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Italian and English Local funding networks:

Is there a winning formula?

1) Introduction

There is something of a crisis of confidence in European governance. The European Commission itself has observed that:

> Political leaders throughout Europe are facing a real paradox. On the one hand, Europeans want them to find solutions to the major problems confronting our societies. On the other hand, people increasingly distrust institutions and politics or are simply not interested in them (Commission of the European Communities, 2001, p. 3).

This 'alienation' from government takes place at all levels of governance and is reflected in low voter turnout and a general refusal to engage with the political process in its traditional form, giving rise to single-issue parties and those of the disaffected (Wodak and Pelinka, 2001; Gallagher, Laver and Mair, 2005). The existence of policy networks within and indeed throughout differentiated polities exhibiting the characteristics of multi-level governance represents one way in which the process of government through governance takes place. This paper explores one aspect of that by comparatively discussing Italian and English EU funding networks.

By using the concept of policy networks, previous studies analysed the relationships between local authorities, central government and European Union in Britain. They

provided a map of actors participating in EU regional policy networks and they differentiated between networks at sub-national, national and European levels (Anderson, 1990; Moravscsik, 1993; Borzel, 1996; Marks, 1993; Rhodes, 1997; Garmise, 1997).

Certainly the differentiated policy model, developed by Rhodes to explain the changes occurring in the UK, recognised that those changes were accelerated by the UK's membership of the EU and by that body's impact on member states through increased integration, or Europeanisation (see also Zerbinati, 2004). This approach recognises an emphasis on governance rather than government, which is a situation of power dependence and exchange relationships within and between networks and the actors that comprise those networks. It views policy networks as a medium of policy making as a result of and sometimes giving rise to a segmented and sometimes fractured executive, with intergovernmental relations emphasising diplomacy and negotiation between the parties located within a 'hollowed-out' state (Rhodes, et al, 2003, pp.151-167; Richards and Smith, 2002, p.6). Multi-level governance is a reality that exists in several forms in different contexts. It also recognises the role of regional political organisations, devolution, federalism, professional groups, international corporations and other transnational organisations in governance. There needs to be recognition of the weakness of some national members of the policy network in relation to others. The concept of a policy network also involves the concept of a hegemonic element. Through policy networks powerful actors criss-cross the structures of governance.

This article contributes to the understanding of local governance by examining the European funding networks developing within local areas which were eligible under Objective 2 of the Structural Funds. The aims of this article are therefore to:

1) Describe the EU funding networks developed at local government level within a small group of European local councils – five local councils in Piedmont, Italy and five in Yorkshire, England;

2) Explore the relationship (if any) between the presence of local EU funding networks and success in absorbing EU funds

The article is structured as follows:

Section 2 presents a brief review of the literature and it addresses relevant gaps that this paper aims to accomplish. It starts by reviewing the policy network literature and showing how policy networks help explaining the new phenomenon of local governance. It then addresses the issue of similarity between the two concepts of network and partnership. Section 3 discusses the methodological choices taken in developing the research. Section 4 describes the local networks, which took part in the EU Structural Funds competition and their participating organisations. It analyses variances between two European regions - Piedmont and Yorkshire - and between successful and unsuccessful cases. Section 5 presents some important points of discussion which appeared from the comparative analysis of the local networks within Italy and England. Section 6 concludes the paper by presenting its research contributions and limitations.

2) Literature review

The increased instability of state-interest group relationships and the growth of a number of participants in the policy process gave rise to the network metaphor to explain the critical changes in the political governance of modern democracies (Rhodes and Marsh, 1992; Parsons, 1998; John, 2001). Rhodes (1988; 1992) adopted a definition of policy networks as groups of organisations connected by resource dependencies. He provided a classification of networks, listing five types spanning a continuum from highly integrated policy communities to loosely integrated issue networks. Policy communities represent a special type of highly integrated policy network, with stable and restricted membership and shared responsibilities for delivering services. In contrast, issue networks are characterised by loose, open and shifting constellations of actors. The networks analysis focuses on resources that actors have at their disposal, the value systems applied in the policy community, the rules of the game and strategies used (Rhodes and Marsh, 1992; Rhodes, 1981). In his analysis Rhodes differentiated between three levels of analysis. The macro level is represented by the policy arena; the meso level refers to the interactions between organisations and their power relationships; the micro level refers to interpersonal relations. Policy network is a meso-level concept and looks at the structural relationships between political institutions (Rhodes and Marsh, 1992; Rhodes, 1990).

The concept of policy-networks was applied to several empirical studies on European policy-making, attempting to explain a new phenomenon known as Multi-Level

Governance (MLG). MLG emphasized power-sharing and interactions between three different levels of government. "Variable combinations of governments on multiple layers of authority - European, national, and sub-national - form policy networks for collaboration. The relations are characterized by mutual interdependence on each other's resources" (Hooghe, 1996: 18). This group of literature analysed the local and regional governments within a European context and identified some interesting situations. Subnational governments established offices in Brussels where they participated in dense networking between themselves and other EU organisations. They lobbied for their own interests and, at the same time, they provided the European Commission and the Parliament with expert viewpoints on all issues concerning the European regional policy. Maintaining an office in Brussels denoted a form of insurance against unpredictable events; it represented an efficient way of knowing in advance any policy changes that would occur. Also, it provided opportunity to the subnational governments to create opposition for unwanted changes and to influence policy outcomes (Marks, 1993, 1996; McAleavey, 1993; Smyrl, 1996; Hooghe, 1996; Benz and Eberlein, 1998). The desire to gain access to EU funding together with the mutual sharing of experiences and creating a lobbying force at the EU level bypassing the national government where the added values to those interregional networks (Martin and Pearce, 1993; Chorianopoulos, 2002).

The analysis of EU-national-local levels of governance lightened up a debate about the impact of domestic policy structure on policy network formation. Anderson (1990) argued that domestic regional policies generated distinctive networks which reflected underlying constitutional differences. Local and regional authorities indirectly would

influence EU policy by lobbying their respective governments, while member states bargained with each other at the European level (known as the state-centric approach) (Moravscsik, 1993; Anderson, 1990). Rhodes (1997) presented the state-centric and the MLG approaches as mutually inclusive. In England, the central government maintained the role of gate-keeper: it influenced access to the networks and controlled the implementation of the structural funds. It created Government Offices (reporting to the central government) for the control and co-ordination of the structural funding applications (state-centric factors). Also, most English local authorities became more sophisticated lobbyists, setting up offices in Brussels. They appointed full-time European specialists to deal with the increasing number of networks both domestic and European. Finally, local authorities assisted to the introduction of new actors to regional policy networks which included the local community, voluntary organisations and the local businesses (Goldsmith, 1993; Barber and Millns, 1993; Garmise, 1997; Rhodes, 1997) (MLG factors).

The emergence of a multi-level governance has been associated with the concept of local governance. Local governance refers to the new trend of local authorities to cooperate and share responsibilities together with the private sector and more generally the local community (Geddes, 2005). It is a complex and fragmented environment where local government faces the challenge to assemble and lead local partners (Sullivan et al., 2006). The interaction and cooperation of public, private, and voluntary sectors within the new system of local governance gave rise to the concept of partnership (Geddes, 2005).

It is difficult to find a definition of partnership (Southern, 2002). Indeed, even more difficult is to differentiate the concept from that of network; often the terms partnership and network are used interchangeably. Some important findings emerged on the operation of local partnerships. Firstly, the public partners (or organisations) tended to have more power and a dominant role over the other members, while the voluntary organisations often lacked any power (Geddes, 2000; Foley and Martin, 2000). Secondly, partnerships seemed to operate through informal networks. It is at the informal level that the private sector can affect the local policy-making decisions (Harding et al., 2000). A partnership is characterised by a distinct organisational identity which may include executive, management and consultative bodies in the form of steering groups (Wilson and Charlton, 1997). What the above group of literature defined as local partnership, Provan and Milward (2001) called community networks. In their evaluation of network effectiveness, the authors stated that effective networks had a network administrative organisation (NAO), therefore a distinct organisational identity at least in administrative terms.

In summary, policy networks helped describing and analysing the new governing structures of the 1990s. Functional policy networks had expanded to include more actors, especially from the private and voluntary sector. While some of the literature focused on policy networks at the EU-national-regional levels, little is known about the policy networks developed at the local level between the local councils and their local actors (Martin and Pearce, 1993; Rhodes, 1997; Martin, 1998; Boland, 1999). Also, most of the

research investigated Central and Northern European countries while the Southern European Countries are still under-researched. Especially, there is no research about Italian local government networks. Moreover, the analysis of European regional policy and structural funds has been mainly descriptive (showing the increase in networking practice between sub-national, central governments and the EU) while the link between policy networks and success in funding absorption has not been examined.

This article attempts to fill the gaps identified in the policy networks' literature by investigating local networks developed around the European structural funds in two EU countries, Italy and England. An attempt is made to explore the link between local European funding networks and the absorption of EU funding by the local councils involved.

3) Context and Methods

Context

Italy and England were chosen for their institutional differences in the political and administrative systems with the aim to strengthen the generalizability of the findings. It is important to take into account the following institutional differences.

Italy is a country of enormous differences and contrasts. The territorial differences as well as the ruling of different countries such as France, Spain and the Austro-Hungarian Empire throughout its history had an important impact on the development of the Italy's sub-national government. Also the existence of Vaticano, like a state in the state, it contributed to wider the differences between North and South. It was only in the 1870s

that Italy's territorial and political unity was completed, adopting the Napoleon system of public administration as a model. A first attempt to respond to the needs of modern administration was contained in the 1948 Constitution. The territory was then divided into the current three-tier system (Spence, 1992; Sbragia, 1998).

The regions, the provinces and the communes consist of three bodies - consiglio, giunta, presidente/sindaco[1]. The written constitution has the role to protect the existence and powers of the three tiers. A Constitutional Court (Corte Costituzionale) adjudicates on disputes over power and actions between central and local governments (Spence, 1992). The following section analyses the Italian local government structure focusing on the changes introduced recently by the law 142/90.

Introduced by the republican constitution just after the war, the regions have been operational only since the late 1970s. The Constitution confers a vast range of power to the regions. Therefore, if the central government has the duty and responsibility to make laws, to govern and to administer at a more general level, the regions have the responsibility to make law, to govern and to administer at the regional level (Garelli, Saccomani, 1995).

The regions are responsible for a large number of administrative and political tasks such as: social welfare, local transport, culture and education, regional planning, water supply, agriculture, fishing, tourism, and local commerce. They can operate independently from the central government in the subjects mentioned above, but are dependent on the central government from a financial point of view. This situation makes Italy a half-way case on the spectrum of types of government with at the extreme the unitary system represented by British system and on the other side the federal system such as the German case

(Spence, 1992). Following article 2 of the l.142/90, the region is now responsible for regulating the co-operation between local authorities on the formation and refining of development programmes. Even if introduced as a law of principles (it gives indications on what could be but does not clearly introduce changes), the l. 142/90 can be seen as an attempt at decentralisation of local government with a further empowerment of the regions.

The province represents the second tier of the Italian system. After the introduction of the reform of 1990 (l.142/90), the provinces saw their roles recognised and their functions grouped into two categories: areas in which the province plays a formal administrative role (environmental protection, local transport networks, public health, and some activities in the area of education and training, protection of spring waters, protection and maintenance of properties with cultural or historical value, regulation of hunting and fishing, collection and analysis of data, administrative and technical assistance for the communes), and areas in which it is assigned a purely planning role (intermediation between municipalities and regions in land use and development planning). The new regulation has broadened the power and the activities of the provinces, which have also been entitled to a larger amount of income. The province becomes an intermediate element (or natural unit of aggregation) between the region and the communes with specific responsibilities such as programming and planning the territory. However, the regions have the responsibility to determine the functions and actions of the provinces, as well as the communes. They can also redefine the territory of their provinces (l.142/90) (Cammelli, 1990).

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[1] Consiglio or committee; giunta or board, presidente/sindaco or president/major.

The commune is the last tier of the Italian political-administrative system and is well known for its chronic fragmentation. The national territory has 8,066 communes, which vary in size of population and area. Piedmont[2] on its own has 1209 communes of which 634 have a population of less than a thousand.

It was at the end of the 1970s that the communes started to exercise an active role (Spalla, 1995). More recently, the law no.142 of 1990 enlarged the commune's functions, giving them more autonomy. Local government functions can be summarised into four broad categories:

- Constitutive, organising its own activities, administration and structure;

- Regulative, organising and supervising over assistance, commerce, agriculture and protection of environment;

- Distributive, delivering services such as education, culture, health protection, transports;

- Planning in economy, urban development, road networks, culture, and services.

Some of the functions are carried out carried out by the relevant departments, while others are passed on to municipal enterprises (e.g. the municipal transport agencies, the enterprises involved in the supply of gas, electricity, dairy products and water, as well as street cleaning and pharmacies). Recently, the local councils were also affected by a process of privatisation of services such as local transport.

England lacks a codified constitution and central government is the only institution with the power to formulate laws. Therefore, local government functions derive from

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[2] Piedmont is a region north-west of the Italian territory with Turin as its capital.

Parliament and specific statutes. The succession of labour and conservative governments contributed to the development of an hybrid local government structure which comprises a mix of single and two tier elected multi-purpose authorities: county councils and district councils represent a two-tier structure which include parishes; unitary authorities represent a single tier local government (see table 1).

<Table 1 about here>

Generally, local government comprises a chairman, who is elected annually by the council among its own members, and councillors, who are elected by the electors every four years. It was only in the late 1990s under the Blair Government that directly elected mayors were introduced to tackle public disenchantment with politics (Gray and Jenkins, 1998). The new government introduced also a new institution at the regional level next to the already existing Government Offices. The Regional Development agencies, which were approved by the Government on 12th January 2000 are responsible for the economic planning and development of the territory and they are expected to operate a leading role on European funding (DETR web site, 2000).

All counties functions can be summarised as follows: transport and highway, fire and police services, consumer protection, refuse disposal, schooling and education services (except FE and HE), social services, including housing, museums, art galleries and recreational facilities. Generally speaking, the districts are responsible for the maintenance of streets and bridges, the local sewerage and drainage, refuse collection and other sanitary services; it provides public entertainment and libraries. The metropolitan

boroughs or districts however are local education authorities and are responsible for libraries and personal social services. Unitary authorities instead represent single tiers of local government and they provide all local government services in their areas. They can run their schools and social services.

Methods

In-depth case studies were conducted among ten European local governments: five in the English region of Yorkshire and Humber and five in the Italian region of Piedmont. The profile of the Councils and the amount of structural funds they acquired are presented in table 2. The two regions were selected for their similarities in economic development and eligibility for European funding. Both the regions were ex-industrial areas with high unemployment and low economic growth. Those characteristics made them eligible for Objective 2 of the EU Structural Funds programme. Objective 1, 2 and 5b of the Structural Funds (which represented the biggest part of the funds) were limited to specific areas of the EU. The local government units within the same area competed between themselves for the acquisition of funds from the regional pot. Rules and criteria for funding applications were laid out in the Single Programming Document in England and the DOCUP in Italy.

<Table 2 about here>

The authors adopted a theoretical sample by selecting one successful and one unsuccessful case for each region. Successively, three additional local councils were

analysed within each region, following a replication logic (Glaser and Strauss, 1967; Gersick, 1988; Yin, 1994). The researchers stopped after observing that all the results were highly consistent. In selecting the remaining 6 local councils (three for each region) the researchers tried to include cases from different geographical areas within the regions and different types of councils (unitary authority and metropolitan borough in England, and communes of various sizes in Italy, including provincial and regional capitals). Table 2 summarises the profiles of the local councils investigated.

Successful local councils had a healthy and steady flow of funds from the EU structural funds pot, whereas unsuccessful councils had not entered the funding competition, in relation to Objective 2 of the structural funds (see Figure 1). The financial data were provided by the departments within the regions responsible for monitoring the EU Structural Funds, and they were successively cross-referenced with the data provided by the local councils. The local European funding networks from the two countries were successively compared in order to identify similarities and differences.

<Figure 1 about here>

Data were collected using multiple sources of evidence, known as the triangulation principle (Yin, 1994), which increased the validity and reliability of the study (see table 3).

<Table 3 about here>

4) Local European Structural Funds networks and their key organisations

The English local councils.

The four successful cases within Yorkshire and Humber region showed that formal and organised networks existed, which tried to maximise the absorption and use of the EU structural funds, while contributing to the regeneration of the local area. These networks were grouped by the authors under two general headings: Local Regeneration Network and Local European Funding Network.

The Local Regeneration Network (LRN) included the local strategic bodies which dealt with regeneration and funding issues for the whole borough. It included the local council, local voluntary organisations, the chamber of commerce and the local community. It also included regional members such as officials from the Regional Development Agency (RDA) and a member of the Government Office for Yorkshire and Humber (GOYH). The network was responsible for creating a strategy for the local area which was then included in the official document named the Local Action Plan (LAP)[1]. The Local Regeneration Network worked closely with other similar partnerships whose remit extended beyond the borough. These external links facilitated the sharing of ideas and best practice between regions. A network administrative organisation was created in each one of the four boroughs analysed and they were named Regeneration Forum or Regeneration Partnership.

The Local European Funding Networks (LEFN) administered all the activities related to European funding and developed a strategic plan for the absorption and use of European funding. It identified the possible EU funds applicable to the local area and located potential organisations which could have a stake in the project and could bring in match funds. Normally, the European Network would appear as the first place of contact for the local organisations involved in developing EU funded projects. The network would provide support in designing the project which would than be submitted to the GOYH for approval. Endorsement by the European Network was necessary before the projects could be sent to the GOYH. In this way, the network could control over the quality of the projects submitted and also avoid replication of similar projects and therefore competition among the local partners. In case of successful bids[2], the European Network would provide expertise in the day-to-day administration of the project. It would also check over its development. The group operated as a forum for the dissemination of information on European issues to the partners. Members of the group included European Officers[3] and senior managers from partner organisations (the local city council, SMEs, the chamber of commerce, local colleges and Universities, the local voluntary organisations, and some groups within the local community which were interested in EU funding such as the farmers' association). Specialised sub-groups within the network dealt with specific areas (or wards) characterised by higher needs for regeneration and therefore representing easier targets for absorbing the EU funds. Some of the sub-groups focused on specific priorities of the Objective 2 programme such as the Priority 4 Group, the ESF Group, and the Community Initiative Group.

Apart from the Local European Funding Networks and the Local Regeneration Networks the four English councils participated in networks at different governmental level: the regional and the European level of networks appeared the most common. At the regional level the network included the GOYH, which administered the Structural Funds, the Yorkshire Forum, which represented the RDA for Yorkshire, the Association of West Yorkshire Authorities (with the main objectives of securing Objective 2 status for the whole area) and the South Yorkshire Forum, a sub-regional partnership for the regeneration and development of South Yorkshire and with particular attention to creating a strategy for the Objective 1 programme. Also, all the cases appeared well connected at the EU level. The European level included contacts with MEPs, European officers from the DGs, European Commission, and Committee of the Regions.

The interviews showed that the contacts between the local public officers and the European officers took the form of informal, non-institutional networks. As described by the spokesperson, the visits to Brussels with the people from relevant DGs, such as DG Agri and DG Regio, were mainly informal and they took place mainly at the initial stage of policy design as a form of pre-consultation.

> We have informal discussions, and that's all we can have as local authority, because at the end of the day the formal negotiating process was held by our government office on behalf of the UK government with the Commission. In practice, a lot of the work was done behind the scene between individuals on an informal or semi-formal bases… Before starting this job, I worked at the regional office in Brussels. It was during that period that I met a lot of important

people especially at the European Commission. I keep in touch with them regularly because they represent invaluable source of information. Sometimes it happens they contact me as well to learn about specific data on British local councils without going through the institutional channels of communication with the government (Interview, a senior manager, Council 1).

The links developed between the European officers working for the local government and the MEP and the European Commission members did not show any institutional network, but they referred to more informal non-institutional or non-organised networks of professionals, all having expertise on EU funding procedures and policy-making. During the policy design phase local government was "not allowed" to participate to such a circle of elite. Therefore, informal types of networks were developed with the European Commission in order to overcome central and regional governments, often with the aim to push domestic interests. Personal/informal networks allowed direct communication between the local councils and the local community on one side and the EU officers on the other; helped the former to gain a better understanding of the rules of the EU funding competition and facilitated their success in attracting EU funds.

Council 2 represented the unsuccessful case. At the time of interviews, Council 2 was not eligible for EU funding and did not have a funding network, although it suffered similar problems: the closure of important local businesses and the rising of unemployment levels (see Table 4).

<Table 4 about here>

Interviews with a former senior manager showed that until 1988 the council held the best record in EU funding absorption (from the interview with a former manager, Council 2). Until then, the senior manager and the council leader had developed personal, informal networks with EU officers and politicians responsible for the EU programmes. The personal (or informal) networks allowed the senior manager to have immediate information and to know the preferences and directions of the funding committees in the EC. However, the 1988 reform of the European Structural funds changed the rules of the game. The European Commission, in consultation with the member states and their regions, were now responsible for allocating the funds, the amount depending on the economic situation of each region (therefore not having to deal with the local councils directly anymore). The Government Offices for each region were appointed to allocate the funds between the Local Authorities, on the bases of guidelines decided during the consultation with the European Commission and listed in the Single Programming Document (SPD). That meant lots of effort was going in creating a strategy to be part of the eligible areas. Then, the local councils would compete between themselves and through their regional bodies. After the 1988 reform, local networks became a key element for developing EU projects and to show that the local strategy would fit the wider regional strategy. Council 2 failed to adapt to the changing situation and to enter the new networks that were being created which included regional officers and local organisations. In addition to this, the senior manager retired and surely he brought away with him lots of his personal networks.

The comparison between successful and unsuccessful cases is interesting for two reasons: first, it shows how the development of local networks is a top-down phenomenon which is enforced by the EU institutions; second, it shows a link between success in EU funding absorption and the presence of local EU funding networks. The creation of local networks increased the chances of successful bids, therefore, the involvement of many new local organisations in the structural funds networks (see Table 5).

<Table 5 about here>

The Italian local councils.

Considering the accuracy and particularity of the EU Structural Funds we would expect to find in Italy similar types of networks. Instead, the four successful Italian cases showed a different pattern of European funding networks. They did not have established, well-defined Local European Funding Networks but they developed (what the authors have defined as) ad hoc networks, meaning that the local councils would put together only partners that could serve a specific project. The partners would bring into the project expertise in developing the project and matching funds. For example, Council 6 developed projects which included local businesses, a theatre, and a local school. Similarly, Council 8 developed projects which included the local community involved in tourism and also the local schools. Various local organisations were brought together by the local council to cooperate in specific projects. A different project would see the

involvement of different partners which would serve the purpose.

In all four cases, the researcher identified the presence of a key actor, FinPiemonte, which appeared to be involved in most of the EU funded projects developed by the local councils. FinPiemonte, a semi-public consultancy organisation partly financed by Piedmont Region and partly self-supported, appeared in most EU funded projects investigated. It provided expertise and helped the local partners in administering the projects. In some cases it provided matching-funds. The omnipresence of FinPiemonte in EU funded projects demonstrated that the region tried to control the quality and the delivery of the projects. From the region's point of view, the main concern was the delivery of the projects. A regional senior officer commented how important was for the region to show to the central government and to the European Commission that all funds devolved to Piedmont were spent efficiently. Showing efficiency in spending the assigned budget would reflect in easier negotiations for the following funding round (interview with a senior officer, Piedmont Region).

All four cases developed a network of local councils, which they used in order to lobby at the regional level for the inclusion of their area in the Structural Funds programme. Once the period of negotiation with the region was over, the climate turned into a more competitive one.

At the regional level, the local councils developed strong links with the regional officers. The region represented the key actor in EU funding application and it decided over the EU projects approval. As a public officer from Council 6 commented, most of the information on EU funds came from the regional offices. The region was considered as

an important filter of information coming from the EU and it represented a key actor in the EU funding competition. A regional committee decided over the EU funding criteria and approved the projects presented for financial support. Therefore, it was important to maintain periodical contacts with the regional officers. Also, knowing "the right person" could save time and help to overcome bureaucratic blockage.

The network with the region, in seeking support for EU funded projects, followed the political party route. For example, the mayor of Council 6 was affiliated to the same party governing the region. This allowed the council to have a direct line of communication with the region and overcome difficulties. Information such as the number of projects presented under each priority would allow the council to present its project under a less competitive priority, giving it more chances to win. Council 10 instead, which belonged to a different political group, admitted that the relationship with the regional officers and politicians was difficult. In some occasions they had to stretch for political support to the national level in order to overcome bureaucratic difficulties which were impeding them to submit a certain project (interview with a senior manager, Council 10).

At the national level, the Association of Italian Communes (ANCI) represented an important institutional network where all local councils could participate. It acted as diffuser of information on future funding opportunities. It developed a web page in order to keep the local councils informed on European issues and European funding opportunities.

At the European level, networks were rare. The interviews revealed that networks at the European level were a prerogative of bigger councils, while the smaller ones considered that activity expensive and time consuming and preferred to focus on regional networks. Therefore, only Council 9, being a city-region and having available extensive resources in terms of money and people, engaged in direct links with the European institutions by participating in international networks (for example, the major participated in the Committee of the Region). They also had the opportunity to recruit a high calibre senior manager who had previously worked in the European Commission and still held extensive professional networks in Brussels. As revealed during the interviews with the senior manager, contacts with the members of the European Commission and the relevant DGs were mainly informal and non-institutional since the local council did not have the power to meet them in institutionalised networks. Only the region was expected/allowed to negotiate at the European level.

While in some cases the creation of ad hoc partnership represented a higher flexibility and ability to adapt to specific circumstances, Council 6 showed that ad hoc partnerships could become an element of high instability and drive the project to failure. The recent local council elections in Council 6 saw the opposition succeeding. The new party in power seemed to dislike the previous projects and attempted to change the objectives of the current EU funded projects. This added further delays in the implementation of the projects. At the end, the team was not able to meet the deadlines and it concluded in the failure of the project (from the interview with a public officer, Council 6).

Council 7 represented an unsuccessful Italian case. Similarly to Council 2, the unsuccessful Italian council did not reveal any type of regeneration and/or EU funding network, neither presented ad hoc networks, typical of its neighbouring councils. The interview with a senior manager revealed that the council had suffered from a high inactivity of its governmental body during the period of formulation of the Docup[4], which caused the exclusion of its territory from the eligibility for the Structural Funds Programme. It is significant that Council 7 did not take part in the provincial network created by its neighbouring councils (among which Council 6 and Council 8) for the inclusion of the provincial territory in the Docup. This could be explained by the political instability that affected the council between 1990-93 and successively by the election of an anti-Europeanist party[5] to lead the local government (from the interview with the senior manager, Council 7).

With the exception of Council 9, the Italian councils did not present any formal or informal network with the European organisations and showed that small councils found more profitable to "play" at the regional level. The European level was considered far to reach and requiring a higher number of resources, therefore the local councils preferred to invest their energies in trying to influence the EU funding decisions taken at the regional level. Council 9 appeared in the present analysis as an exception (see table 6).

<Table 6 about here>

5) Discussion

The descriptive analysis of the EU funding networks applied to the eight local councils raised a few points of discussion.

Formal vs. informal networks. The analysis of the cases showed the co-existence of formal and informal networks. These informal networks were developed in situations where the local councils were not supposed to initiate a relationship with the EU institutions. Therefore, the informal networks were adopted to overcome certain bureaucratic blockage. These findings recall the interorganisational approach which differentiated between informal networks as friendship links between actors and formal networks as the chain of authority within the organisations. It highlighted this mode of network as a possible solution to structural inefficiency (Granovetter, 1985; Kanter, 1983).

In our cases, the informal networks were described by the spokespersons as "informal discussions". The term highlighted the complete informality and un-engaging nature of the contacts, based on a pure form of exchange of information. They were described as friendship links between actors that had previously worked together (as in the case of a senior manager in Council 1) or friendly relationships developed at workshops or conferences (as stated by a senior manager in Council 9). The personal type of network meant that when the relevant person was leaving the organisation, he/she would bring away also the relevant informal networks. This could partly explain the unsuccessful Council 2. The council was very good at attracting EU funds before the 1988 reform of

the Structural Funds and before the senior manager responsible for the funding application retired. When the senior manager left he brought with him all his personal contacts with the European officials.

According to the above findings a new element or dimension should be added to the policy network model. The formal vs. informal dimension of a network could explain a type of relationship developed by individuals within organisations which should not – officially and institutionally – take part in the policy-making mechanism. In order to achieve this, we need to combine two levels of analysis the meso and micro-levels.

Rhodes applied policy network as a meso-level of analysis, focusing on structural relationships between political institutions, and excluded the micro or interpersonal level from the analysis. This neat separation from a theoretical perspective risks making researchers to loose touch with the reality. The Multi-Level Governance approach showed an increasing number of organisations which started to take part in the policy-making process in the EU; organisations that should not be there such as the local councils. This new behaviour where local councils feed into the policy-making process of the EU and vice-versa cannot be understood if we don't look also at the micro-level. Therefore, networks do not just refer to formal, institutional links between different organisational roles but they include informal, personal relations between individuals who are part and shape the networks they belong to.

Type of networks. The local networks described above fit Rhodes' typology of policy networks where interdependent organisations compete for resources. In the local structural funds networks investigated, the resources took the form of EU funds, as well

as influence over policy-making at the local and European level. The comparison based on Rhodes continuum of policy community-issues networks helped to identify further differences between the eight successful councils in Italy and England.

The English Local Regeneration Networks fit Rhodes' definition of intergovernmental network. They comprised a limited number of participants (the eligible organisations within the local area), frequent interactions on all matters related to regeneration and development of the area. The links between the members of the network were exchange relationships. They exchanged political contacts, expertise, and intelligence to identify poor areas which could enter the EU definition of eligible areas under the European Structural Funds. They had an extensive range of interests, which varied from training and education to environment and culture.

The English Local European Funding Networks corresponded to Rhode's professional networks. They were characterised by one type of professionals, the European funding officers from the partners' organisations. They all had a substantial common interest, which was to develop EU funded projects.

The ad hoc local networks identified in the Italian cases appear to fit Rhodes' definition of producer network, which represented the role of public and private sector economic interests in policy-making. They were characterised by changing membership and limited interdependence. They were unstable networks and they lasted for the duration of the project.

Stability of networks. A striking difference in the EU funding networks between the Italian and the English local councils is the stability vs. instability of those networks. If

we look at chart 1, we can observe a clear trend where more stable English networks are characterised by a higher flow of funds. On the other hand, the Italian local councils with their unstable, ad hoc networks seemed less capable of attracting EU funds.

Provan and Milward (2001) examined the interorganisational networks and their effectiveness. According to the authors there is no ideal number of organisations, however effective networks would attract and retain members. Especially, effective networks are expected to show a core of agencies central to the services delivered. This type of behaviour could be observed in the English networks which showed a group of organisations central to the life and operation of the network. The ad hoc networks observed in the Italian cases were more volatile and changing with the projects. The only organisation central to the various European funding networks developed in the area was the local council which appeared (and usually was driving) every EU funding application. Also, the ad hoc Italian networks did not have an independent administrative body but they were administered and managed by the local councils. The "lower" success of the Italian councils compared to their English counterpart could be related to the lack of stability in the Italian networks. On the other hand, by working together, the local councils and the local partner-organisations learn to trust each other and to benefit from the cooperation. They contribute therefore to the building of social capital, meaning that they create the antecedent for future – more successful – cooperation (Putnam, 1993).

Levels of networks. Briefly, four levels of networks were identified in our analysis.

The European level included networks between the local authorities and the EU institutions (those were merely informal networks) and between the local authorities

themselves at an international level to build up partnerships.

A national level of networks, between local authorities and national institutions involved in the EU funding procedures (central government's department), appeared only in Council 10 where the mayor used political party links to overcome bureaucratic difficulties with the region.

The regional level of networks appeared well-developed in both the countries. In England this included links between the council, the RDA and the GO. In Italy the local councils showed systematic communication with the regional officers (often using the political party channels) and they also presented provincial networks between neighbouring local councils in order to enter the regional competition.

The local level of networks between the local councils and local actors (universities business centres, chamber of commerce, voluntary sector, local businesses) appeared as extremely important for the development of EU funded projects. In England it took the form of institutionalised, stable partnerships (Regeneration Networks and European Networks), while in Italy these appeared as more unstable, ad hoc partnership for the development of specific EU funded projects.

6) Conclusions

Despite the growing number of studies on policy networks and multi-level governance, the field remains relatively unexplored at local government level. In particular, there is a lack of research on Italian local government. This study contributed to the local government literature by describing the local European funding networks developed in a

small number of local councils in Italy and England. The comparative analysis generated important differences in the development of local networks. The results suggested two types of correlation. Firstly, a correlation between the amount of funding absorbed and the type of networks developed at the local level. The more successful English councils where characterised by professional networks while the Italian councils developed producer type of networks. Secondly, a correlation between the funding absorbed and the existence of networks. Councils 2 and 7 which did not participate to the EU funding competition did not develop any local EU funding networks.

This study comes with a limitation. It is a case study analysis on a small sample of local councils; therefore, the results cannot be generalisable without further quantitative testing.

Despite the above limitation this exploratory study is important because it focuses on the appearance of policy networks at the local government level and identifies a potential link between the absorption of EU funding and the types of networks developed by the local councils.

This study may provide important policy implications. It implies that those local European funding networks might not be "durable" and they might come to an end when the EU funding is reduced or taken away.

Tables and Figures

Table 1: Local government structure in Italy and England

ENGLAND	ITALY
Regional Development Agencies	Regioni
County Councils	
Unitary Councils	
District Councils -non county borough councils -urban district councils -rural district councils	Provincie
Parish	Comuni

Table 2: Description of the 10 city councils analysed.

City Councils in Yorkshire[3] and Humber, UK	1994-99 Funds (GBP)	Type of Local Authority	Population
Case 4	18,566,496.00	Unitary Authority	156,243
Case 3	12,341,728.00	Metropolitan Borough	290,468
Case 5	10,371,162.00	Metropolitan Borough	395,131
Case 1	8,748,935.00	Metropolitan Borough	228,103
Case 2	0.00	Metropolitan Borough	192,824
City Councils in Piedmont, Italy			
Case 6	6,262,088.00	Commune	26,724
Case 10	2,965,570.29	Commune (Provincial Capital)	30,307
Case 8	1,684,886.31	Commune	28,886
Case 9	6,403,416.03	Commune (Regional Capital)	909,741
Case 7	0.00	Commune (Provincial Capital)	90,852

Table 3: Description of source of evidence during data collection.

	Archival records	Focused interviews	Structured interviews	Document analysis
Case 1	GOYH: data relative to the amount of funds available within the region and	European funding officer from GOYH	Principal European Officer and Strategy Officer; Former Principal European Officer	Website; European funding guidelines; European Strategy documents; local action plans;

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[3] Yorkshire and Humber region included four sub-areas of which three were eligible under the Objective 2 of the structural funds (South Yorkshire, West Yorkshire and the Humber. Piedmont region included six provinces of which three were eligible (Alessandria, Torino and Verbanio-Cusio-Ossola).

			(at present MEP)	departmental structure; summaries of EU funded projects
	funds absorbed by each council			
Case 2	GOYH: data relative to the amount of funds available within the region and funds absorbed by each council	European funding officer from GOYH	Policy Officer; Former European Unit Manager	Website; European funding guidelines; European Strategy documents; local action plans; departmental structure; summaries of EU funded projects
Case 3	GOYH: data relative to the amount of funds available within the region and funds absorbed by each council	European funding officer from GOYH	Senior Manager for the Strategic Programme Unit	Website; European funding guidelines; European Strategy documents; local action plans; departmental structure; summaries of EU funded projects
Case 4	GOYH: data relative to the amount of funds available within the region and funds absorbed by each council	European funding officer from GOYH	EU Funding Unit, Senior Manager; EU Funding Unit, Assistant; Council Leader	Website; European funding guidelines; European Strategy documents; local action plans; departmental structure; summaries of EU funded projects
Case 5	GOYH: data relative to the amount of funds available within the region and funds absorbed by each council	European funding officer from GOYH	ERDF Unit, Senior Manager; ESF Unit, Manager	Website; European funding guidelines; European Strategy documents; local action plans; departmental structure; summaries of EU funded projects
Case 6	Regione Piemonte: data relative to the amount of funds available within the region and funds absorbed by each council		Ufficio Progettazione e Disegni, Officer; ex-Mayor; Councillor involved in funded project.	Website; European funding guidelines; European Strategy documents; local action plans; departmental structure; summaries of EU funded projects
Case 7	Regione Piemonte: data relative to the amount of funds available within the region and funds absorbed by		Social Service and European Funding Office, Senior Manager	Website; European funding guidelines; European Strategy documents; local action plans; departmental

	each council			structure; summaries of EU funded projects
Case 8	Regione Piemonte: data relative to the amount of funds available within the region and funds absorbed by each council		Vice-Segretario – responsible for EU funding strategy	Website; European funding guidelines; European Strategy documents; local action plans; departmental structure; summaries of EU funded projects
Case 9	Regione Piemonte: data relative to the amount of funds available within the region and funds absorbed by each council		EU funding Office, Senior Manager; Officer; Mayor	Website; European funding guidelines; European Strategy documents; local action plans; departmental structure; summaries of EU funded projects
Case 10	Regione Piemonte: data relative to the amount of funds available within the region and funds absorbed by each council		Finance Office, Manager; Segretario Comunale; Mayor	Website; European funding guidelines; European Strategy documents; local action plans; departmental structure; summaries of EU funded projects

Table 4: Unemployment rates (Sources: National Statistics and ISTAT)

Council	Eligibility for Objective 2	Unemployment 2001 (%)
Case 2 (UK)	Non-Eligible	5.9
Case 4 (UK)	Eligible	6.2
Leeds (UK)	Eligible	4.9
Wakefield (UK)	Eligible	6.0
West Yorkshire (partly eligible)	Partly Eligible	6.1
Case 7 (It)	Non-Eligible	7.0
Case 10 (It)	Eligible	7.1
Piedmont (partly eligible)		7.2

Table 5. Local Structural Funds Networks. England**.** This table summarises the types of local EU structural funds networks identified by the researcher in the five English cases.

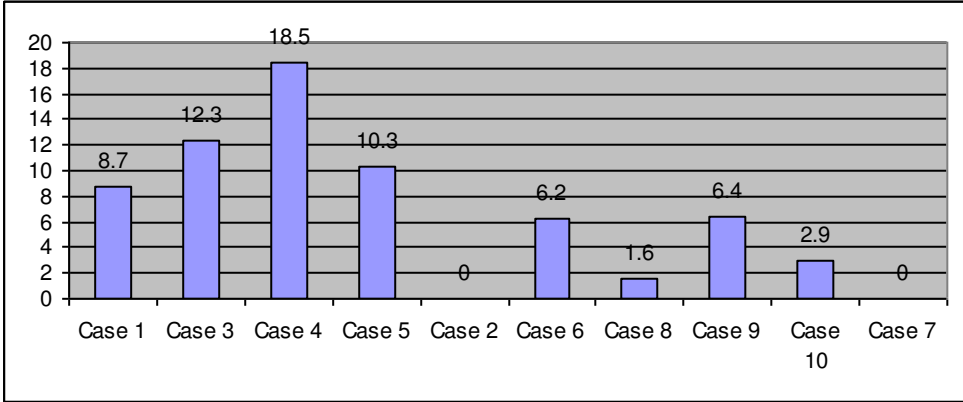It also shows the role of the networks and the organisations involved.

	Local Network	Participating Organisations	Role of the Network	Type of network
Case 1	LRN	-Council, Chamber of Commerce, College, Voluntary sector Forum, Business Link.	-Economic development/ regeneration.	Intergovernmental Network
	LEFN	-Experts on EU funding from the Regeneration Forum.	-Maximising the EU funding applications.	Professional Network
Case 2				
Case 3	LRN	-Council, TEC, voluntary groups, private sector, college, local community.	-Regeneration	Intergovernmental Network
	LEFN	-European officers and managers from partners' organisations involved in delivering Objective 2 funded projects	-Coordinate and assist organisations in developing and delivering EU funded projects.	Professional Network
Case 4	LRN	-Council, TEC, Business Link, colleges, local community, voluntary sector	-Regeneration	Intergovernmental Network
	LEFN	-European officers and managers from partners' organisations.	-Administer and coordinate the Objective 2 programme for the area	Professional Network
Case 5	LRN	-Council, TEC, Business Link, colleges, local community, voluntary sector.	-Regeneration	Intergovernmental Network
	LEFN	-Council, university, colleges, TEC, voluntary sector, chamber of commerce, and local community.	-Coordinate and develop projects for the local area.	Professional Network

Table 6. Local Structural Funds networks. Italy. This table summarises the types of local EU structural funds networks identified by the researcher in the five Italian cases and it shows the role of the networks and the organisations involved.

	Local Network	Participating Organisations	Role of Network	Type of network
Case 6	Ad hoc network	Council, FinPiemonte, Turin theatre, local businesses, local banks, schools, university, PST (Technology Park), Chamber of commerce.	Implement and manage specific EU funded projects.	Producer network
Case 7	-	-	-	

Case 8	Ad hoc network	Council, FinPiemonte, local businesses, local bank, schools.	Implement and manage specific EU funded projects	Producer network
Case 9	Ad hoc network	Council, FinPiemonte, local businesses, local banks, schools, university, voluntary organisations, local community, chamber of commerce.	Implement and manage specific EU funded projects	Producer network
Case 10	Ad hoc network	Council, FinPiemonte, local businesses, local bank, local community.	Implement and manage specific EU funded projects	Producer network

Figure 1. Total European Structural Funds (Objective 2) in the 10 Italian and English local councils 1994-99. (In million British Pound)

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[1] The LAP includes a detailed analysis of the problems of the local area and its solution. It shows how much money is needed to redevelop the area and what sort of sources of funds is available.

[2] As projects applications are called in the local authority's jargon.

[3] This is a new professional figure appearing in public and not-for-profit organisations responsible for investing and managing EU funded projects.

[4] Documento Unico di Programmazione. It is the equivalent of the Single Programming Document for England.

[5] The party in power was an extremist group of Lega Nord, which was concerned mainly with secessionist ideas. It was totally oriented against a European policy and was also disconnected from the Province and from the neighbouring local authorities, and therefore their European strategy.