Delegation, Policy Integration, and Cooperation.
How to Solve Problems of Coordination in Structural Fund Programs.
Preliminary Findings from Comparative Case Studies in the South of Italy

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Introduction

Over the past decade, collaborative local institutional arrangements for the design of small-scale infrastructure, and cultural and natural resource sustainable management have emerged among numerous political jurisdictions and actors, embedded within multi-level governance structures and relations (see specifically, the Italian case on “negotiated programming”, De Vivo, 2004; Barca, 2005; Trigilia et al., 2005). Specifically, European cohesion policies\(^1\) are embedded in a multi-level governance policy network, which has grown in parallel with European integration. Across Objective 1 Areas\(^2\), partnership has been widened and deepened, and in certain cases it has developed beyond the Structural Funds. While partnership was conceived primarily as the vertical relationship between the Commission and national, regional or local authorities, the horizontal dimension of partnership – including a wide range of stakeholders at local, regional and national level – has grown over time (Mairate, 2006).

Different actors, including resource users and government agencies try to work together to resolve shared dilemmas of coordination, as an increasingly common alternative to centralized institutions. Decision making power is delegated to territorial government agencies with the assumption that local agents possess both contextual knowledge and political legitimacy to integrate different policy measures in a cooperative fashion.

Thus, problems of coordination and implementation of Structural Funds arise\(^3\). Local, regional, and national governments, as well as private for-profit and non-profit organizations,

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\(^1\) The European Structural Funds targeted at achieving greater economic and social cohesion and reducing disparities within the European Union (EU) have more than doubled in relative terms since the end of the 1980s, making development policies the second most important policy area in the EU.

\(^2\) The majority of the development funds have been earmarked for Objective 1 regions, i.e. regions whose GDP per capita is below the 75 per cent threshold of the EU average.

\(^3\) The revolutionary nature of the cohesion policy created a policy process that did not “fit” into any pre-existing approach to national regional policy. This lack of “fit” that requires substantial institutional adjustment and learning on how to use the policy has led some scholars to question the advantage gained by regional governments in participating in cohesion policy programs (Thielmann, 2002; Leonardi, 2005).
strive to better share division of labor and coordination approaches to address old and new development challenges⁴.

This paper aims to examine the variety of ways in which regional government agencies may be mobilized, managed and co-ordinated with the private sector in order to stimulate local economies. The overarching question this study addresses is how coordination occurs across regional multi-objective EU-co-funded programs, which are embedded within multilevel governance structures and relations. The paper analyzes management techniques of local capacity building, network building, project development, monitoring and evaluation, highlighting also the rationale and impact of regional development policies and the role of institutions.

Building upon the current international economics and neo-institutionalist literature and the recent public management scholarship, the study addresses the following research questions:

1. What formal and informal coordination mechanisms are adopted in European cohesion policies and programs specifically across four Italian Objective 1 Areas?

2. How do formal and informal coordination mechanisms evolve over time from design to implementation of EU Structural Funds across four Italian Objective 1 Regions, and why?

In particular, this paper examines coordination mechanisms that regional agencies have adopted to design and implement some specific European Union Cohesion Policy instruments carried out across Italy’s Objective 1 areas, namely, the so-called Integrated Programs (IPs). These are EU-co-funded newly introduced policy instruments, which are

⁴ According to ex post evaluation reports, effectiveness of partnership is linked to a clear delineation of roles and responsibilities, as well as a mutual, trust-based relationship between partners. The “Territorial Employment Pacts” provide a good example of effective partnership working. These initiatives add value to local development and employment generation by resource deployment at the local level; matching supply and demand; reduced administrative overlap; and encouraging the policies to be more clearly targeted (ECOTEC, 2001; Mairate, 2006).
distinctive for being multi-annual programming, multi-objective, public-private partnerships designed and implemented through collaboration of regional and local authorities.

From a theoretical standpoint, this paper seeks to bridge both organizational and institutional perspectives with concerns for program management, hence developing an understanding of how program coordination occurs within different inter-organizational and inter-institutional settings. Empirically, the contribution of this study consists of mapping and analyzing how European cohesion programs are coordinated as embedded within a multi-level governance environment. Structural Fund programs are complex to manage, due to the differences in organizational goals and structures, the distance involved, as well as the inability to use hierarchies, which help in internal organization management. From a normative perspective, this research, given the existing governance structures, identifies those coordination mechanisms that open up the opportunity for administrative change and innovation at the regional level.

Besides scholars in regional studies, governance, and public policy, this study is, therefore, directed to policy makers, public managers, and evaluators keen to integrate effective coordination mechanisms into planning and systematic assessment of regional development programs. The features of specific formal and informal coordination mechanisms that managers prefer, the types and costs of coordination mechanisms perceived

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5 In particular, the expected research results were the following:
- Classification of typologies of development programs and projects which are selected and implemented across some European Objective 1 regions;
- Preliminary assessment of EU cohesion policies and programs' outcomes with the identification of major critical areas and salient aspects for future improvement;
- Taxonomies of coordination and evaluation mechanisms which are adopted for selecting EU-co-funded development projects;
- Identification of recurrent problematic patterns of coordination and management during implementation of development programs both in regional and local public agencies;
- Typologies of organizational arrangements and governance structures associated with both successful and poor administrative performance;
- Analysis of performance systems and accountability lines; and
- Assessment of evaluation operating systems as coordination mechanisms.

as most effective and relevant for development programs, and the factors affecting coordination over time are the key concerns of the research. Findings allow to reconstruct the role of coordination mechanisms as factors of organizational, institutional, and ultimately economic change.

The paper is organized as follows. Section 1 highlights the state reform discussion as the major theoretical issue that underlies debate on the role and functions of the state and public institutions for promoting economic growth and development. Section 2 classifies the various coordination mechanisms and presents an analytical scheme to understand their evolution over time across different organizational and institutional settings. After describing the study design and methodology in section 3, section 4 examines the key empirical features of IPs across the four selected regions, highlighting those performance indicators that delineate specific regional implementation and performance patterns. Section 5 identifies the coordination mechanisms at work across the four regional administrative contexts. Finally, section 6 concludes the analysis, underscoring the limitations of the study and raising both theoretical and practical implications for future research.

The reform of the state in the background

Over the past decade, public sector scholars, economists and policy makers have debated on how to improve the performance of public organizations and systems of public organizations because of the renewed emphasis on institutions as agents of development and growth (North, 1990; Putnam, 1992). We argue that the explanatory factors for institutional formation in complex economic, organizational and policy systems should be explained from multiple theoretical lenses. Various literature strands in social sciences contend different descriptive and analytical explanations and support sometimes competing normative frames.
Two significant literatures in public administration and economic development have recently developed along remarkably separate tracks, despite their evident connections. The first is a comparative literature on public management reform and modernization (Hood 2000; Kettl, 2000; Pollitt and Bouckaert 2000; Barzelay 2001; Bresser-Pereira 2001; Christiansen and Lægried 2002). These works provide empirical and theoretical insight into why and how public management reform and modernization take place. The second is a somewhat specialized literature on the European Union regional policies (Roberts, 2003; Diez, 2002; European Commission, 2001; Thielemann, 2000; Shaw et al. 2000; Roberts et al. 1998) with a subset of econometric studies estimating convergence in economic growth across member states and regions and in the productivity of specific industries (Puga, 1999, 2002; Boldrin, Canova, 2003; Barry, 2002, 2003; Destefanis, 2004; CELPE, 2005; Leonardi, 2005). The latter reflects a wider scholarly movement to connect EU research with comparative policy-oriented research. In particular, these contributions seek to assess the impact of Structural Fund Programs on economically lagging economies and overall on countries’ growth.

The disconnected development of two previously cited literatures has, therefore, an obvious explanation: contributors to the first literature focus on state reforms and public organizations’ performance, while the European Union as well as regional and local administrative agencies are not a state, but complex, public organizations that interact with each other within a multilevel governance context. Conversely, contributors to the second literature focus on the EU policy design and impact and overlook issues of implementation within inter-organizational settings across different economic regions and political, institutional contexts.

Indeed, it is still very difficult and controversial to estimate the impacts of Structural Funds, which are instruments to promote economic and social cohesion, but they do not act
in isolation. They are intimately embedded in a wider, multi-level governance system that involves multiple actors and institutions (Hooghe, Marks, 2001). Thus, institutional factors play a decisive role to explain different economic performances across structurally similar regions (Martin, 1998; De la Fuente, 2002), whereas econometric analyses leave unaddressed the institutional and organizational dimension of Structural Funds’ expenditure and absorption.

Furthermore, as Leonardi (2005) notes, the importance of the EU’s cohesion policy is to be found in both its potential socioeconomic as well as its political-institutional impact. “The Treaties – Leonardi states – have emphasized in the past the socioeconomic objectives in increasing the production of wealth and better balance in well-being among the regions of Europe. But the objective of reducing socioeconomic disparities is not merely restricted to the economic field. It also reflects a basic political commitment to institutional reform in order to make public institutions and policy making more responsive to the needs of the electorate” (Leonardi, 2005: 87).

Thus, there exists a gap in the understanding of how public agencies at different government levels design and coordinate development policies. In fact, the nature of Structural Fund Programs has substantively evolved over time and the system of governance applied to the administration of cohesion policy during the two programming (e.g., 1994-1999 and 2000-2006) cycles was not uniform in all member states and regions. The learning curve varied for different levels of government and different regions within member states as is evident from the number of evaluation studies conducted on the implementation of the Objective 1 Programs and Community Initiatives (Leonardi, 2005). Furthermore, Structural
Fund Programs’ implementation has been increasingly devolved to regional and local government agencies through complex public-private partnerships. Many scholars have examined the benefits of collaborative coordination mechanisms, such as the capacity to adapt to the changing physical conditions of resources, to promote public participation and policy dialogue. While the potential benefits of collaborative resource management offer obvious incentives for stakeholders to come together, this is no guarantee that collaboration will emerge around a particular resource management dilemma, especially in settings where actors have held traditionally adversarial relationships (see, for instance, Martin, Pearce, 1999 on British local governance of European integration; see De Vivo, 2004, on Southern Italian case regarding territorial pacts for employment).

In some circumstances, collaborative institutional arrangements encourage consensus building offering all relevant groups the knowledge and skills needed to participate in these negotiations. In other circumstances, though, delegation of decision making power opens the door for opportunistic behavior, lacking vision and trust for mutual cooperation. Thus, a better understanding of the local, national and European modalities of Structural Fund planning and implementation, and some deeper knowledge of the variety of agents that constitute the governance of local and regional economies need to be developed.

From a typical organizational perspective, different disciplinary approaches have highlighted such issues, building an organic and multidisciplinary body of theories and studies on public organizations. Economist, in particular, have pointed to the issue of efficiency and productivity, underscoring the role of institutional procedures, formal and

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6 The system of governance applied to the administration of the cohesion policy is based on a number of management principles. These include the incorporation of principles involving “synergy” – that is, the explicit interaction between measure and actions within different sub-programs in order to increase the impact of the chosen projects; “additionality” – the co-financing of measures by different institutional actors (e.g., the EU, national and regional governments, and the private sector) to provide additional funding and increase the impact of the investments; “partnership” – the socioeconomic groups operating in the sector, and “transparency” – the need to make the activities of the program known to the public and open to public scrutiny. See Leonardi, R. (2005).
informal incentives as those factors structuring administrative behavior (Simon, March, 1958; North, 1990; Powell, DiMaggio, 1991). Public choice economists within the tradition of Tullock or Niskanen have analyzed the principal-agent relations, rent-seeking and inefficiency existing within the public sector and how to overcome the negative incentives of large bureaucracies. Neo-Institutionalist have focused on public institutions, their historical, social, and customary features that justify inertia, formal and informal practices, processes of competition and isomorphism. Organizational theorists from a sociological background have underscored issues of power, conflict, motivation, values, and culture to understand organizational dynamics and learning processes. These literatures offer insights into organizational working but they do not tackle directly the issue of program and project coordination and management within and among organizations. In other words, there still persists an artificial separation between planning and implementation through administrative action.

Instead, in order to understand the practical process and institutional implications of the form of multi-level governance associated with cohesion policies, decision-making and policy implementation need to be taken as a whole or as the result of a continuous policy. It serves no purpose, and, in fact, distorts a full understanding of the policy process if particular phases of decision-making (e.g., allocation of resources or the formulation of the plans) are analyzed separately from the rest of the process. In addition, decision-making cannot be divorced from the analysis of how policy implementation is carried out. In turn, the implementation of the policy needs to be carefully evaluated (in the form of an explicit ex-post evaluation) so that the lessons learned from the previous policy cycle can be fed into the subsequent stage of policy formulation (Leonardi, 2005). This means that when policies or programs are designed they need to be adapted to the specific features of territorial institutions, anticipating the potential dysfunctions of administrative working. This also calls
for developing a conceptual/analytic approach to merge the institutional/organizational understanding with the program/project management perspective in order to better grasp the complexity of policy making within a multi-level governance system, as follows next.

**Coordination mechanisms at the fore front: Analytical scheme and affecting factors**

Recently, both a normative and positive distinct body of economics literature has begun to deal with programs and project coordination from an organizational perspective. The notion of coordination within organizations and between organizations and institutions has come to the fore to reconstruct how relations and interactions occur. Two representative definitions of coordination follow:

“integrating or linking together (of) different parts of an organization to accomplish a collective set of tasks” (Van de Ven, Delbecq and Koening, 1976: 322)

“it [coordination] means that different agents working on a common project agree to a common definition of what they are building, share information, and mesh their activities. To build the project efficiently, they must share detailed design specifications and information about the goals and actions. In sum, they must coordinate their work so that it gets done and fits together... ” (Kraut and Streeter, 1995 ; p. 69).

Coordination differs from control. Coordination focuses on managing interdependencies among multiple individuals or activities involved in the overall task (Crowston, 1997, Kraut and Streeter, 1995). Control focuses on improving performance relative to a certain overall goal (e.g., organizational goal) when the goals of individual stakeholders (e.g., employees) differ from those of the larger overall entity (e.g., the organization) (Henderson and Lee, 1992, Kirsch, 1996, Mantei, 1981). Both coordination and control streams of organizational literature primarily focus on internal planning. In contrast, this paper focuses on regional development programs, which are difficult to
manage, due to the differences in organizational goals and structures, the distance involved, as well as the inability to use hierarchies which help in internal management.

Coordination and control are both important issues in multi-level governance development programs. However, the two streams of literature are quite different in terms of the problems studied, the theories employed, and the ways of classifying the mechanisms. In fact, control and coordination are usually viewed as opposites, describing one attribute of structure as “the extent to which the information exchange is for coordination vs. control purposes.” In order to avoid the undue complexity that would arise from examining both coordination and control of regional programs and projects, this paper focuses on one aspect, i.e., coordination mechanisms; unlike control mechanisms, coordination mechanisms have not been examined specifically for EU-co-funded structural fund programs.

According to this analytic approach, coordination consists of managing interdependencies among multiple individuals, organizations, and institutions involved in the overall program management. Organizational linkages seek to connect various management functions, though these linkages oftentimes do not fine-tune across different levels of administration (Goodman, 2000). For instance, the evaluation function has come to be understood as a distinctive coordination mechanism that aims at improving future performance relative to certain organizational goals by systematically assessing past performance. Yet, in practice evaluation findings and recommendations may not be integrated within the day-to-day management decisions but only considered for strategic planning (Marra, 2003, 2004b). This mismatch between organizational functions and management practices may hinder change at all levels of the organization.

Several studies classify different types of coordination mechanisms, including standards, hierarchy, targets or plans, slack resources, vertical information systems, direct contact, liaison roles, task forces, and integrating roles. Other ways of classifying
coordination include formal impersonal, formal interpersonal, and informal interpersonal
(Kraut and Streeter, 1995); non-coordination, standards, schedules and plans, mutual
adjustment, and teams (Adler, 1995); task-task, task-resource, and resource-resource
coordination; vertical and horizontal coordination; coordination by programming and by
feedback (March and Simon, 1958, Van de Ven, Delbecq and Koening, 1976); and
coordination by standards, plans, and mutual adjustment (Thompson, 1967, Kumar and van
Dissel, 1996).

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Source: Sabherwal (2003)

After considering these classifications, coordination mechanisms were classified into
four broad types—standards, plans, formal mutual adjustment, and informal mutual
adjustment. This classification builds on the classifications used by Thompson (1967) and
between formal and informal mechanisms. Fig. 1 summarizes this classification scheme, and Tab. 1 identifies several coordination mechanisms of each type.

Mechanisms that seek coordination through *standards* and *plans* rely on a priori specification of codified blueprints, action programs, or specific targets (March and Simon, 1958, Thompson, 1967). They are impersonal in nature as once they are implemented, their application does not require much verbal communication between participants (Galbraith, 1974, Galbraith, 1977). These mechanisms generally have high fixed costs (for setting up the mechanism) but low variable costs (for each application of the mechanism). In contrast, coordination mechanisms involving mutual adjustment use interpersonal interaction to make changes based on information obtained during the project (March and Simon, 1958, Thompson, 1967). Being more interactive in nature, they incur higher variable cost but lower fixed cost. *Informal mutual adjustment* differs from formal mutual adjustment in that the adjustments are made in a more structured and formalized fashion. Informal mutual adjustment may therefore be more related to team interdependence, while formal mutual adjustment may be more related to reciprocal interdependence. Also, informal mutual adjustment mechanisms would incur greater variable costs but lower fixed costs than mechanisms involving *formal mutual adjustment*; the latter seek mutual adjustment in a more structured fashion, and therefore require the delineation of mutual adjustment mechanisms.

This analytic scheme makes it possible to understand how specific coordination mechanisms evolve and what costs – e.g., fixed or variable – they give rise to, highlighting that there does not exist the best coordination mechanism. Rather coordination is worked out by all different actors involved within the policy process. The question then arises as to what factors do, indeed, affect the evolution and change of coordination mechanisms over time.
Based on prior literature, four factors were identified as potentially affecting coordination of multi-actor programs and projects. Three of these factors—efficiency, equity, and relational quality—were based on prior literature on interorganizational relationships (Ring and van de Ven, 1994, Arino and de la Torre, 1998), while the fourth—uncertainty—is based on the literature on coordination within organizations (Daft and Lengel, 1986). Ring and Van de Ven view evolution of interorganizational relationships as depending on the two sides’ perceptions of efficiency and equity. As indicated in the transaction cost economics literature, *efficiency* considerations pertain to the benefits from the particular governance structure relative to others available for undertaking a transaction (Ring and van de Ven, 1994). Thus, within the context of participatory, bottom-up projects, efficiency would reflect the benefits obtained from participation, in terms of timely and within-budget programming of complex interventions in infrastructure or businesses’ support.
*Equity*, in contrast, concerns fairness in the dealings between the various sides, requiring reciprocity but not necessarily equality (Blau, 1964, Ring and van de Ven, 1994). In development projects, equity would be reduced through perceived opportunistic actions by the different local actors partaking in the design as well as perceptions that the regional party is not adequately performing its expected role. Arino & de la Torre suggest that a third factor, *relational quality*, along with efficiency and equity considerations, influences the evolution of interorganizational relationships. Relational quality depends on personal bonds between participants from all sides, their trust in each other, their reputations for fair dealing, and their previous contributions to the relationship (Arino and de la Torre, 1998, Zaheer and Venkatraman, 1995). Therefore, relational quality would be enhanced in development projects by prior interactions between the regional government and the local actors as well as similarity of language and culture. Whereas prior literature on interorganizational relationships has recognized the importance of these three factors, their effects on coordination mechanisms have not been explicitly examined.

Prior literature on coordination identifies *uncertainty* (i.e., lack of information), as an important factor influencing coordination mechanisms. As uncertainty increases, horizontal channels and group meetings increasingly replace impersonal coordination (Adler, 1995, Van de Ven, Delbecq and Koenig, 1976). A study of the effectiveness of impersonal, personal, and group coordination mechanisms under different conditions found that “as task uncertainty increases, horizontal channels and group meetings are substituted for, or increasingly replace, the impersonal mode of coordination” (Van de Ven, Delbecq and Koenig, 1976; p. 329). In addition to uncertainty, prior coordination literature also examines the effect of equivocality (i.e., existence of several conflicting interpretations) in the relationship (Daft and Lengel, 1986), but this aspect was not considered separately in this study since it is closely related to the relational quality attribute discussed above.
Study design and methodology

This study focuses on the specific organizational settings of Structural Fund Programs across four Italian Objective 1 regions (namely, Basilicata, Calabria, Campania, Molise Regions) because of a number of opportunities and circumstantial reasons. First and foremost, Structural Fund Programs are inherently development programs across different geographical and contextual conditions and the aim of the present study is to highlight key governance aspects of development from an organizational/institutional standpoint. Secondly and relatedly, IPs are implemented within Objective 1 Areas, which are economically lagging regions belonging to a Southern European member state. Administrative behavior and performance are presumed to show not only the typical backwardness traits, but also, and more importantly, the traditional features of Latin, Mediterranean institutions, where the administrative law highly structures the functions of public agencies. Thus, it is undoubtedly interesting to reconstruct administrative behaviour across the four selected regions to detect change and innovation breaking with their path-dependent patterns.

Third, owing to common EU-imposed procedures\(^7\), IPs present manifold similarities in terms of designing, monitoring, reporting, and evaluation. Yet, there are irreducible differences as far as political legitimacy, and constituency, economic structure and performance of regional and local public agencies across the four different regions considered. The similarity, therefore, is a workable construct inasmuch as it takes into account the difference. Third,

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\(^7\) According to Council Regulation 1260/1999, with regard to implementation, IPs need to follow the EU rules and procedures on: (1) the way funds need to be managed and in choosing the beneficiaries or targets for the intervention; (2) the control and oversight to be exercised on the implementation of the programs, measures and projects; the monitoring and reporting on the progress of programs over time; (3) the evaluation of the impacts of the programs on local and regional socioeconomic conditions; and (4) finally, the certification of the completion of the projects and the provision of final payment (Leonardi, 2005).
The research unfolded along two phases, in order to address the two previously mentioned research questions – namely: 1. What kind of coordination mechanisms are used in IPs, and why? And 2. How do these mechanisms evolve over time during a project, and why? In the first phase (Oct. 2004-Sept. 2005), a quantitative analysis was developed through the collection of data on Structural Funds' committed and actually disbursed expenditure across four Italian Southern Objective 1 Regions – that is, Campania, Calabria, Basilicata and Molise. Additional information was also gathered regarding the themes of development programs implemented as well as the types of public investments chosen (that is, infrastructure; human capital formation; business start-ups and support). Furthermore, data was collected to reconstruct the patterns of organizational/institutional arrangements adopted at the regional and local level to implement Structural Fund Programs. The aim was to build a cross-sectional database, including a range of EU Structural Fund Programs designed and implemented within the four above-mentioned Italian Objective 1 Areas, taking stock of the different institutional architectures that have been developed thus far.

In the second phase (Oct. 2005 til Feb. 2006), the research adopted a qualitative methodology building upon multiple case studies. These case studies do not focus on specific IPs but rather on regional governments’ institutional structures, procedures, and coordination mechanisms actually put in place to carry out IPs. The unit of analysis is, therefore, regional agencies’ behavior and performance rather than the specific integrated projects’ design and implementation. The rationale consists of identifying those institutional factors and coordination processes at play across economically lagging regions. The aim is to glean empirical evidence of administrative change on a regional scale and participatory decision-making.

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8 The first three regions belong to the Objective 1 Areas, whereas Molise Region is currently phasing out.
9 As previously suggested, the system of governance applied to the administration of cohesion policy during the two program cycles was not uniform in all member states and regions. The learning curve varied for different levels of government and different regions within member states as is evident from the number of evaluation studies conducted on the implementation of the Objective 1 Programs and Community Initiatives (Leonardi, 2005).
making practices modifying regional agencies’ relations to local authorities. Variation among cases allows for the assessment of similar patterns emerging across different contexts. The specificity of cases and methodology do not prevent from arriving at generalizations applicable to other institutional conditions.

In this phase, fieldwork was an essential component of such a “policy research”, which required to investigate into the nature and origins of problems that public policy aims to solve (Meade, 2005). “Field research” means inquiry into programs or policies through direct contact, such as by interviewing clients or staff, observing operations, reading government documents, or inspecting program data. Field research emphasizes unstructured learning about a program, as well as serendipity, discovering the unexpected and it is guided only to a limited extent by prior hypotheses (Meade, 2005). Semi-structured interviews were conducted to gather opinions and perceptions on how Structural Fund Programs are designed, and what and why institutional and organizational arrangements are chosen. Interview data collection aimed to substantiate the interpretative category of coordination mechanisms with four samples of informants to be able to triangulate different perspectives, perceptions, opinions, and descriptions. The interview data, along with the contents of the documentation and the social science literature review, were analyzed vis-à-vis the three dimensions of the study's analytical architecture: that is, (a) state reform; (b) institutional and administrative working; and (c) coordination and evaluation within the conceptual framework.

Case studies were then developed according to the following analytical codes: (i) features of coordination mechanisms, (ii) interviews’ perceptions on cooperation, (iii) actual examples of cooperation, (iv) change in practices or policies associated to different coordination approaches at the regional level. Case studies were cross-sectionally analyzed. The pattern matching technique was adopted to search for patterns of data, detect correspondence with theoretical assumptions, and draw tentative conclusions. The samples of informants included: (a) regional decision makers/managers, (b) local/project managers, (c) evaluators, and (d) experts such as economists, environmental engineers, and public sector specialists. First, regional decision makers were interviewed to gain insights on how they design structural fund programs, choosing different patterns of coordination for decision making and implementation. Second, program managers were interviewed to understand which governance factors are associated with formal and informal coordination mechanisms they use for program implementation. Third, evaluators were interviewed to grasp the intended use of the evaluation studies they conduct and to reconstruct how evaluation can play as a coordination mechanisms for management and decision making. Finally, experts were interviewed to gather their comments on the technical aspects of policy areas and themes.
as laid out above. Specifically, respondents' comments, opinions, and perceptions of change were interpreted as mechanisms of coordination and cooperation\textsuperscript{12}.

**Key features of IPs across four Southern Italy’s regions**

The innovativeness of IPs relies, first of all, on the multi-sector-based approach as opposed to the traditional mono-sector-based intervention. Measures to protect environmental goods are complemented with interventions to promote human resources and vocational training, while infrastructure building is sought to be integrated with specific firms’ subsidies across different industrial settings. IPs are, therefore, umbrella programs that include several more specific projects in different sectors whose rationale revolves around a well-articulated idea of socioeconomic development of the territory. Tab. 2 and 3 indicate the number of IPs approved by the four regional governments as well as the number of interventions all IPs include as a whole.

Secondly, regional governments delegate their decision making power to local institutions to integrate different policy measures in a cooperative fashion. Delegation of decision making power is therefore presumed to minimize the unintended or conflicting outcomes emerging, for instance, when environmental protection and infrastructure building are not designed consistently to local contextual needs nor are these pursued through a cooperative effort of local networks of actors. Indeed, regional and local governments share the responsibilities for designing and managing IPs.

These policy experiences build on local partnerships, and more or less explicitly aim to produce intangible or relational public goods (trust, social capital, cooperation, stakeholders and beneficiaries’ involvement), community empowerment, and good

\textsuperscript{12} Although all interviews were confidential, background information will be collected for all interviewee samples, including their position and length of time in the agency, prior work experience, education, professional field, and political orientation. All interview notes taken during the interview sessions were coded and analyzed.
governance, besides substantive more tangible objectives such as increase in employment, environmental sustainable management, vocational training, business start-up and support as well as delocalization as shown in Tab. 4.

**Tab. 2 – No. of approved IPs per region and their stage of advancement**

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of approved IPs</th>
<th>Ex ante evaluation and monitoring</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basilicata</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Calabria</td>
<td>23</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Campania</td>
<td>51</td>
<td>51</td>
<td>39</td>
</tr>
<tr>
<td>Molise</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Elaboration on data by ISFOL (2005)

**Tab. 3 – No. of interventions and allocations across IPs**

<table>
<thead>
<tr>
<th>Regions</th>
<th>No. of programmed interventions within IPs</th>
<th>Average IPs’ total costs (Millions of euro)</th>
<th>Percentage of total Structural Funds allocated to IPs</th>
<th>Total amount of specific Structural Funds allocated to IPs ( Thousands of euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basilicata</td>
<td>485</td>
<td>40 (min. 20 – max 190)</td>
<td>ERFD 239.504</td>
<td>AAEF 59.991 ESF 18.277 Tot. 317.773</td>
</tr>
<tr>
<td>Calabria</td>
<td>1027</td>
<td>36 (min. 12 – max 61)</td>
<td>23</td>
<td>496.701 96.715 89.492 682.908</td>
</tr>
<tr>
<td>Campania</td>
<td>1395</td>
<td>41 (min. 8 - max. 190)</td>
<td>42</td>
<td>1.322.772 185.689 1.508.462</td>
</tr>
<tr>
<td>Molise</td>
<td>207</td>
<td>35</td>
<td>45.817</td>
<td>10.564 6.068 62.450</td>
</tr>
</tbody>
</table>

Source: Elaboration on data by ISFOL (2005)

**Tab. 4 - Percentage of intervention per sector**

<table>
<thead>
<tr>
<th>Regions</th>
<th>Industrial clusters and SMEs</th>
<th>Human resources</th>
<th>Infrastructure</th>
<th>Other</th>
<th>Tot.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basilicata</td>
<td>63.7</td>
<td>7.2</td>
<td>28.9</td>
<td>0.2</td>
<td>100</td>
</tr>
<tr>
<td>Calabria</td>
<td>28.9</td>
<td>34.3</td>
<td>34.8</td>
<td>2.0</td>
<td>100</td>
</tr>
<tr>
<td>Campania</td>
<td>16.2</td>
<td>30.3</td>
<td>53.5</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Molise</td>
<td>79.2</td>
<td>14.0</td>
<td>6.8</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Elaboration on data by ISFOL (2005)

As the data show, Campania has significantly relied on IPs during the current EU structural funds 2000-2006 programming cycle. In this region, IPs are 51 and represent about 40 percent of the total Structural Funds allocated thus far. Calabria follows with 22 IPs
reckoning about 23 percent of total Structural Funds. Campania and Calabria, moreover, show very close percentages of territorial coverage, concentrating respectively the 30 and 34 percent of IPs across municipalities with 50,000 and 100,000 inhabitants (see Tab. 5). By contrast, Molise and Basilicata show almost the same absolute number of programs approved, allocation of total Structural Funds, and percentages of territory covered by IPs. This suggests that there are some patterns emerging out the four regions: Calabria and Campania present extensive adoption of these newly introduced policy instruments, which has been supported by political leadership and accompanied with intense informational campaign and distinctive rhetoric. By contrast, seemingly due to their smaller size, Molise and Basilicata include a much lower number of IPs and a significantly lower amount of financial allocation vis-à-vis the total amount of Structural Funds. Tab. 7 encapsulates how the four regions (with the exception for Campania) have divided up their territory to allocate IPs according to the specific socioeconomic vocation and needs.

Tab. 5 – Percentage of IPs per dimension and per region

<table>
<thead>
<tr>
<th>Region</th>
<th>Up to 50,000 inhabitants</th>
<th>50,000 – 100,000 inhabitants</th>
<th>100,000 – 250,000 inhabitants</th>
<th>Beyond 250,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basilicata</td>
<td>62.5</td>
<td>25.0</td>
<td>12.5</td>
<td></td>
</tr>
<tr>
<td>Calabria</td>
<td>34.8</td>
<td>30.4</td>
<td>34.8</td>
<td></td>
</tr>
<tr>
<td>Campania</td>
<td>15.6</td>
<td>34.4</td>
<td>18.8</td>
<td>31.3</td>
</tr>
<tr>
<td>Molise</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Elaboration on data by ISFOL (2005)

Also similar across the four regions considered are the institutional arrangements, which have been chosen to design IPs as well as their territorial organization. At the regional level, representation is assured by the political body in Molise; the Department for Cohesion in Campania; and the Steering Committee in Calabria and Basilicata. Coordination is, instead, entrusted with the central unit of coordination in Calabria; the Coordination committee in Molise; the Partnership agreement and the territorial coordinator in Campania. The management is left with the regional responsible for Structural Funds in Campania, Molise,
and Basilicata; with the Unit for IPs in Calabria. Management, as shown in Tab. 6, should unfold through negotiated practices. In other words, it is supposed to be shared between the regional administration and the local authorities.

Tab. 6 – Patterns of territorial distribution, management and evaluation modes

<table>
<thead>
<tr>
<th>Territorial distribution</th>
<th>Management models</th>
<th>Evaluation schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basilicata</td>
<td>8 areas</td>
<td>Negotiated</td>
</tr>
<tr>
<td>Calabria</td>
<td>23 IPs with sub-provincial dimension</td>
<td>Negotiated</td>
</tr>
<tr>
<td>Campania</td>
<td>Thematic delimitation (non-sectorial)</td>
<td>Negotiated</td>
</tr>
<tr>
<td>Molise</td>
<td>4 territorial systems</td>
<td>Through invitations to tender</td>
</tr>
</tbody>
</table>

Source: Elaboration on data by ISFOL (2005)

Although there seems to be some convergence across the various officially labelled institutional arrangements and the formally assigned coordination responsibilities, there exists much deeper difference in the way these are carried out in practice. Tab. 7 reconstructs the extent to which regional governments have implemented the various projects and activities included within IPs. The number of tenders carried out as of March 2006 witnesses, in fact, the capacity of regional responsible in collaboration with local authorities to select private actors and other public entities eligible for receiving funding; hence, this is the first step of actual implementation.

As is apparent, the number of IPs, which are currently being implemented is very low, confirming the weak absorption capacity Italian Objective 1 Areas have demonstrated

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13 Based on interviews with regional managers and ISFOL data (2005).
throughout the two Structural Funds programming cycles. This key research finding points to the relevance of practical coordination occurring from the very early phases of the IPs design to explain how and why this poor performance result has come about.

<table>
<thead>
<tr>
<th>Regions</th>
<th>Human resources</th>
<th>Industrial Cluster &amp; SMEs</th>
<th>Turism, culture &amp; environment</th>
<th>Infrastructure</th>
<th>Technical assistance</th>
<th>Tot.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basilicata</td>
<td>2</td>
<td>1</td>
<td>17</td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Calabria</td>
<td></td>
<td></td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Campania</td>
<td>13</td>
<td>19</td>
<td>27</td>
<td>3</td>
<td></td>
<td>62</td>
</tr>
<tr>
<td>Molise</td>
<td>1</td>
<td>28</td>
<td>11</td>
<td>1</td>
<td></td>
<td>41</td>
</tr>
</tbody>
</table>

Source: Marra, Difulca, Federico (2005)

Coordination mechanisms at work

In this section, we seek to identify what coordination mechanisms have been employed in the design and early implementation phase of IPs across the four regions considered. Factors affecting mechanisms are also examined to understand how and why coordination changes over time.

Coordination mechanisms’ mix: The design of IP builds on a mix of coercive and voluntary mechanisms: within the financial cap the regional government authoritatively set for each type of IP, plus all disbursement and control procedures (according to Council Reg. 1260/99). Institutional agents come to an agreement or a contract to fix what projects and how much of resources can characterize the IP.

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14 The literature on Europeanization has attempted to define the possible reactions to the decentralization process from a theoretical as well as analytical perspective. Borzel and Risse (2003) look at the domestic response to Europeanization as a reaction to a basic lack of fit between domestic structures and European requirements: “Europeanization must be ‘inconvenient’, that is, there must be some degree of ‘misfit’ or incompatibility between European-level processes, policies, and institutions, on the one hand, and domestic-level processes, policies, and institutions, on the other”. They argue that the response to the inconvenience of Europeanization has a number of possible consequences. It can lead to changes in the domestic opportunity structures, the redistribution of power among domestic actors, the capacity of actors to exploit opportunities and avoid constraints, and bring in new actors into the Europeanized policy process (Borzel, Risse, 2003; Leonardi, 2005).
Coordination by plans: The regional administration set the financial cap, the delivery schedules in time with EU official delivery deadlines, the IP requirement specifications in terms of leadership and management, signed off the project for approval, and issues invitations to tender (Molise, Campania, Basilicata).

Coordination by formal mutual adjustment: Local agents formulated IP project milestones, and specified the requirements for project selection; designed their formal review meetings; established their internal “hierarchy” by recognizing the specific role of the leading institution or project manager; and periodically reported to the regional administration representatives (i.e., the evaluation unit).

Coordination by informal mutual adjustment: Local actors held several informal meetings to elaborate the specific characterization of the IP and decide who was supposed to do what. In one case a support development agency acted as a transition organization for summoning and managing the local forum. Lots of telephone calls were reported by interviewees as modes of effective, day-to-day coordination during the peaks of IP design phase. Local actors came to share a selection grid to single out projects to be included within IPs.

There was considerable agreement across interviewees with respect to the factors affecting coordination. Efficiency and equity seemed to produce a combined (mutually reinforcing) effect on coordination because of some sort of overlap between perceptions of equity (i.e., perceived lack of effort) and efficiency (i.e., perceived low output). Most interviewees agreed on the synergistic potential of the integrated approach in terms of increased consistency across policies as opposed to monosectoral intervention. Yet they were also highlighting the danger of some sort of “sectoralization” of IP. Agents were also pondering benefits and costs associated to the exchange and to the collaborative process as opposed to individual planning. Some reported that the whole process was time consuming
and too much political, with a concrete danger of losing focus and inadvertently favoring opportunistic behavior. Indeed, efficiency considerations changed very little since there was no reliable information on project performance. The overall perception was that IPs were just juxtapposing policy measures rather than integrating them. Equity considerations changed following what one party perceives as opportunistic behavior or unilateral actions by the other party, so there should be more effort to build trust among parties.

Uncertainty was a key factor. A specific source of uncertainty was related to the new procedures the regional evaluation units had set up for IP assessment. Local actors participating in the forum were to fill a specific form indicating the economic and social costs and benefits, specific objectives, expected results, and operational agreed upon process, output, and outcome indicators. Uncertainty also led to learning both in terms of the understanding of regional and EU political priorities, organizational structures, operational procedures. Overall, uncertainty increased following decisions regarding project management after the design phase. Uncertainty also increased as a result of efficiency problems, leading to unclear specifications or poor documentation.

Relational quality: overall the perception was that the relational quality improved a lot as the design process unfolded through interpersonal, dense relationships, while it begun to fade once IP was approved, the project was expected to be implemented. Relational quality changed during the course of the project design with improvements in relational quality through the parties getting better acquaintance with each other, and risked to deteriorate due to uncertainty in management and implementation responsibility. There should be more effort in continuously feed it through more informal adjustment.

The only significant differences among interviewees were with respect to equity as to whether all parties made an equitable contribution to the IP or there was just opportunism. (This difference is consistent with the agency theory argument the principal would then be
more vulnerable to opportunism by the agent). Regional and local perspectives differed also with respect to the evolution of coordination mechanisms. Regional managers, who are obviously more experienced with EU procedures, did not feel vulnerable to opportunism by local actors, but, and possibly because, they prefer to go into the projects with greater preparation, as reflected in their greater emphasis on more formal mechanisms (standards, plans, and formal mutual adjustment) early in the project. Regional responsible use some informal mutual adjustment mechanisms during analysis and design and later during implementation but prefer to have minimal informal mutual adjustment during the intervening development phase. In contrast, the local political actors, who have less experience with these programs, enter the program without emphasizing either formal or informal coordination mechanisms. This, as indicated above, might reflect the program being sold to them as a “partnership”. Later in the program, they sought increased informal mutual adjustment when they developed a better recognition of their vulnerability or when the program run into problems.

**Concluding remarks**

The paper has presented an analytical scheme (see Fig. 1) of the way in which coordination mechanisms might evolve. This scheme, showing the factors affecting coordination mechanisms, suggests that events during the program/project may cause changes in perceived uncertainty, efficiency, equity, and relational quality, and those changes might, in turn, cause changes in coordination mechanisms. Uncertainty and efficiency seemed important throughout the program/project, although the nature of their impact seemed to change. Early in the program/project, greater efficiency (e.g., large benefits from cooperation and policy measures’ integrated) seemed to increase coordination, but later in the project, coordination increased from perceived reduction in efficiency (e.g., problems with
opportunistic behaviors). Uncertainty also changed during the project due to several reasons, including learning by participants or poor specifications developed earlier. Equity considerations seemed not to influence coordination initially, but they became important later, usually following unilateral actions or perceived opportunism. Relational quality seemed very important throughout, and its effect on coordination seemed consistent over time; initial investments in relational quality reduced coordination, while a later decrease in relational quality (which resulted with the “regionalization” of tendering procedures and responsibilities) led to greater formal coordination. Finally, the cases suggest that initial actions during the project have major long-term consequences. As regional agencies and local political actors enter the IPs’ relationship, they start observing each other through the mechanisms they have created. They watch each other for clues about reassessment, such as unexplained divergence between expected and actual behavior, which might cause concerns about the other party’s competence or fairness, or affect the quality of the relationship. Unless the two sides have worked with each other frequently in the past or their motives are above suspicion, early events in the relationship might have a disproportionate effect on later stages of the project.

When interpreting the findings several limitations of the research should be recognized. First, most projects were examined from either the regional government or the local agencies’ perspective. First and foremost, the major limitation is related to the specificity of the case studies as context-, and topic-sensitive. Each program is unique and any analysis on coordination is inherently related to the existing, specific institutional and organizational arrangements, culture, practices, human resources, pattern of past performance and strategy for the future. Furthermore, the topics of the case studies are not neutral. What is concluded as far as formal and informal coordination, the change occurred, and the policy
implications relates only to these specific issues. Finally, another limitation concerns the qualitative methodology of the research. Perceptions and opinions, though relevant, are specific to interviewees' experience, understanding, beliefs, culture, and context.

Despite these limitations, this study has several implications for future research. Further research is needed to identify other coordination mechanisms, other ways in which coordination mechanisms might evolve, and other factors that influence coordination. For example, the stage of the project itself seemed to influence coordination, although its effect was not examined in detail here. Many instances showed informal mutual adjustment (especially through personal visits) to be greater during the early (analysis and design) and late (financial reporting and evaluation) phases, but less during the middle (development and implementation) phase. Such further research may benefit from additional case studies of IPs. Further research is also needed to examine the extent to which this paper’s findings, including the types of coordination mechanisms used as well as their evolution during the programs and projects, can be generalized to other situations. These include other Structural Fund Programs, other kinds of institutional and political situations, and administrative procedures. Future research may also compare the coordination mechanisms used in IPs with those used in regular EU-co-funded, mono-sector-based projects, which do not involve ad hoc organizational arrangements, and considerations of equity and relational quality may be considered less important. Another potentially useful area of future research is empirical exploration of the differences observed between regional and local perspectives. Questionnaires using quantitative measures of the various constructs, as well as additional case studies comparing regional and local perspectives on the same project would provide further insights into these differences.
Furthermore, the concepts of uncertainty, efficiency, equity, and relational quality also need further investigation in the context of IPs. Future research may develop measures of these constructs and then use questionnaire surveys at multiple points in time to examine changes in these three aspects as well as the coordination mechanisms. Finally, future research should examine the complex organizational processes through which the coordination mechanisms are adopted or discarded. This research has provided a preliminary model of the evolution of coordination mechanisms. Future exploration of the evolution of coordination would benefit from such processual perspectives as organizational learning and interorganizational dialectics, and from focusing on cognitive, symbolic, and political factors that influence the evolution. Longitudinal cases would be most appropriate for examining such dynamics of coordination.

The paper also has several implications for practice. Regional and local executives involved in other EU-co-funded projects might benefit from the insights it provides into the perspective of the other party in the relationship. Regional executives may consider giving greater attention to coordination mechanisms, and especially to the more formal mechanisms, early in the project, so that the more costly informal mutual adjustment does not become essential later. Local should also seek the benefits of expertise with IPs’ development early in the project; if the round table has prior technical, and administrative experience, it should be actively involved in the initial negotiation process and if the political group is not so experienced with analysis and evaluation it would a good idea to seek the assistance of external consultants. Regional executives, on the other hand, should seek ways of preventing the increase in uncertainty and the perceived drop in efficiency, equity, or relational quality, which apparently motivates local demand for increased informal mutual adjustment. Investing in relational quality, avoiding actions that may be perceived by the local actors as
unilateral or opportunistic, and managing expectations so that performance problems do not come as a complete surprise, were some of the tactics that seemed effective in the cases examined here. This is crucial to build a state that works better and costs less.
References (To be completed)


Trigilia, C. et al. (2005), I patti territoriali, Il mulino.