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Nicoletta Stame

Local development and community based partnerships

Università di Roma “La Sapienza”
Dipartimento di Ricerca sociale e metodologia sociologica (RISMES)
Corso Italia 38a - 00198 Roma - Italy
nstame@aconet.it

Community based partnerships as instruments for local development: how can they be evaluated?

This paper will deal with policies of local development in Italy, a country that the international literature considers a locus classicus for the study of social capital: from the lack of it, epitomized by the theory of “amoral familism” (Banfield, 1958), to the abundant endowment of it, considered by Putnam (1993) as the basis for good government performance. But Italy is also a place where various policies aimed at the creation or enhancement of social capital are being experimented, and it could therefore be interesting to start from here for an evaluative effort on community based partnerships.

As many authors recommend (Evans, 1996) local development can be seen as a mix of social capital and government institutions; accordingly, local development policies may be distinguished as for the way institutional arrangements aim at suiting, enhancing or creating social capital, and using it for development.

I will distinguish between different local development policies that have been put forward in the last two decades. For each of them I will try and distinguish: a) what type of community based partnership they imply: role of partners, processes of institutional mobilization, social capital sustainability; b) how their results can be evaluated.

Evaluation of local development policies: where are we?

The problem we in Italy face with the evaluation of local development policies stems from the following paradox: there is a tradition of evaluation of development projects that were based on infrastructural investments, whereas the famous experiences of local development based on the enhancement of social capital were always thought of as cases of spontaneous growth not subject to evaluation.

Investment projects constitute the experience of the “extraordinary intervention” in the South (a state program that lasted between the mid '50s and the early '90s): these projects aimed at the provision of capital for investment in heavy industry (mechanics, chemical, steel) and the building of infrastructures. They were evaluated in terms of “return of investments”. How many jobs were created? Did gross national product increase? The results of these studies was that investments had not created good economic returns, and that the expected linkages with the local industry had not materialized. On top of that, a strong criticism was aired about “clientelism” and patronage that plagued the vertical relationship between the state and local communities as for the allocation of resources.

Starting with the '70s, in the regions of Center-North-East a process of decentralization and of flexible production gave birth to industrial districts that specialized in the “made in Italy” (goods for the house and the person, light mechanics). No political intervention has ever been evaluated for its contribution to the creation or reinforcement of districts although – as we shall see – they benefited from some political conditions.

It was only in the '90s that policies of local development were targeted at given places: a territory to be upgraded, a specific combination of social and economic resources, a particular cultural patrimony to be saved and developed. In all these cases public policies aimed at creating

partnerships between local and supra-local social and institutional actors, in which the local actors are an active and creative component. Such policies are often supported by national and E.U. funds, and there is a new awareness about the lessons that could be learned by their evaluation.

However, where to start? How should the partnership element of local development be evaluated? On the one side, when evaluating community based partnerships we should not use evaluation models created for investment projects that did not pay attention to social capital: in fact, this is what continues to be proposed by authors (such as Florio, 2001: 230) who look for the best single indicators for development, regardless of the program specificities, and who propose pro capite GNP as the best proxy. On the other side, we cannot depend on the industrial districts tradition that has been much more interested in the spontaneous working of social capital than in the institutional development, hence has been little sensitive to evaluation problems.

What is needed is an evaluation of local development policies through an understanding of how community based partnerships work. For a similar problem Robert Picciotto (2000: 356) said that in actual development projects for poverty reduction to the usual evaluation criteria of relevance, efficiency and efficacy one should add those of institutional development and sustainability.

To fulfill this task I will compare three models of local development policies that insist on community based partnerships and institutions and I will try and understand what role evaluation could play in each case.

Industrial districts and social capital

The famous Putnam's thesis on social capital has been worked out in a comparative study of the performance of regional administrations in Italy in the '80s. The better faring administrations were those of the regions of the Center and North-East of Italy where there was a greater endowment of social capital, i.e. of norms of reciprocity, social networks of civiness, trust: the legacy of a tradition of democratic municipal governments, cooperatives and other horizontal links. On the contrary, in the Southern region, that had known autocratic governments and where trust and civiness had been substituted by individualism and "amoral familism", the regional administrations had a worse performance on many indicators. Hence, the conclusion that the working of institutions depends on social context and history: a theory of "path dependence" that left little hope to those who had not the right ancestors.

Indeed, the happy regions of Putnam are those in which have flourished the first industrial districts. These socio-economic systems have their roots in the sharecropping relationships in agriculture, that had lasted many centuries and came to an end in the '50s, releasing workforce for industry; then they have grown when – in the '60s and '70s - big firms decentralized and workers, helped by family members, became their own bosses, collaborating with other small firms and constituting the local industrial network. Industrial districts are local systems: they have always been the alternative to the Fordist big factory of the first industrialized North-West regions. The reason why they could defy what at the time seemed the infallible credo of the superiority of big firms in leading sectors, lies in social institutions of trust and collaborative industrial relations, the use of tacit and codified knowledge, the intelligence of some local institutions that helped.

In fact the regions were districts emerged had, for opposite reasons, favorable policies put in place for small and medium firms: Veneto was run by a strong majority of Christian Democracy, that thought of small firms as a shield of private property against proletarianization and communism. Tuscany and Emilia-Romagna were run by left-wing coalitions looking for autonomy from the

central state policies: the supporters of the left wing parties were the champions of small firms that were able to create an enormous mobilization of capacities and the production of wealth and well-being.

Studies on industrial districts, by Giacomo Becattini and his colleagues¹, have stressed how districts grow and change as for production and quality of products, type of work needed and services offered, etc. They have stressed the importance of the social and institutional context, of local knowledge and its ability to combine with codified knowledge and technological innovation: in other words of a territorial specificity, and the contextual basis for its development. In fact, the literature on districts has been as generous in presenting theoretical models of local development, as prone to leaving to the public sphere the task to act in order to favor them.

To a certain extent one could say that this first wave of local development studies had two opposite effects:

- a) the industrial districts literature has had the positive effect of stressing the importance of context as a basis for different paths to development;
- b) the literature on social capital inspired by Putnam's work has had a discouraging effect on the hope of those people – especially from the South – who lived in regions that had not followed the same historical path as the Center-North.

Although a law (317/1991) is now trying to favor the “establishment” of industrial districts in other areas of the country, especially where SMEs have been created through subcontracting, districts have to be considered spontaneous social and economic phenomena that public policies may support, not create. And in fact those evaluations that maintain that the implementation of that law is successful do so on the basis of jobs created, or per capita GNP, not of evidence from social capital increase (Viesti, 2000).

Territorial Pacts

In the South, the policy of the “extraordinary intervention” came to an end in the early ‘90s, in combination with a national political crisis: the demise of the system of the national parties that had run the country during the cold war was gradually giving place to a political system based on the alternation of two main coalitions, and a decentralized federal system. After a period of interregnum, in which it seemed that only “ordinary expenditure” could take place in the South, a new national policy was launched, that borrowed some ideas of commonality and partnership to be fulfilled by a state intervention: “negotiated programming”, of which Territorial Pacts are the main tool.

With Territorial Pacts the state in the first phase provides funding for the local actors (municipalities, representatives of firms, trade unions, banks, others) to sit, organize around a new institutional subject (the Pact corporation) and decide what is best for their area. Later on, the state co-finances productive initiatives that have been selected for funding. The rationale of the tool is that financial resources (in the form of assistance to management and of funding of local productive initiatives) can elicit forms of social capital if local actors are put in a condition in which they can decide about their own needs. As De Rita and Bonomi (1998) say, this is a way in which public policies can create relational goods.

¹ For a recent contribution to the vast literature that has grown around the studies of Becattini on the theory of industrial districts and on empirical studies on the districts of the Center-North-East see Becattini (2001), that also contains a good bibliography.

Territorial Pacts were invented in Italy: their story is the story of a conflict between, on the one side, the first organizers of Pacts at the decentralized level (supported by CNEL, the National Council of Economy and Labor, a consultative body) and, on the other side, the Ministry of Budget that has to select projects and allocate money. The former criticize the central level for the slowness and bureaucratic attitude with which rules have been drafted to regulate the management of partnerships, and the latter criticizes the local organizers as lacking capacities for designing good projects. In the meantime the E.U. has launched Territorial Pacts for employment in various countries, and even in Italy. As of Spring 2001, 170 national Pacts and 10 European Pacts have been approved and funded, and 51 are waiting for approval.

Although Territorial Pacts are still an object of fierce debate about their implementation, they continue to be considered one of the central tools for the government's policy of local development. However, very few try to answer the question: why should Territorial Pacts work as such tools?

According to De Rita, who considers himself "the man who invented the Pacts", development takes place when "artificial communities"² are created that link the local to the global by long networks. In this construction, social capital is not a necessary prerequisite of local development, while collaborative behavior can spring out of new rules and institutions. What is needed is a strong catalyzing idea, around which many forces can be brought to move from a short as well as a long distance.

As is evident, this hypothesis runs contrary to what is considered the "culturalistic" approach to social capital that dooms the South to immobilism. Indeed, Putnam's theses on the South had been criticized on two main accounts. In the first place, authors who had opposed the "amoral familism" thesis and had long investigated social relationships in the South have shown that strong family and social networks, if studied with a dynamic and situational model, can be seen to have kept together society and allowed forms of economic and social development (Piselli, 1999).

In the second place, other authors have maintained that social capital is not the cause of local development, but can be the effect of public policies, and have considered Territorial Pacts as an example. As Cersosimo and Wolleb put it (2001, p. 4) "when the taboo of non-transferability of the experience of districts, due to their embeddedness in local history and culture, is broken ... [then] the contextual conditions ... can be modified through public intervention". In contrast to the "culturalistic approach", the authors who would bet on the ability of social policies to create social capital through rules, mechanisms of interaction, and communication consider themselves as followers of a "systemic" (Cersosimo and Wolleb) or a "structural" (Trigilia) approach. Here the local community is seen as an "experimental context" where norms are defined that impose a specific behavior.

In particular, Trigilia (1999) states that interventions aimed at promoting social capital as a tool for local development should support, on a financial as well as an organizational level, integrated development projects that provide incentives for cooperative networking and that steer external interventions toward that objective. Public institutions on an upper level could help "from above" local actors to mobilize "from below". It is recognized that a financial support to local networks cannot avoid the creation of "collusive coalitions" (more keen on sharing money than creating development); but it is maintained that local actors can learn to, respectively, "design development projects" and select better projects in a transparent way, if consistent support is offered to this aim. In other words, good national institutions (like universalistic tenders) may create good, collaborative behavior (like transparency of selection criteria).

² Artificial communities are the opposite of natural communities, where values are created in a face to face relationship.

This is the program theory that Cersosimo and Wolleb want to test. Rightly criticizing any idea of evaluating Pacts through the mere indicators of return of investment, they maintain that evaluation should concentrate on the hypothesis that a new and collaborative behavior can originate from the pact. Therefore it should answer two main questions:

- a) in the cognitive sphere: did pacts create changes in behavior? Were new rules created? Were public goods created? Have there been virtuous exchange between banks and firms, between entrepreneurs and T.U.s? Has trust increased?
- b) In the practical sphere: Have new productive initiatives been created as a consequence to those changes?

Changes in the cognitive sphere have been found when people think collaboration to be a positive feature, the Pact to be a durable institution, and something able to attract new investments. Evidence of practical initiatives is considered to be the creation of consortia or other institutions, new credit regulations or new forms of industrial relationships. All in all, the two authors suggest that some Pacts are positive on both accounts and show potentialities for new forms of development, while many Pacts have simply been able to get access to public money in the old way. In the latter case, there has been an asymmetry between new ideas of collaboration and old behavior of individualism and self-interest.

Cersosimo and Wolleb find that the positive cases are correlated with the following factors:

- the external context. Pacts have worked better where the old party system had been substituted by a new generation of mayors, that have often been the soul of pacts. On the other hand, the national context has not provided clear rules, and this has created difficulties.
- the “experimental” context. Pacts have been successful where there have been institutional leaders credible and reliable. This (obvious) point is rather contradictory with regard to the authors’ standpoint. In fact, here they admit that Pacts work better where trust exists, while they had previously said: “if Pacts fail for a weakness in social capital ...it is the philosophy of the Pact that fails, it is the bet to change context through a public intervention that is lost” (13-14)³.
- the normative system: European Pacts have fared better because their norms were clearer. Especially lacking are suitable criteria for the selection of projects. There are criteria for business plans and increase in occupation, as for all incentives to SMEs, that are however not consistent with the idea of partnership and of local development. Nothing has yet been worked out to prize successful collaborative processes, nor to sanction those who do not stick to engagements.
- the process of institution building: this hints at the passage from the phase of negotiation, which is collaborative and consensual, to that of management, which is ridden by conflicts. The better faring Pacts are those where a continuity in the composition of the institutional tool has been assured from one phase to the next.

The evaluation design that the authors have utilized is a typical goal-based evaluation: clarify objectives (collaboration, creation of social goods), then identify results that correspond to those objectives (a model of collaborative thinking and behavior), and then check the findings against that model. The not so satisfying results could then be attributed either to inadequacy of the theory (it is not possible to create social capital through public policies; or it is still considered possible, but this particular tool is not adequate), or to inadequacy of implementation: the state did not provide regulations, etc.

³ The same inconsistency cannot be attributed to Bonomi who, assuming De Rita’s theory of “artificial communities”, considers a failure due to excessive fighting among partners as an ... “external” factor.

Other evaluation designs could, however, have been followed. One way could have been that of looking at what happened in these situations regardless of those lofty goals: a goal-free evaluation, where one would have been more open to detect indirect effects. Studying a few cases in depth, perhaps chosen among those with more and with less social capital endowment, or where the political system was more or less in crisis, it would have been possible to see what happens when a large sum of money is thrown on a given territory with no other obligation than to decide how to spend it. This analysis would have helped detecting those cases of internal fight for appropriation of resources that have been reported in many accounts, and that cannot simply be considered as cases of “no effect”.

Another way could have been that of testing the theory that public policies can create social capital by analyzing different programs inspired by it: Territorial Pacts would have been compared to other instruments that have been worked out. In that case the evaluation would have utilized a quasi-experimental design of comparison between two or more types of intervention.

Local development by the surfacing of hidden resources

A different strategy of local development is now being put forward that may be considered as an alternative to both the spontaneous development of districts and the mobilization from above of the Territorial Pacts. It is proposed by groups of researchers – economists, sociologists, architects, urban planners - that in the last decade or more, based in their Southern Universities but looking outside, have inquired into the socio-economic reality from where their students came from, asking them to become participant observers, detached analysts, and local development agents at the same time⁴.

What these researchers have found is that there are hidden resources of social capital that aim at development but are still trapped in particularistic behavior. Subcontracting firms established by small groups of relatives or friends, that had grown and could establish as independent firms, or could expand by exporting their production, but are still in a semi-regular position, to which they adhere for convenience reasons (fear of losing subsidies, fear of being visible to criminal greed, distrust of local authorities etc.). Local areas full of cultural and ecological goods, that could thrive on exploitation of their resources for the creation of areas of touristic and industrial development, but have so far been little by little dilapidated by short-sighted, individualistic search for private well-being.

All this can happen when the law is severe but not implemented, and people blame the state's aloofness but at the same time cheat it. In fact, what is observed is a dissonance between aspirations to development and behavior in which social capital is more frequently used in a negative than in a positive way.

If brought to surface the underground economy could become a lever of local development (Meldolesi, 2001). In fact, it is a vast reservoir of jobs, a space where people are trained and capacities are formed: forces that however cannot expand because, owing to various irregularities, they cannot take advantage of industrial policies of support to production, export, technological research, etc.

⁴ For a presentation of these points of view, see the “forum sulle Università meridionali e l'emersione”, organized by the Comitato Nazionale per l'emersione del lavoro non regolare in February 2000 at the following web-site: www.governo.it/Presidenza/Comitati/Comitato nazionale per l'emersione del lavoro non regolare.

Instances of irregularity differ from an area to the next as for type (fiscal, wage, work security), actors' behavior, public administration performance. Hence, programs are needed that are specifically targeted to various locations, and that in each different place are able to identify the local leading forces (small firms, entrepreneurial associations, T.U.s, regional administrations and local municipalities) that could be grouped together in projects for the surfacing of the underground economy in which national institutions could take part.

To this end a National Committee for the Surfacing of Irregular Work (Commissione nazionale per l'emersione del lavoro non regolare) has been established, and its task it is to create local commissions (regional or provincial) that aim at mobilizing those forces that have been detected through field work by providing tools that could elicit a virtuous behavior that they had been so far unable to embody. It is not simply matter of giving voice to the voiceless, but also of opening, by trial and error, new collaborative roads that at the beginning did not seem feasible, due to long established distrust in public institutions. This process has been called "institutional mobilization".

Experiences of service centers that help SMEs with individual regularization projects⁵, new industrial relations that gradually regularize working conditions⁶, micro-credit or aid to enterprise creation that regularize old activities⁷: all these and other interventions have shown that a panoply of tools, existing and new ones, may be put to work in order to create a new alliance between the state and the citizen: the former acting as a "friendly state", and its agents behaving as part of the community that they serve; the latter willing to put their social capital in a trust relationship and not cheating the state.

This policy of local development by surfacing is different from that of Territorial Pacts in many ways:

- it is not based on the offer of a new financial support, which may become a temptation for "collusive coalitions", but on showing the inconsistency between what is desired (a good job, a democratic country, a clean environment) and the actual plight. It is parsimonious but once a proposal is put forward it provides help in getting funding through the main programs (local, state, E.U. funds) that exist. In other words, funding comes second, not first
- while Pacts prize negotiations among representatives of social and institutional forces, that could take place on any kind of initiative, it is based on the enhancement of local resources, specific actors, that warrant the sustainability of its action.
- It does not propose a model that can match any situation; on the contrary, it is based on specific projects, be they consortia, service centers, research groups, etc. In this respect, it is important that studies on the socio-economic and cultural aspects of the area are provided by Universities or research groups, that can support the action through knowledge
- Also the relationships with the P.A. is different. Territorial Pacts have been proposed as a way of overcoming bureaucratic rigidities through negotiation. But it is always a central approval that sends the money to the regions. This is at the origin of complaints by the local level that doesn't get the money from above. With development by surfacing there is an awareness that behavior of local institutions and citizens also has to change, in search of a new relationship between a friendly state and a citizen that doesn't cheat it.

⁵ We refer to the pilot project of the CUORE centers (Centri Urbani Operativi per la Riqualificazione Economica) in Naples that have been very successful in investigating underground small firms and providing regularization projects and services for the expansion of their activities.

⁶ "Contratti di riallineamento" (realignment contracts), that have been more successful in conditions of lower wages and regular security payments than when the opposite was true.

⁷ Programs for enterprise creation as that run by Imprenditorialità Giovanile (known as "law 44/86"), and programs of micro-credit (known as "prestito d'onore", law 608/96) have had the positive indirect effect of regularizing a large amount of irregular jobs and of offering opportunities for the surfacing of underutilized capacities.

How can this strategy for local development be evaluated? The specificity of each location's conditions of irregularity bans any idea of a single model to be followed, that each case can approach or depart from. On the contrary, in any situation, with its own characteristics, it is possible to detect a "good" intervention that exploit underutilized resources by coordinating social forces and public administration in partnership with national institutions. This problem is at the center of a debate between the national and European authorities that are looking for "indicators of surfacing" and experts of the National committee that are looking for methods able to capture the value added of integrated local policies.

One place where to look for inspiration has been the method suggested by Saraceno (1999) for the evaluation of the LEADER projects (E.U. funded projects for integrated rural development). It is based on the idea that the evaluation of policies that consider local forces as a strategic factor for development should look for evidence of utilization of tacit knowledge, the integration between various actions, participation of beneficiaries and their sense of identity, etc., in strengthening efficacy and sustainability of development projects. This can be easily done at the individual project level, but can also be the basis for fruitful comparisons if instead of counting how different projects fared on given indicators (as if they were all alike and it were possible to graduate performance on a single dimension), one uses categories such as types of innovations utilizing local or external knowledge; types of actions that need greater transparency; etc. This method would allow distinctions between alternative paths that could be undertaken, and an evaluation of their comparative advantages.

A method like this would engage beneficiaries, local institutions and the Commissions experts in a participatory exercise in which they identify the process through which specific cases of dissonance gave way to different changes, or – as realistic evaluation (Pawson and Tilley, 1997) would suggest – "what mechanisms works better in what context".

To conclude

I have reviewed three local development strategies. I have tried to investigate their different theories of social capital and the different institutional arrangements that they propose, in order to see how their effects can be evaluated.

Industrial districts development is based on contextual socio-economic conditions for development that institutions should suit; there is little space for policy evaluation. Territorial Pacts are based on the idea that although social capital can be scarce social policies may create it, and they see the process of negotiated planning financed by the state as one such tool. Development by surfacing considers social capital as a hidden resource: it exists but may be badly utilized and policies of development should act as a lever for making this dissonance explode.

When considering sustainability and institutional development, the evaluation of these policies is confronted with the problem of how to evaluate the value added by partnerships: from building models of collaborative behavior, as has been done with Territorial Pacts, to looking for mechanisms for change through dissonance, as is proposed in strategies of local development through surfacing.

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