations between state and society (Bache, 2008a). The concept indicates on one hand the dispersal of modern governance across multiple centres of authority and territorial levels, and on the other hand the interconnection of multiple political arenas in the process of governing (Hooghe and Marks, 2003).

Therefore, MLG maybe conceived as the 'outcome of the simultaneous process of European integration and regionalization, both of which lead to a diffusion of powers away from the national state' (Conzelmann, 2008: 31). The expansion of the EU's powers and activities and the consolidation of its structures, especially after the passing of the Single European Act (SEA) in 1986, have led to increasing dissatisfaction with traditional approaches to the nature of the European political system. Indeed, European integration – as stated by Hooghe and Marks (2003) – does not fit neatly into any class of political phenomena. It is common among scholars to refer to the EU as an institution *sui generis*. There is an emerging consensus that in conceptualising the EU, the confines between domestic and international spheres, as well as between state and society, are ever more fluid and indistinct – and the concept of MLG has been remarkably successful in describing these changes:

Multi-level governance crosses the traditionally separate domains of domestic and international politics: it highlights the increasingly fading distinction between these domains in the context of European integration and supranational, national, regional, and local governments are interrelated in territorially overarching policy networks (Bekemans, 2008: 95).

In summary, the concept of MLG emerged in the context of EU integration studies, basically as an 'alternative model' to the state-centric intergovernmentalist approach (Marks *et al.*, 1995). While adherents of a state-centred perspective consider national governments as the key actors in the EU system, the debate on MLG is chiefly concerned with decision-making competencies of actors on different levels. Therefore, since MLG has been widely discussed among EU scholars as a descriptive model, our study instead focuses on MLG as an implementation model – on which, to date, relatively little has been said.

Before analysing in depth the connection between MLG and implementation, it is necessary to introduce Hooghe and Mark's (2003) distinction between type I and II MLG to give a more detailed theoretical framework to our analysis, without which MLG might remain a vague concept of questionable utility.

Type I MLG describes jurisdictions (international, national, regional, local etc.) at limited levels that are general-purpose and non-overlapping, with each level catering for a particular territory. The intellectual foundations for type I MLG are federalism and subsidiarity, and the unit of analysis is the individual government rather than the individual policy. Conversely, Type II governance jurisdictions are not aligned on only a few levels but operate on numerous territorial levels, with jurisdictions that are task-specific, over-lapping memberships and a flexible design, referring therefore to *ad hoc* governance bodies established for delivering specific services. The unit of analysis is the individual policy rather than the individual government. The advantage of many overlapping jurisdictions is that different authoritative functions can be tailored to meet the needs of different constituencies.

Many scholars disagree on how best to define the EU in terms of a specific type of MLG. The Type I concept implies that the EU should be compared to a federal system; but, when applied to the EU, type I MLG clashes regarding characteristics of EU governance relating to the wide variety of regional and local structures across Europe and the absence of agreement relative to the role that these subnational structures should play in the member states (Conzelmann, 2008). Therefore a type II governance arrangement would seem in some respects to be a more adequate basis on which to build. In reality, in contemporary Europe general purpose and task-specific jurisdictions coexist, because they suit different objectives. Bache (2008b: 63), in fact, suggests that understanding MLG as a combination of type I and type II governance allows for the stability provided by formal institutions of government overlaid by more flexible arrangements that ensure greater effectiveness by bringing the appropriate local stakeholders into the policy process. Barca (2009: 41) sheds light on this, observing that the defining features of MLG are conditionalities and subsidiarity. The former allows the higher levels of government to establish and enforce the rules of the game, while the latter simultaneously allows the lower levels to design and implement interventions and advance towards the policy goals on the basis of their knowledge and preferences.

2.2. The rise of Subnational Authorities and the dispersion of power: positive views

Since the reforms of the SFs in 1988², the Funds³ have been commonly understood as a paradigm case of MLG structures in the EU and of adjustment of regional structures to the principles of cohesion policy, namely: concentration, programming, additionality and partnership. Concentration was intended to direct funding towards a limited number of objectives, focusing on spatially defined areas of greatest need, on the severest problems and on certain thematic areas. Programming was a process intended to lead first to the diagnosis of problems, then to the formulation of a strategy to address them, and, last, to a definition of the specific measures or projects necessary to implement the strategy. Additionality provides that the expenditure of SFs on a programme shall be additional to and not a replacement of what would otherwise have been spent by the relevant national public authorities on that area of activity. Partnership suggests that the broad plans for using the SFs are achieved through

[c]lose consultations between the Commission, the Member States 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. The partnership shall cover the preparation, financing, monitoring and assessment of operations. (Council Regulation n. 2052/1988 Art 4)

At the broadest level, partnership is seen, at least by the Commission, as an application of the principle of subsidiarity in public policy, reflecting the value of decentralisation and the involvement, at all levels, of the relevant authorities in lower tiers of government, from the preparatory stage to the implementation of the measures.

Partnership, both institutional – between different levels of government and within the same government level – and social, is deemed necessary at all stages (planning, implementing and monitoring) in order to allow the transfer of knowledge needed to produce a framework programme – defined as the Community Support Framework (CSF)⁴ – that would subsequently be translated, at regional level, into Operational Programmes (OP)⁵.

In this context, Cohesion policy is based on a network system of actors (European, national, regional, local, civil society representatives) and interactions governed by a hierarchy of rules that give way to a multi-level and multi-actor governance structure (Leonardi, 2005). Barca (2009: 98) in this regard uses the term ‘paradigm shift’ to define this ‘new method of running public investments’ associated with a process of decentralisation, and, more generally, the development of new forms of governance including regional and local actors as well as non-governmental groups aimed at providing public goods and services tailor-made to specific contexts, as opposed to the traditional top-down approach to regional policy based on financial transfers to firms and on public works managed by the central administration.

As a consequence, over the last twenty years, a process of decentralisation and regionalisation has occurred in all the Western countries but particularly in the EU; its consequence has been a proliferation of decisional centres and actors, with a progressively increased involvement of

² The reform was achieved through five Council Regulations: the framework Regulation (2052/88) and the implementation Regulations (4253/88, 4254/88, 4255/88, 4256/88). It became effective on 1 January 1989.

³ The European Social Fund (ESF), established in 1960, is the main instrument of Community social policy. It provides financial assistance for vocational training, retraining and job-creation schemes; The European Agricultural Guidance and Guarantee Fund (EAGGF) has financed the EU’s common agricultural policy since 1962; The European Regional Development Fund (ERDF), which is intended to help reduce imbalances between regions of the Community, was set up in 1975. In terms of financial resources, the ERDF is by far the largest of the EU’s SFs and it is the main financial instrument of EU Regional Policy; The Financial Instrument for Fisheries Guidance (FIFG), the last Fund to be created, in 1994, draws together the Community instruments for fisheries.

⁴ The Community Support Framework (CSF) is a document approved by the European Commission, accordingly with the Member State, on the basis of the evaluation of a Development Plan presented by the State itself. The CSF contains a summary of the existing socio-economic context, the strategy planned to improve the context, the priorities, the specific objectives, the division of the financial resources, and the conditions for implementation..

⁵ The CSF is implemented through an Operational Programme (OP), which is elaborated by each Region and approved by the European Commission. The OP describes in detail the priorities set by the CSF and it comprises operational interventions implemented through pluriannual measures.

subnational authorities (SNAs) in the policy process. In the EU, in fact, SNAs interact with each other across national borders; they have their own channels of representation in Brussels, several lobbying offices and a role in various decision-making processes, among which their role in cohesion policies is dominant. According to the subsidiarity principle introduced by the Maastricht treaty, arranging a pliable system, in which SNAs deal directly with EU institutions in the decision-making process and then in the policy implementation phase, is the best way to have an accurate knowledge of the problems of each geographical area across the whole EU and, at a second stage, to respond to those problems in the most efficient way. In fact, the subsidiarity principle, entailing a change in the balance of responsibilities between EU institutions and Member States, and a shift downwards towards regional and local authorities, brings the decision-making and resource-allocation process closer to the people and the places that actually experience the problems. This should translate into an increased policy effectiveness which is the principal justification for the adoption of a decentralised system of implementation, providing an approach for regional planning which allows for flexibility and local initiative and responsiveness to changeable circumstances. As a matter of fact, in the theoretical debate between decentralisation and centralisation, the traditional question has been how to allocate responsibility for each type of public good and service between local and central levels, balancing the advantages of taking account of local preferences and greater accountability of government officials that derive from devolution against the advantages of scale economies and cross-border externalities which stem from centralisation (Barca, 2009).

2.3. Multilevel Governance: Differing views by authors

A first consideration, on a theoretical level, relates to the assumption that layers and levels contribute to deficit of implementation (Pressman and Wildavsky, 1973). In one of the first systematic studies of implementation, Pressman and Wildavsky (1973: xvi) define implementation, in the first place, as the process of interaction between the setting of goals and actions geared to achieving them; their insight is to theorise implementation as 'the movement from simplicity to complexity'. They argue that if action depends upon the number of links in the implementation chain, the longer the chain of causality, the more numerous the relationships among the links, the more complex implementation becomes; therefore there has to be a high degree of cooperation between actors if a situation is not to occur in which a number of small deficits add up to create a large underperformance. In some respects, Pressman and Wildavsky anticipate, focusing specifically on implementation, the 'joint decision trap' argument pointed out by Scharpf (1988) in relation to the general decision-making process: the participation of the regions as actors in the European policy-making arena produces new elements of interlacing and interlocking politics, increasing the complexity of policy-making through the involvement of so many actors that efficiency suffers. It can be assumed that with each additional territorial level and jurisdiction involved in the negotiation process, coordination costs increase, leading easily to situations of deadlock; this is especially true if negotiations take place in a non-hierarchical context.

These authors, indeed, seem to describe deficiencies in implementation as built-in consequences of any implementation process that involves multiple actors and institutional tiers. Since the links involved in the implementation process grow in number from the moment EU policies are defined in Brussels to the moment they have to be implemented on a regional level, one might expect the MLG model to be one of the reasons of failures in implementation. Hooghe and Marks (2003: 239) – the principal advocates of the MLG theory – are aware of this, stating that 'the chief benefit of multi-level governance lies in its scale flexibility. Its chief cost lies in the transaction costs of coordinating multiple jurisdictions.'

The idea is that, in conformity with the subsidiarity principle, dispersal of authority across multiple jurisdictions is more flexible than central state monopoly. Hooghe and Marks (2004: 16) claim that governance must operate at multiple levels in order to respond to variations in the territorial scope of policy externalities:

because externalities arising from the provision of public goods vary immensely – from planet-wide in the case of global warming to local in the case of most city services – so should the scale of governance. To internalize externalities, governance must be multilevel.

To avoid the drawbacks of the joint decision trap, cooperation and coordination between actors and levels is fundamental as well as clarity in the definition of roles. Hanf and Scharpf (1978: 2) observe that

the conventional response for this state of affairs has been to provide central governments with the capacity for formulating and putting into effect comprehensive and integrated policies, implemented through instruments of central control and designed to ensure that lower units will be more effectively guided by the policy objectives of more inclusive levels of government.

In reality, a centralized approach in the long term is simply not adequate. An MLG framework must be developed, and within it the performance of service delivery depends on the design of the institutional and decentralisation arrangements that govern its implementation. In this framework, a prerequisite for effectiveness is a clear delineation of roles and responsibilities. Benz and Eberlein (1988) in fact claim that differentiation of intergovernmental or intraregional decision making structures is the precondition for the successful management of a multi-level system; that is, problems are divided into partial tasks to be dealt with by separate arenas.

Moreover, a further complication can be ascribed to the fact that the need to coordinate implementation efforts among relatively autonomous actors causes implementation problems due not only to administrative difficulties but also to institutional tensions that might arise between supranational, national and subnational bodies. Boland (1999) develops the concept of 'contested multi level governance' to indicate that relations between the participants in MLG are frequently keenly disputed and that the problems centre on policy development, resource distribution, power and accountability. Contested governance occurs at many spatial scales because all players have their own goals and agendas, and it therefore happens in some countries that efforts on the part of regions or local governments to bypass the central state and build direct links with the European level create political turbulence. The sometimes conflicting positions of relatively autonomous subnational actors have to be taken into account and compromises have to be found. In the same vein, Marks *et al.* claim (1996a) that cohesion policy sometimes has contributed to the exacerbation of rivalry and conflict at the territorial level, between the regional and central authorities. Central governments control financial resources, and in countries with weak regional structures most of the EU funds are distributed in the framework of sectoral/national rather than regional programmes. It may thus be argued that the occurrence of power devolution is contingent on domestic factors, such as pre-existent administrative structures and culture. Likewise, Leonardi (2005) states that in cohesion policy the exact functions carried out by each level below that of the EC depend on the institutional structure of each member state. The role of regional and local actors is more pronounced in regional or federal systems: 'In other words, where functioning regional institutions were not operative, there was a lot less of multi level governance applied to the operationalization of cohesion policy' (Leonardi, 2005: 24).

Therefore, maybe the most important – if somewhat obvious – consideration in analysing MLG as an implementation model relates to the fact that if implementation of policies is to be entrusted to regional authorities, then the constitutional, institutional and administrative systems of the country and the regions involved become the fundamental factors in determining the policies' outcomes and the extent of the responsiveness of domestic actors to the EU principles and policy requirements. That is, on the one hand the degree of subnational involvement depends on the pre-existing constitutional arrangements and institutional structures of the individual member states; and on the other hand successful implementation depends very much upon the effectiveness and soundness of the regional political-administrative system.

The EU – and particularly EU cohesion policy – is commonly credited with exercising a strong influence on the evolution of regional-level structures and systems, as part of the design and implementation of regional development policies in the member states. Regional mobilisation in response to SFs has undeniably occurred across Europe, influenced by several factors: the pre-existing distribution of power and resource dependencies among central, regional and local governments in each country; the regions' democratic legitimacy deriving from popularly elected governments; the political skills and economic importance of different regions allowing them to lobby Brussels directly and more effectively; and the ability of central executives to structure the conditions under which regional governments interact with each other and with the Commission in the implementation of SFs (Pollack, 1995: 376). In fact, as observed by Rhodes (1995: 10): 'The less institutional autonomy a region has, the more disadvantages it accumulates. Regions without an elected tier of government are unable to wield the same influence in national and EU policies and to impose priorities.' This is confirmed by Barca (2009), who, analysing the data relative to the share of cohesion policy resources managed by regional authorities, concludes that only in those countries where regions enjoy considerable autonomy (i.e. Germany, Italy and Spain, among the ten countries benefiting most from support for lagging regions)

are greater resources managed at the regional level than at the national one. A decentralised implementation is obviously easier if the member country has already a federal or regional system in place; for example, Mayntze (1999: 112) remarks that EU integration is particularly disruptive to unitary states, while in a federal system organised interests are used to being involved in the policy process and, similarly, the national government is used to sharing powers and to negotiating.

3. Stakeholder Engagement and Political Accountability: Definition, Hypothesis, Method of analysis

As discussed in the literature review, the institutionalisation of cohesion policy with the reform of the SFs in 1988 changed the state-centred regulatory model of the European institutions. Indeed, cohesion policy prompted the gradual evolution of a MLG form of decision-making and implementation, which became increasingly focused on the programmatic approach and partnership model. The reform did away with the old didactic intergovernmentalist bargaining model in regional policy by admitting subnational actors into a tripartite decision-making and implementation process (Leonardi, 2005). In addition, the new approach required the active participation of both public and private actors (stakeholders) at various levels of policy-making. Although, some authors have embraced this as a positive change, others have pointed out the inefficiencies of such a system.

Indeed, this study reinforces this perceived inefficiency based on: (i) the perverse effect that vertical MLG has on particular political conditions, specifically on Political Accountability and (ii) the perverse effects that PP has through corrupted Stakeholders Engagement.

The underlying belief is that influences are two-way, upwards and top wards. In the first case is the European policy framework to negatively influence the domestic level; in the second case is the domestic level to undermine the EU governance system. The two hypotheses and related definition of concepts are described in the next paragraphs

3.1. Political Accountability

Philip Schmitter described Political Accountability in the following terms:

“Generically speaking, political accountability is a relationship between two sets of persons or (more often) organizations in which the *former agree to keep the latter informed, to offer them explanations for decisions made, and to submit to any predetermined sanctions that they may impose*. The latter, meanwhile, are subject to the command of the former, must provide required information, explain obedience or disobedience to the commands thereof, and accept the consequences for things done or left undone. Accountability, in short, implies an exchange of responsibilities and potential sanctions between rulers and citizens, made all the more complicated by the fact that a varied and competitive set of representatives typically interposes between the two. Needless to say, there are many caveats, loose linkages, and role reversals in this relationship, so that its product is almost always contested. **Information can be selective and skewed; explanations can be deflected to other actors; sanctions are rarely applied and can be simply ignored**” (Schmitter, 2004:47).

Moreover, Political Accountability should provide each citizen has the same rights and obligations. The right to be informed (with limited exceptions) about official actions and their justification, enables citizens to judge how well they are carried out, and to act accordingly – electorally or otherwise. In politics, and particularly in representative democracies, accountability is an important factor in securing good governance. It has been shown that the growth and welfare of citizens is enhanced by governments that function well in terms of abiding by the rule of law and providing an administrative machinery that delivers goods and services in an efficient manner (Knack and Keefer, 1995; Mauro, 1995; Easterly and Levine, 1997). However, although the number of democratic regimes and therefore proper use of constitutional mechanisms to ensure the accountability of politicians has substantially

expanded over recent decades, malfunctioning governments remain widespread phenomena globally (Adsera *et al.*, 2003:445).

Extensive literature on the sources of Political Accountability describes the machinery of government as a game between a principal – the public – and an agent – the politician or policy maker. The former delegates to the latter a given set of instruments with which to carry out certain goals. In the game, the interests of the two parties may be at odds. Even while partly acting on the interests of their potential electors, policy makers are likely to pursue their own political agenda, for example enriching themselves while in office. With self-interested politicians and state elites, the delegation of decision-making and policy implementation responsibilities automatically opens up the possibility of significant inefficiencies.

As shown in seminal articles by Barro (1973) and Ferejohn (1986), the solution to the delegation problem described above, where politicians may be tempted to exploit the lack of information that citizens have about policies and their consequences to pursue their own agenda, lies in the public establishing a control mechanism, such as regular elections, to discipline the policy maker. If electors vote retrospectively – that is, if they look back to the results achieved by the incumbents before casting their vote – elections should make policy makers accountable to the public. The credible threat of losing office in the next period compels policy makers to deliver good services and refrain from “extracting rents”.

3.2. Stakeholders Engagement

The term Partnership refers to the idea of the involvement of significantly different bodies or entities as partners, working together (in spite of underlining differences) to attain a particular project, objective or aim. The term “Partnership” applied to socio-economic development conveys the idea that cooperation between different bodies or institutions or territorial actors can achieve very good results and can increase the quality of the policies implemented ultimately accelerating and improving socio-economic and territorial development.

As seen in section 2.2, in the EU context, the PP was firstly introduced in 1988 as one of the four fundamental principles governing the SFs. Since then, the principle has evolved significantly starting from a narrow definition, which only included the Commission and the Member States to a wider partnership including the intermediate levels of government (i.e. the Regions) and later the social partners and finally, as defined by the Commission, other competent authorities.

By requiring the collective participation of horizontal stakeholders (business representatives, trade unions, NGOs, etc) in the design and delivery of programmes, the principle has encouraged more inclusive and regionalized policy-making and is credited with contributing to decentralisation trends across Europe.

However, the extent of involvement and influence of non-public sector bodies in programme decision-making processes remains limited across Europe, particularly at the implementation stage⁶; these actors often do not have the resources to actively participate or influence programme design and implementation, compounded by the complexity of the rules. The sustainability of partnership working can also be questioned, particularly where funding is in decline and partnership-based management arrangements have been rationalized (Polverari and Michie 2009). Lastly, there is limited evidence in

⁶ Businesseurope (2007), *Implementation of the Partnership Principle in preparation of National Strategic Reference Frameworks (NSRFs) and Operational Programmes (OPs) for 2007-13*, Results of a survey among business federations. Brussels; European Parliament (2008), *Governance and partnership at a national regional and project basis in the field of regional policy*, Non legislative resolution, INI/2008/2064, Committee on Regional Development, 21 October 2008; Churski P (2008), *Structural Funds of the European Union in Poland - Experience of the First Period of Membership*, European Planning Studies, 16(4), pp. 579-607; Ahner D (2009), Keynote speech at the Civil Society Forum organised by ECAS in the framework of the Open Days, 7 October 2009; Batory A and Cartwright A (2011), *Re-visiting the Partnership Principle in Cohesion Policy: The Role of Civil Society Organizations in Structural Funds Monitoring*, JCMS: Journal of Common Market Studies, 49(4), pp. 697-717; ECSC (2010), *Opinion of the European Economic and Social Committee on how to foster efficient partnership in the management of cohesion policy programmes, based on good practices from the 2007-2013 cycle*, ECO/258, 14 July 2010, Brussels.

the academic or evaluation literatures that the principle has led to better policy outcomes than would otherwise have occurred, i.e. in terms of the quality of projects selected.

For the purpose of this research, we identify the following criteria to define SE through the PP: inclusiveness (territorial coverage of stakeholders); catalyst capacity (ability of stakeholders to identify and channel territorial potential and needs); use of consultation methods (this can be either formal or informal method of consultation); incisiveness (relevance of stakeholders proposal on the development plan); knowledge (existence of appropriate provisions to strengthen the knowledge of partners)

3.3. Hypothesis

Hypothesis 1: MLG has a perverse effect on Political Accountability

Accountability constrains the extent to which elected representatives and other office-holders can wilfully deviate from their theoretical responsibilities. The goal of accountability is at times at odds with the goal of leadership. A constituency may have short-term desires that are at odds with long-term interests, in such context policy makers are likely to pursue their own political agenda and be interested in enriching themselves. This is particularly true in relation to SFs implementation, which not only is based on a long term planning but also can be used by the political class to finance projects, which do not always represent a priority for regional development but are useful in building consensus for other goals. Therefore, a political class that is not accountable will try to manipulate every form of information and publicity seen by the public about the use of the funds.

It is hypothesized that MLG contributes to blurring Political Accountability by adding more actors to the decision making and policy implementation process. Indeed, the dispersion of powers and responsibilities attached to the MLG system can have perverse effects in the process of accountability.

Hypothesis 2: PP has a perverse effect on Stakeholders Engagement

Partnership has become the norm in economic development policies. The system of MLG that brings different levels together in the pursuit of common goals has been recognised as an essential element in the EU integration process and beyond that as a way of organising public intervention in the complex societies of a globalising world. By creating new types of partnerships multi-level governance can foster cooperation that cuts across administrative boundaries to target policy in functional economic areas. In the Fifth Cohesion Report, the Commission underlines the positive role of Cohesion Policy's PP in the delivery of Europe 2020 objectives. It goes on to propose that 'representation of local and regional stakeholders, social partners and civil society in both the policy dialogue and implementation of Cohesion Policy should be strengthened.'

But what if the stakeholders engaged to act as territorial catalyst to capture the different needs and potential of each area are not the most adequate? Or what if there is a lack of alignment between stakeholder's interest and broader economic development? How do stakeholders are selected in order to represent the territorial needs? If it is true that the legitimacy, efficiency and visibility of the way the Community operates depend on contributions from all the various players. It is also true that this is achieved if local and regional authorities are genuine 'partners' rather than mere 'intermediaries' or "interest seekers".

This paper hypothesises that stakeholder engagement undermines PP for the following reasons: stakeholders selected may not be the most representative; stakeholders selected may not be able to identify the territorial needs; may not be aware of the different consultation channels ;proposal made by stakeholders may not be incisive enough on the development plan; stakeholders may not have received any training to develop as partners; this in turns weakens the policy making, decision making and implementation process.

3.4. Method of analysis

This paper investigates the relationship between politicians and stakeholders and their respective power to influence policy choices in the framework of MLG. A detailed Italian case study is used to

disentangle the perverse effects of MLG on Political Accountability on one hand and the perverse effect of partnership on the other hand.

Italy provides a useful case study to investigate the effects of MLG and partnership, being a country that has seen a massive shift from a centralized approach to a more decentralized framework. As some scholars highlight (Bodo and Viesti, 1997; Barca, 2001b) the turning point in the polity and the politics of the Italian regional policy can be dated back at the mid-1990s. The changes occurred - toward a more concerted development policy - are intertwined with the political and administrative reforms undertaken in Italy along the same period.

Three methods of data collection ensure the reliability of the findings: (1) document analysis; (2) interview data – questionnaires and semi-structured interviews; (3) direct observation.

4. The Italian case study

This section depicts Italian regional political and administrative characteristics with an emphasis on the institutions and changes related to domestic and European regional policy. The analytical synthesis is intended to provide an interpretative framework to test our hypotheses.

4.1. The Centralized approach from 1946 to 1990

The Constitution of 1946 established an administrative system based on a precise hierarchy: at the bottom the municipalities, then the provinces and then the regions. It endowed the regions with extensive law-making powers, conceiving them as independent centres of decision making. In reality, though, the central governments have always kept a tight grip on the regions, delaying for countless years the passing of legislation necessary to fulfil the constitutional provisions related to the autonomy of the regions. Thus, for more than 20 years there was no clear framework defining the powers of the regions and their relationship with the central state. As a matter of fact, the Italian Constitution distinguishes between 'ordinary' and 'special' statute regions; the five special statute regions, created at the same time as the Constitution, were established as such for geographic, ethnic and linguistic reasons, and granted wider autonomy and powers than the ordinary regions in order to better safeguard their peculiarities. The institutional reforms necessary for the establishment of the ordinary statute regions were carried out only in the 1970s; in fact, the first elections for the regional councils of the 15 ordinary regions were held in 1970 and most of the administrative functions were transferred from the central state to the regions in 1977. Even if the range of competencies attributed to the regions was at this point more or less defined, regions were seen by the state basically as implementers of central government policies, appointed to spend resources transferred from – and controlled by – the national level. The situation of uncertainty and disarray in the distribution of competencies, in the organisational structure of local powers and in the centre-periphery relationship, lasted till the 1990s.

In the same administrative style, the regional policy was managed at central level through a top down approach. The administrative body responsible for the regional policy was the Casmez, an agency to implement the sectoral development programme designed by the central government, mainly in the form of capital transfers and incentives to the private sectors. During this first period the choices made by the political class and the use of regional policy for the purpose of building political patronage undermined the overall success of the policy (Boissevain, 1966; Giner, 1982). Indeed, the ruling class at the time constantly intervened in administrative activities according to personal agendas rather than economic motives; the extreme instability of the government created a political class more focused on short-term rewards than long-term planning; and, moreover, any accountability of actions was deemed non-existent (Viesti, 2003; Finocchiaro and Rizzo, 2006).

Accordingly to some authors, the priority of the regional political class, especially in the *Mezzogiorno* was to reinforce itself, and the easiest way seemed to build strong preferential linkages both with the administrative class and with the local government (Piattoni, 1997). The latter, in order to guarantee

the support required, demands increasing resources for the strengthening of clientelistic networks.⁷ Therefore, regional political leaders use additional funding to “buy” consensus from local political leaders, and there is no economic development logic behind this allocation of resources (Triglia, 1992). The distorted mechanism of private bargaining between the regional and the local political class is increased by the local politicians’ desire to preserve their unequal power position *vis-à-vis* the citizens (Chubb, 1982). Eventually, the clientelistic network substitutes the citizens as the relevant point of reference for regional politicians.

Overall, the “Italian politics was characterized by three elements: an electoral system that diluted policymakers’ responsibility, and a judicial system powerless in the face of overpowering political parties and an administrative apparatus [...] characterized by unaccountable public administrations often plagued by corruption”. (Bicchieri et al, 2002:5).

In this centralised, top-down setting there was no space for any form of multilevel or multi actor governance or any focus on subsidiaries or partnerships. Indeed, historically and culturally the Italian regions have been less prone – in comparison with regions from continental Europe – to civil society and societal actors’ participation and engagement, and the country as a whole was not characterised by a model of collaborative coordination among interest groups (Marra, 2006). As argued by Piattoni: “Partnership Principle encounters typical difficulties having to do with the territorial level, the institutional structure and the political culture of the Member State in which it is applied and implemented” (Piattoni, 2009).

In the case of Italy it has to be said that the principle introduced in the 90s by CP was “grafted” in a country – Italy – characterised by a traditional centralised approach and a low level of consensual deliberation to policy making (Graziano, 2010; Polverari and Michie, 2009).

One would expect that “federal states with a long tradition of regional involvement in development policy and in which regional imbalances have been traditionally strong should present the best participation of stakeholders. Paradoxically, though, this factor – existence of long traditions of regional development policies either at the central or at the decentralised level – militates against the involvement of civil society organisations in all types of states: in unitary states (the UK), in regionalised states (Italy and France) and in federal states (Germany)” (EC, 2007:90).

Italy fits this pattern; indeed in the specific realm of the regional policy prior to the adoption of the EU Cohesion Policy rules, civil society and private partnerships were seen as beneficiaries of funds distributed almost randomly as a consequence of a number of industrial incentives offered to private firms to invest in the South without severe constraints. This praxis does not easily subsequently allow civil society and stakeholders to be viewed as proactive actors rather than reactive as they have been hitherto.

In addition, civil society is not necessarily positioned to represent the interests of the population or “civil society organizations do not want to be involved in policy-making, given that this requires time and energy which do not always produce the desired results” (Piattoni, 2009).

Also, it is assumed that one of the pre-conditions for engaging stakeholder is the dotation of social capital and the level of trust⁸ among actors contracting an agreement. These two preconditions were missing in the centralised era, with the exception of some regions such as Basilicata and the northern areas (Putnam et al 1993).

4.2. From a Centralised approach to Multilevel governance

⁷The logic is to allocate resources to the local government in order to further the local clientelistic boundaries, and ultimately to strengthen, at the local level, its own power. The internal antagonism at regional level leads the political class to reinforce the local request, and uses it to assert its power either within the belonging party or in front of other parties.

⁸ For study on the level of trust and social capital in Italy see: Tabellini, 2006; Inglehart, R. et al (2000), “World values surveys and European values surveys, 1981-1984, 1990-1993 and 1995-1997”, Ann Arbor-Michigan, Institute for Social Research, ICPSR version

In the 90s the crisis of the political class, the collapse of the political parties system counterbalanced by the rise of new movements, the Northern League's increasing hostility to the financial transfers made to support the development of the south, connected to the poor results of centralised intervention itself, the fiscal and economic problems of the early 1990s, the huge public debt and the move to eradicate government corruption, sowed the seeds for change (Ceccanti and Vassallo, 2004).

Indeed, as some scholars highlight (Bodo and Viesti, 1997; Barca, 2001b), the turning point in the polity and the politics of the Italian regional policy can be dated back to the mid-1990s. The changes occurring – toward a more concerted development policy – are intertwined with the parallel and wider political and administrative reforms which shocked the Italian system. Indeed, the drastic transformation of the political scenario with the dissolution of the “Prima Repubblica” has been accompanied by four main changes:

1. A new system of local electoral rules based on direct elections of mayors, though formally accountable and potentially less exposed to corruption and clientele⁹. (Bicchieri et al, 2002; Mudambi, Navarra and Sobbrío, 2001; Mudambi and Navarra, 2001);
2. A change in the relation between the administrative and political spheres with a clearer separation of power and responsibilities among them¹⁰ (Milio, 2010);
3. A process of devolution and transfer of competences¹¹ from high level to lower levels of government, based on the subsidiarity principle (Keating, 2009);
4. A process of decentralisation accompanied by a shift in the paradigm of the regional policy from a top down to a bottom up approach (Leonardi, 2005) and from ‘inward investment’ policy to ‘endogenous development’, translated in the adoption of the EU cohesion policy’s rules (La Spina, 2003; Bull and Baunder, 2004)

The new institutional design was trying to align the Italian system with the European imperative. In respect of our investigated hypothesis, it is clear that the first two changes aimed at improving accountability toward the electorate as well as within the government; whereas the last two aspects designed the framework for a participatory approach to regional policy.

Firstly, the new election rules were intended to render the politicians more liable to their electoral body, promoting a more accountable and transparent system.

Secondly, in the PA the legal foundations of the separation of powers were further re-enforced, so to avoid blurring of responsibilities:

“it is now the duty of politicians to define policies and strategies, assess results, appoint general directors but to have no further direct involvement in administration, whereas administrative directors and managers are given broader powers but also greater responsibility, and higher salaries linked to results and performance” (Bassanini, 2000a: 16).

The administrative reform wanted to “enhance the independence and professionalism of the administration and to transform a formalistic, process-oriented custom into a performance-oriented culture becoming more efficient” (Bull and Baunder, 2004).

Thirdly, the process of devolution undertaken was supposed to give more independence to the regions as well as producing a higher degree of accountability and responsibility of the political and administrative authorities (Desideri and Santantonio, 1997; Piattoni, 2003). Indeed, the process of political-administrative devolution was guided by two main innovations. On the one hand, a process whereby power was delegated to the regions and to local authorities began (Law n.421/1992; Law n. 59/1997). In the eyes of the reformers, “[t]his process did not constitute the third transfer of administrative functions to regional government and local authorities, but a much more ambitious, radical operation, a new stage, as it has been called, in the institutional history of Italy” (Bassanini,

⁹ Law n.81/1993: Direct election of Mayor, President of province, City Councilmen and Province councilmen.

¹⁰ D.lgs. n. 29/1993; Law n. 59/1997; Law n. 191/1998; Law n. 145/2002

¹¹ Law n. 421/1992; Law n. 59/1997. Law 59/1997 is also known as the Bassanini reform and encompasses the re designation by government of the duties and powers of regional and local governments; the reform of the public sector bargaining system; the reform of the macrostructure of government; the introduction of the annual law on de-legislation and simplification (to enforce this delegating law more than 60 legislative decrees were needed).

2000:19). On the other hand, the organisational and managerial capacities of local governments were strengthened through a reform of the system of checks and controls (Law n.127/1997; D.lgs. n. 286/1999), the introduction of city managers (Presidential Decree n.324/2000), of managerial accounting (Law n. 273/1995) and the chance to link managers' salaries to their performance (Bassanini, 2000). Devolution – i.e. the transfer of powers to the regional level of government – was finalised with D.lgs. n.12/1998, which recorded the shift of political and administrative decision-making power in favour of the regions. This process reached its peak in 2001 with the reform of title V of the Constitution¹².

Finally, decentralisation was marked by the restructuring of the state apparatus (D.lgs. n.300/1999), the establishment of new relations between political forces, and the integration of new economic and social actors. The reform assigned new responsibilities to a lower level of government in the design and the implementation of development regional policy. As a consequence the new scheme had to account for some forms of coordination among the national level and sub-national entities taking in consideration difficult and conflictual relationships – when present – between regional and local governments. Moreover, the new European regional policy “had the effect of galvanizing regional governments into acting in a more co-ordinated manner to try and wrest greater responsibilities from the central level” (Bull and Baunder, 2004, p.10).

In other words, a new approach from the bottom, based on the central role of the region, emerged: these transitional years introduced a phase of reorganisation for the central management of development policies and structural actions. Institutional, administrative and organisational adjustments were made in order to manage the conversion from a centralised management approach to a multi-level, decentralised one.

Moreover, the reform impetus led to a change in the relations between centre and periphery, promoting processes of decentralisation and devolution with a degree of inclusiveness regarding sub-national and local non-governmental socio economic actors “based on an enlarged neo corporatist consensus and on a partnership-oriented approach to intergovernmental relations” (Gualini, 2003:629).

As some observers state, “the instruments of regional policy were also used to boost administrative reforms and the participation of economic and social actors in regions and municipalities. To accomplish this, existing policy instruments were diffused and linked to structural funds, and instruments emanating from the structural fund regulations were given a pivotal role” (Bull and Baunder, 2004: 1069). This was the case of the diffusion of Territorial Pacts (*Patti territoriali*) and Territorial Integrated Projects (*Progetti integrati territoriali*), representing significant institutional innovations able to promote the PP through the participation of non-state actors in policy-making inside and outside the SFs programmes (Trigilia 2001; Cersosimo and Wolleb, 2001 Moffa, 2005).

To sum up, by the mid-1990s there was a turnaround in the Italian regional policy, the political system reformed gave an important stimulus to the renovation of the political class potentially improving the use of the resources (OECD, 2001: 39; Cipoletta 1999) and the level of accountability in deploying them. The above brief overview on the pre-existing administrative, political and cultural features of the country before the radical changes introduced in the 90s suggest how the variables of our study – Political Accountability and Stakeholder Engagement – were weak and poorly articulated within the Italian system. It is, therefore undeniable that Italy took important steps from being a highly interventionist state in which law was devalued and the regional dimension was underestimated and disregarded, towards becoming a modern regulatory state based on transparent rules and multilevel governance. In the meantime, regional policy was also subject to major reforms, due to the abolishment of the centralised approach. Indeed, a new bottom-up method, based on the central role of the region as well as social local actors, emerged.

Hence, the question is whether or not the reforms by means of MLG have improved the accountability of the regional and local political class and whether or not the reforms have found well-prepared stakeholders capable to interpret the needs of the territories.

¹² What these reforms accomplished was to formally put the national and regional levels on a more equal footing vis-à-vis the Constitutional Court and in the allocation of primary powers in a variety of policy making sectors, including regional policy, to the regions.

5. Preliminary findings

The decentralisation process represented the pivotal moment to establish the system of MLG in the SFs management. This new framework of governance has disclosed both opportunities and threats of the entitlement, enforcement, empowerment and learning for all the actors involved.

On this line we have collected evidence on how in Italy, with specific regard to EU cohesion policy, MLG might have created a negative case of “governance without government” in relation to accountability and a case of “distorted use of Stakeholders Engagement ” in relation to the PP.

The next two paragraphs summarise preliminary results drawn by both interviews and secondary sources.

5.1. Assessing the extent of the perverse effect of Multilevel Governance on Political Accountability

As established this paper looks at MLG as a model of implementation and management of SFs. Therefore we are interested in the quality and the effectiveness of the policy outcomes or more precisely in understanding who is rightfully responsible for the implementation and the delivery of cohesion policy in a form of *governance* where differently from the conventional form of *government* the subject in charge of conceiving a policy might be different from who is in charge of implementing and delivering it.

The previous section illustrates how the managing system of the Italian regional policy was characterised by a high level of bureaucracy and opacity and how this situation improved after the application of EU cohesion policy rules. Nevertheless, initial findings seem to suggest that the empowerment of new actors has had the effect of disclosing political influence from several players in the decision making arena, therefore obfuscating the accountability of the different tiers involved both vertically and horizontally. The result is that “MLG arrangements may become more responsive at one level only to become less effective at another”. (Piattoni, 2010:225).

A pertinent example to support such claim is the case study analysed by Gualini in Italy in relation to the domestic dispute among the central government and the Northern regions on the territorial unit to consider under Objective 2 in the 2000-2006 programming period. In its initial proposal central government did not include the same territorial units that were proposed by the regional governments. The dispute was won by the regional level outlining a stronger role of this latter and of the local private sectors. The new central role of the regions jeopardised the gatekeeper role of the Italian government vis a vis the Commission. This has been described by the author as a paradoxical outcome with regard to the virtuous aims of building multilevel governance.” (Gualini, 2003 :633). Furthermore, evidence suggest that this renewed regional political influence does not necessarily lead to Political Accountability. Indeed, when the territorial units that were left out of the Objective 2 classification inquired about their status, the regional government blamed the central level delaying its activity. Such a shift in blame was possible given that originally the power of marking out territorial areas was the responsibility of the national government.

In further comparative analysis on Cohesion Policy governance in two Italian Southern regions carried out by Milio in 2009, the interviews with civil servants reveal contrasting results across the two regional case studies. Indeed, in Sicily the political class was perceived as non accountable, mainly because regional politicians were shifting responsibilities to lower or higher tiers of governance when interrogated about justifying poor performance. The interview felt that “shifting the blame” had become a costume since the setting of the MLG¹³ framework. An opposite scenario emerged in Basilicata where 65% of the sample felt that the political class was accountable, compared with a smaller percentage (42) in Sicily, whereas 25% and 10% respectively felt that there was only a partial level of

¹³ Although, the situation slightly improved after 2001, when the law established the direct election of the President.

accountability or an absence of accountability (question 1)¹⁴. In the same vein, 50% declared that there were procedures in place to ensure accountability (question 2)¹⁵. This was mainly due to a balanced and clear relationship between the political and the administrative classes, as well as the national, regional and local roles.

In the case of EU cohesion policy, since the technicality requested is high and its successful implementation is determined by several factors – i.e. matching funds, coordination between administrations at different levels, contributions by stakeholders – shifting the blame on all these factors when they are not effective in case of policy failure is a temptation. “Unless there are ways of exposing and punishing this type of behaviour, accountant and accountee at one level of accountability may team up to cheat actors and forums at other level” (Piattoni, 2010: 226)

Another reason favoured the blurring of accountability in Italy was the combination of “delegating responsibilities while retaining control of policy formulation” (Bauder and Bull, 2005:308). Indeed, as Gualini (2001) observed in relation to 2000-2006 programming period: “[...] national tables are seen as the level for strategic impulse and direction, regional tables are intended as the level where social partnership actually unfolds and where tasks of political-administrative mediation can be strengthened with the technical-operational support of the monitoring committees” (Gualini, 2001:768). Therefore, the Italian approach to the new regional policy and the application to MLG was based on the ‘contractualisation’ of relations between different governmental tiers, where the regions and local actors become executors of the new regional policy. This position restates that a complex system of centralization and decentralization was put in place but still with no cut-clear definition of responsibility and a mismatching among the aims of central steering and local initiative.

In another study about processes of devolution in Italy, Spain and UK, Keating (2009) concludes that although in general terms processes of devolution are positively incremental for lower levels of governments it is anyway difficult to identify specific items to transfer or specific exclusive competences, thus identifying specific responsibilities. Therefore accountability is always at risk of becoming blurred among tiers of governance and segments of competences.

MLG has also affected accountability by changing the relationships among actors of the same governmental level. Indeed, the high level of complexity attached to EU Cohesion policy has altered the relation among politicians and the civil servants, who although unelected exercise a great influence based on high specialized *know-how*: “[...] in various country- including also the more traditional Germany, France and Italy - a development away from strictly vertical and subordinate relationship between those bearing political responsibility and the public servant may be witnessed, in the direction of a greater exercise of power and responsibility by public servants” (Michels and Meijer, 2008 :6). This was the result of the shift from a form of accountability based on financial control to a more managerial style of governance that, if on one side promoted the performance culture, on the other strongly empowered public servants (Bovens, 2006).

5.2. Assessing the extent of Stakeholder Engagement and its effect on Partnership Principle

Similarly to MLG, the PP also undermines accountability by the perverse engagement of stakeholders.

A latest study of the European Commission on “Organised civil society and European Governance” suggests that: “in Italy opinions about the openness and the responsiveness of the political system are varied, ranging from relative disillusionment to high appreciation. Apparently, strong regional governments, which have the direct endorsement of the electorate, make institutional actors rather careless towards the requests stemming from organised civil society. Governmental officials seem to think that they better represent the populace (more directly and more fully) than societal actors, and are therefore tempted to ignore their input. On the contrary, weak (technical) governments seek the input of organised civil society as a way of bridging the gap with the citizen, thus giving Societal

¹⁴ Question 1: In your opinion is the political class accountable?

¹⁵ Question 2: Are there adequate procedures in place to ensure political accountability?

Movement Organisations greater attention. Also, right-wing governments seem more prone to using traditional “command and control” government techniques, while left-wing governments seem to have a greater appreciation for consultation and concentration” (EC, 2007: 100).

However, since Regulation 1083/2006 (art.11 and art.32.2) prescribes that partners need to be involved in the Monitoring Committees (MCs), we have reviewed the bulk of the empirical studies on the analysis of the participation of both subnational authorities and civil society organisations in the MCs. In the Italian case the participation of societal groups to MCs has appeared to be very weak for four main reasons:

- (i) Firstly because of lack of organisation of interest groups at the regional level;
- (ii) Secondly because MCs have been conceived more as a means of improving the implementation of policy rather than fora of consultation (Bauder and Bull, 2005);
- (iii) Thirdly, because of politicians’ unwillingness to listen to societal interests;
- (iv) Lastly, because until the mid-1990s, the involvement of civil society in the SFs was “merely perfunctory” (Piattoni, 2007).

Results from a study by Graziano (2010) reinforce the first of the above points, by partly contradicting the third reason. Indeed, the author brings evidence to suggest that the implementation of PP is not only due to politicians’ unwillingness in listening to societal interests, but this is also because the social actors might be weak in collecting preferences and elaborating feasible proposals. This was the case of Calabria, Campania e Puglia, whereas the Basilicata region is an exception with traditionally a high level of social capital. In this regard the pre-existing conditions and the level of social capital of the regions favoured the engagement of stakeholders in implementing the PP. The author concludes that over the past twenty years, due to the implementation of EU cohesion policy procedures, new opportunities have been given to social interest groups although they are not always able to use those chances. Where those groups have been able to act as social partners their inclusion in the decision making or implementation process has reduced the influence of the local political actors. Graziano interestingly explains how the introduction of the PP has weakened the role of the political sphere and its accountability. Indeed, Southern Italian regions became a more complex political space after the EU cohesion policy reforms: “1993 has set social partnership as one of its core policy principles, the regional space for politics had becoming increasingly ‘crowded’ with social actors (i.e. regional interest groups) rather than regional political actors (i.e. regional branches of national parties or regional parties)” (Graziano, 2010: 316). The scenario has therefore turned to be more populated, with social actors, when able to exercise their power, even more active than the political actors.

In some regions, however, (e.g. Sicily) it has emerged that the PP has allowed the political class to “pick and choose” which social groups or interests to include during the consultation. This has allowed politicians to reinforce their position by carefully selecting local social actors that could act as backers of political choice rather than reaching concerted decisions. This counter productive results of the PP allows what some interviewees have defined a “modern form of clientelism”. This clientelism works both ways. Indeed, in some cases stakeholders “tie the regional authorities’ hands” by threatening to obstruct implementing structural projects if their issues or values are not taken into consideration.

More generally, although an inclusive policy making style might avoid objection to an intervention, rendering the implementation process fluent, this might trigger perverse effects. First of all, as emerged in the case of Sicily, it might secure the consensus of social actors and to a certain extent neutralise their possible opposition. This aspect has been labelled by Harvey (2004) as “illusion of inclusion”.

Secondly, a high level of Stakeholder Engagement might lead to high level of participation characterised by multiple veto points from different actors paralysing the implementation of the interventions (ineffective political action). An example of this process has been evident during the consultation table established for the planning period of Cohesion Policy 2000-2006. Some key actors interviewed in Sicily and Puglia agreed that the “tavoli di concertazione” set at each “livello provinciale” (county level) were becoming so inclusive, that it was impossible to take effective decisions. Each actor that sat at the “tavolo” would come in with a list of requests of which the impact was only focused on the specific social niche represented rather than the broad community interest. This means, therefore, that a high level of participation and groups do not necessarily lead to a more efficient and effective decision.

This is even more problematic if we consider that the stakeholders engaged are not always officially elected bodies, legitimately taking part in the decision and policy making process.

Moreover, the findings emerging from Sicily and Puglia are further reinforced by fieldwork carried out by Piattoni in 2010. The author has conducted a comparative analysis on the engagement of civil society actors in structural policy across EU Member States including Italy¹⁶. The findings of such research suggest that in several cases civil society organization have their only specific interests, being special purpose organisations: “they do not claim always to represent a large section of the populace (but rather ideas and values which are spread throughout the population to an unknown degree) nor do they really attempt to explain, educate, and “raise the consciousness” of the population on structural issues. At most, they keep their membership informed as they try to represent their functional, sectoral, or issue - specific values, ideas, and interests” (Piattoni, 2010:124). In this sense the stakeholders do not always have or want to deploy the catalyst capacity of individuating territorial assets and exigencies. Moreover, although some stakeholders are perceived as rightful representatives (the case of the Unions) and thus legitimated to participate, the mechanisms of consultation of their base makes them slow in responding to policy crises.

The participation of civil society might vary from region to region at different levels of government, but the technicality of EU cohesion policy might relegate stakeholders to a limited position, impeding them from exercising an informative role towards the community that they represent and more importantly from formulating relevant proposals (incisiveness). This was the case of the “Progetti Integrati Territoriali” (Territorially Integrated Programmes (TIPs)¹⁷) that were launched in 2000-2006 in Italy.

In particular, the TIPs were expected to be of value in achieving a higher degree of integration and concentration of resources. Indeed, they have allocated more than 10% of ROPs budget and have been particularly aimed at promoting new forms of local governance and the involvement of private and public actors in the policy-making process. Also, “the regional authorities have been assigned the role of ‘mediator’ of local authorities and local initiatives as they are given the responsibility to select and supervise projects according to the criteria and procedures laid down in the new framework conditions shaping the implementation of structural funds” (Bauder and Bull, 2005:309). In this case Southern Italian regions were able to create *ad hoc* partnerships. Connections among a few local businesses, voluntary organisations, and educational institutions were created to serve the purpose of a specific project. But, given the technicality of the procedure and the project ideas to be implemented, local private and public actors encountered massive difficulties in fulfilling this role. The TIPs that proved to be able to overcome such difficulties were those based on more stable partnership based on pre-existing linkages.

Notwithstanding, as evidence shows, once the project was completed, the partnership would cease and a new partnership would be created to serve a new project (Zerbinati, 2004). Therefore, it can be said that the PP has opened the door to opportunistic behaviour from the private sector in order to take advantage of specific circumstances and funds.

A most recent study from Polverari and Michie (2009) confirms that the PP works better in Italy within the National Strategic Reference Framework, and thus at national level. It performed less well at regional level, especially in the South, where interviews with civil society actors confirmed a lack of civic sense and participations. Therefore, according to the authors – some areas of the country are still green in adopting the PP principle mainly due to the lack of “experienced and capable socio economic partners and to the limited opportunities for real influence”.

¹⁶ In the case of Italy in relation to regional policy 26 interviews were carried out in: Rome (national), Sardinia (Cagliari), Friuli-Venezia-Giulia (Udine), Milan, Naples, Bologna, Turin

¹⁷ TIPs represent a specific way of implementing the Italian CSF 2000-2006 and the related Regional Operational Programmes (ROPs), particularly in the Southern regions. They were defined as a set of inter-sectoral actions, highly coherent and integrated with each other, which converge towards the same objective of territorial development and justifies a unitary implementation approach” (CIPE 71/1999). Original definition: “un complesso di azioni inter-settoriali, strettamente coerenti e collegate tra loro, che convergono verso un comune obiettivo di sviluppo del territorio e giustificano un approccio attuativo unitario”. The definition was then reported in the CSF 2000/2006 (3.10)

Clearly the patterns of MLG and the PP have different dynamics across the Italian regions, where the power balance among actors and the institution of partnership is based on domestic mediating factors, namely: (i) institutional settings and degree of centralisation; (ii) administrative tradition and policy making style; (iii) the perception of EU as an opportunity; (iv) intensity of relations between subnational institutions and civil society (or social capital) (Batory and Cartwright, 2011).

Furthermore, both MLG and the PP have had a clear impact on Political Accountability as demonstrated by the evolution from a low level of influence to a more central role of the regions and of the private organisations.

6. Conclusions

Clearly, the creation of the SFs and the strengthening of an EU regional development policy through the adoption of the CSF approach have significantly changed the nature of relations between institutions and have led to the emergence of regional institutions as significant policy actors. This is true with regard to participation in the formulation and implementation of SFs policies are no longer structured in an exclusively top-down approach. Instead, they now combine both top-down and bottom-up characteristics (Leonardi, 2005).

The implementation of the new decision-making mechanisms associated with MLG proved to be far more complex and difficult to carry out than was initially expected. Adaptation to the new EU rules and regulations was not automatic. The new approach required political and administrative changes at both the national and subnational level. In order to create modern efficient forms of governmental activities, the institutions involved needed to develop (1) differentiated vertical and horizontal distribution of powers and responsibilities, and (2) considerable planning, programming and coordination capacities.

In each Member State, national government and subnational actors have different degrees of participation in decision-making. This reflects factors such as the distribution of competencies between national, regional and local levels, political interests and linkages, the amount and scope of co-funding available, the number and scope of programmes to be dealt with at each level, and administrative experience of managing economic development. It follows that practical arrangements for programming also vary, including the approaches to programme development, project generation, selection, monitoring and evaluation, and the extent to which these tasks are subsumed within the existing administrative structure or whether parts of the implementation are carried out by dedicated administrative structures and how these are organised (Bachtler *et al.*, 1999).

Based on the above, this paper has investigated some of the effects of MLG and PP, specifically the blurring of Political Accountability and perverse Stakeholders Engagement. Italy was chosen as a case study given the profound reforms of devolution and decentralisation that have been implemented since the 90s in order to adapt the administrative, political and institutional settings to the requirements of MLG and the PP.

Two leading questions have driven the case study analysis:

a. is MLG a system that can work in any Member State or in some cases does it create a negative effect by blurring Political Accountability?

b. is PP regulated so that stakeholders are selected to be the most adequate representatives of the territory's needs, or is the opening of the decision making arena to different actors undermining the process as a whole ?

Preliminary findings have brought to light results which allow for some recommendations to be made in order to minimise the perverse effect of Political Accountability and Stakeholder Engagement on the decision making and implementation process of cohesion policy.

(i) Political Accountability

MLG is not a model generally suitable in every context but instead has to be calibrated and carefully governed. In this respect, the central government's coordination and steering role is crucial. Even if

recentralisation as a consequence of the regional and lower tiers' incapacity may be a good short-term move to boost compliance, in the long term it is an unfeasible and anachronistic strategy: centralisation is not an adequate approach. Member States need to develop a multi-level framework and subnational authorities as well as stakeholders need to be helped in their institutional/capacity-building processes in order to contribute efficiently to the policy making process and to be capable of effectively implementing policies.

The MLG model is an efficient model where a strong tradition of accountability already exists and when a high level of trust among actors is in place as exemplified by the case of Basilicata;

Otherwise the flexible framework of relations that MLG is able to disclose might enable interventions without accounting for specific responsibilities. Indeed, MLG has given space to actors "shifting the blame" to other tiers of government. A possible solution could be to decrease the number of bodies involved both at the central and regional levels, enabling clearer responsibilities to be assigned.

This blame shifting phenomena is prominent in political systems demonstrating weaknesses in SFs technicality, which therefore rely on the public servant role and input. As the above findings show the complexity of the policy and the move to the performance culture have led to a strong empowerment of administrators and stakeholders, exacerbating in some cases the gap of knowledge among politicians, civil servant and citizens on one side, and confusing the ownership of the policy on the other

These findings suggest that the new multi-level forms of governance require new structures of accountability. For instance, improving the level of information between and within MLG policy networks is a crucial element to warrant accountability. Indeed, "shifting the blame" is possible in a context where information is not shared across all levels of governments involved. Increased information flows should guarantee that all the actors involved in the decision-making and implementation process are aware of the other actors' responsibilities.

In this direction the Commission has proposed annual management declarations of assurance in the triennial revision of the Financial Regulation and as part of the 2014-2020 legislative package for cohesion policy. This serves as a tool to increase the accountability and assurance provided by management levels in Member States.

Also, Cohesion policy should provide more incentives to improve accountability in order to achieve transparency, and a form of conditionality should be introduced.

(ii) Stakeholder Engagement

The PP has also enabled different perverse mechanisms:

- In some cases PP has allowed the political class to selectively choose stakeholders for clientelism purposes. To prevent this it is desirable to introduce sanctions for national, regional and local authorities that do not comply with the PP.
- In other cases stakeholders may "tie the regional authorities hands" by threatening to obstruct the implementation of structural projects if their issues or values are not taken into consideration. This could be avoided by clearer definition of, partner responsibilities and competences.
- In the Italian case the MCs are not the only *loci* to find agreement among the players in the game; more often actors from other informal arenas might have an impact on the PP implementation. Therefore, further research should investigate the political influences of actors coming from less crystallised political systems. Overall a process of closer partnership performance monitoring is necessary to avoid politicians or stakeholders taking advantage of their formal or informal relationship and interests.
- However, the high level of expertise requested for certain topics generally puts civil society organisations in a weak position. In this respect it would be necessary to invest funding: (i) in technical assistance to strengthen the administrative capacity of partners and (ii) in local actors' mechanisms to collect preferences and organise them.

- Existence of appropriate, stable working arrangements as proven by TIPs make partnerships more successful. This evidence suggests that interventions have been more effective where the pact was implemented on pre-existing modes of coordination and not where the partnerships were created artificially. Therefore a potential criterion to analyse true stakeholder engagement may rely on the sustainability of the partnership over time as longevity against the volatility of the partnership itself.

MLG has been a useful framework to describe the decision-making and the implementation of EU cohesion policy. This paper questions the legitimacy of MLG arrangements, suggesting that actors' responsibilities need to be better specified for a more efficient use of Funds.

Ultimately it must be asked to what extent a politician should be accountable for the outcome of a policy deriving from a MLG system with several intervening actors. The 90s reforms have eliminated the typical bottlenecks of the Prima Repubblica, but "supplementary horizontal mechanism of accountability" (Michels and Meijer, 2008) are still needed to understand how flexible the accountability concept is.

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