Why policies fail? An institutional model explaining success and failure factors of rural development policies in Europe

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***Abstract* – This paper intends to analyse which are the main mechanisms and factors which bring either to failure or to success rural development policies. This analysis has been done in four Italian regions and in five rural areas, in order to catch macro and "meso" dimensions of success and failure. This analysis take under consideration governance and rules as the main arena where the different stakeholders try to impose their influence and interests at stake. Factors of success and failure operate along the institutional chain starting from the EU to the local level. By their collective action they try to shape rules and governance structures in relation to the impact they perceive on the resource allocation and the transaction costs needed to access to policies.**

INTRODUCTION

Understanding why policies fail in a multi-governance context is the main objective of this paper. It is a quite difficult task, due to the complexity of the policy process and the multi-actor dimension of the analysis. Main focus here is on EU Rural Development Plans (RDPs), as they have been implemented in Italian regions. Italy is a very emblematic case of multi-level and multi-actor system, not only in rural development but also in Cohesion policies. This work intends to develop an analytical framework to represent how interest groups and institutions contribute to determine the outcomes of RD policies, from the entering into force of EU regulations to the funds' delivering to rural beneficiaries. In this analysis we follow the assumption on the fundamental role of institutions in influencing economic development (North, 1999; Acemoglu et al, 2004; Levy and Fukuyama, 2010), with particular reference to the role of rules and governance structures created by the EU policy reform and its concrete implementation over time. In other works we have already stressed the role of governance (Mantino, 2009; Mantino et al, 2009). In this work we move further by developing the idea that rules and governance determine RD policy failure or success via the transaction costs of new policies and the reactions of main stakeholders to the transaction costs (North, 1999).

RESEARCH APPROACH AND THE THEORETICAL MODEL

This work is based on three basic hypotheses: a) that relations between actors and governmental level do have a fundamental role in affecting policy impacts on the farm system and the territorial context; b) main stakeholders can influence how rules and governance structures are designed at the different levels; c) this, in turn, also affects the opportunities for institutional innovation. This implies considering different level of governance (EU, national/regional, local). In this work four regions have been included (Apulia, Sardinia, Tuscany and Liguria) and, for the local level, five study areas (Langhe, Piedmont; Eastern Hills, Friuli; Chianti and Garfagnana, Tuscany; S. Daniele area, Friuli). An interdisciplinary research team has interviewed stakeholders at the different governmental level, including national and regional officials, local actors, etc. through a semi-structured questionnaire. The field work has been complemented by an analysis of the more relevant programmes addressed to rural areas of each region (RDPs, Operational Programmes funded by Structural Funds, other relevant schemes).

RESULTS AND DISCUSSION

Policies fail not only when they show spending inefficiencies, but also when they do not meet the planned objectives and are unable to use the rules and governance structures which have set up during the programming phase. Policy fail in three specific conditions: a) very inefficient governance solutions; b) poor design of policy measures; c) dominance of «extractive» coalitions at local level.

Very inefficient governance solutions. These circumstances are very frequent in programmes which are prepared in multi-level context. This is the case of RDPs and also Cohesion programmes. Inefficiency is produced when the central level is unable to coordinate and animate the lower levels and provide them with adequate technical and administrative support. Central level here also identifies the regional coordination. In few cases (Mantino and Forcina, 2011) regions were able to set up efficient coordination mechanisms with the aim of governing the whole set of available policies. Inefficiency also comes when there is a contradictory process of devolution to local authorities (provinces, mountain communities) from the regional level, which does not contribute to strengthen local capacity but only give local a marginal role. This role has been further limited in the most recent years due to the financial crisis (Caporale, 2011). Finally, inefficiency occurs when the regulative frame for local development projects (as Leader) is designed with the aim of constraining and controlling the autonomous strategy of local partnerships.

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Poor design of policy measures. Policy measures resulted either inefficient or ineffective in several cases because of the poor design of selection criteria, eligibility criteria or operational procedures for accessing to funds. Policy measures are always designed by public officials under the political approval of policy-makers. Both operate under heavy pressures from organisations/associations of farmers or other rural actors. Sometimes policy decisions on targets, potential beneficiaries, selection and eligibility criteria generate too many constraints and procedural burdens which hamper or delay their implementation rate and effectiveness. This has proved to be more frequent for innovative and for non-agricultural oriented measures, where either conservative pressures or simply lack of expertise are main reasons of failure.

Dominance of «extractive» coalitions at local level. This condition could be really jeopardising the success of local integrated approaches, as in the case of Leader projects. Here failure occurs when specific local groups dominate the allocation of funds at the area level under a logic of patronage and do not allow other groups to participate to the construction and the management of the integrated local project. Under this condition there is scarce social and economic innovation and the search for private goods prevails upon searching for local public goods.

Every policy reform of rural development is in reality carried out in three different phases: 1) the preparation of the reform principles in the Regulations; 2) the definition of the policy strategy by programmes at national and/or regional level; 3) the definition of more operational criteria for applications' eligibility and selection by management authorities (figure 1). It is worthy recalling that innovative principles, although introduced by EU Regulations, can be hampered by following policy strategies and operational rules. This means that every reform might eventually fail when concrete rules are set up, because relevant stakeholders oppose strong resistances to the process of reform and institutional change. This could happen at every step as illustrated in figure 1. This figure describe the mechanism of interaction between institutions responsible for designing principles, rules, policy strategies and governance structures, on the one side, and the stakeholders' response on the other side. Stakeholders always evaluate the impacts of policy decisions on the resource allocation and on transactions costs of the policies. When policy decisions have unfavourable effects on resource allocations or cause too high transaction costs (eventually not counterbalanced by policy incentives), stakeholders not only raise criticism against policy decision, but also try to pressure policy makers and public officials to change. Pressure groups are quite different and promote actions in different directions, not always compatible each other. The final decision is often a search for mediation of different interests. But what it is worthy saying is that mediation could be incompatible with innovative rules introduced by the policy reform. Beyond policy strategies, rules and governance structures prevailing after the stakeholders pressures there are conservative interests that contribute to the policy failures.

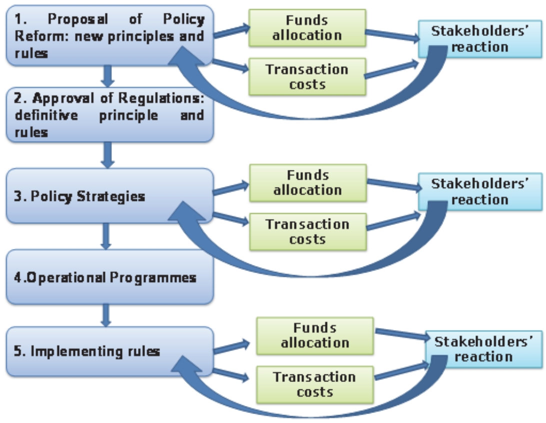

Figure 1. The mechanism of policy design and implementation of rural development and the role of stakeholders.

There are specific factors contributing to explain why policies fail in the Italian development strategy. Some of them are similar to those already outlined for Italian Cohesion policies (Barca, 2009), other are specific to the rural development experience. This work has highlighted five principal critical factors: 1) a long term vision of the policy as a tool to fulfil fundamental need of public goods; 2) a temporal continuity of the policy management and also of the staff involved in this management; 3) the quality of the human resources within the administrative structures and local bodies involved in the delivery system; 4) the presence of intermediate institutions at local level, performing the role as catalyst of development processes and promoting cooperation among different actors; 5) the presence of networks among institutions and private bodies, which are capable of going beyond the mere localism.

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