

REGIONAL DEVELOPMENT AND GOVERNANCE IN EMILIA-ROMAGNA: THE ERVET EXPERIENCE

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Abstract

Firstly, the text aims at giving an overview of the national decentralisation process, of the governance system in Emilia-Romagna Region and of the regional administration competences and tools in territorial development planning. A description of the origin, evolution and changing mission of the Agency will follow, taking into consideration the changes occurred in the economic and social context and framework (from 1973 to 2003). Then the nowadays reorganization phase will be analysed in parallel with the regional governance model and with regards to the role of the Agency in the economic and territorial development planning. This last aspect will be stated through some practical examples with a focus on ERVET's last Three Years Operational Plan.

The history of Regional Development Agency, in Italy and in Emilia-Romagna, is strictly connected with the actual establishment of Regions and with the lengthy devolution process from the Central Government to Local and Regional Authorities.

Development agencies as such were created by a number of Italian Regions at the beginning of the seventies, in the aftermath of the actual establishment of Regions, as originally provided for by the Constitution. At that time they had statutory tasks different from the ones they have been later assigned. In that period, Central Government had and exercised exclusive powers in economic policy and its decisions concerned not only direct market interventions, but also the provision of financial aids to companies at risk and producing public goods. Furthermore, it was to establish the main directions and goals of national economic development for almost every economic sector. When they were first created regional authorities had little or none power for intervening in the economy of the territory that they were representing. In Italy, economic instability caused the restructuring process of the national production system: while big industries were scoring bad performances,

small firms were increasing their importance and market share. In this framework and with the aim of responding to the economic crisis by strengthening small enterprises, regional governments started establishing Development Agencies as instruments for initiating local industrial programs. Regional Agencies were then a pilot policy instrument designed to provide creative local answers to the national economic crises and a way of creating balanced solutions for local development, less dependent from central authorities. This is the period when ERVET Regional Agency for Socio-Economic Development was founded, as well as few other Agencies in other Italian regions. Some of these were assigned the role of “holding companies” (Finlombardia, Friulia) with the goal of sustaining businesses’ development through the management of funds for acquisition of capital shares, the provision of subsidized loans; other Agencies, like ERVET, were characterized by delivering technical and infrastructures’ planning services which were scarcely offered by the market.

ERVET was founded in 1974 as a private company, whose major share-holder was the Emilia-Romagna Region of (from now on Region) which oriented the strategy and exercised control over it. The relationship between the Region and ERVET, since its foundation, went through three phases, marked by three different regional laws.

At the beginning of the seventies, the strategic orientation of the Emilia-Romagna Region (RER) was to equilibrate the territory, favoring the industrialization of areas with low economic development, located mainly in the east part of the region, south of the Po River. ERVET in the first phase of its activities was operating in these areas, supplying areas equipped for industrial activities at advantageous conditions.

In the eighties, following the extraordinary growth of SMEs organized in specialized industrial districts, RER strategy changed from a quantitative to a qualitative approach geared towards improving their competitiveness. In order to achieve this new goal, ERVET developed innovative services, shaped in cooperation with the main industrial associations and based on the analysis of the main industrial sectors. Services were delivered through specialized-centers according to the type of service (innovation, quality, etc.) and sector (agricultural mechanics, clothing, shoe industry, etc.). During the nineties, ERVET coordinated and financed a network of Service-centers, and acted as “instrument of regional economic policies implementation”, orienting the activity of the Service-centers towards the support of enterprises in quality improvement, innovation and technology transfer. The Agency became a sort of *holding* for financial and strategic management of the Service-centers, known as ERVET SYSTEM. Particularly, the Agency stimulated the innovation in the “frontier economic sectors” through technical services for market demand didn’t allow for their provision on a market basis.

Three principle lines of activities of ERVET were the following:

- Creation and execution of projects for the support of the innovation process of the companies and their capacity of international exchange
- Supporting the process of reaching agreements between the local administration, public entities, social organizations and private operators, with the goal of economic development of the territory
- Technical assistance to the Region of Emilia-Romagna in the execution of its programs.

ERVET and the service centers delivered information and consultancy, product certification, market analysis, laboratory tests, technological transfer, product innovation and other services.

The evolution of know-how processes in the three lines of activities was satisfactory and yielded new methods and procedures which were disseminated through the Service-centers. For example, knowledge gained in the industry support activity was translated in procedures which were later used in the vast areas of the society: sanitary assistance, garbage disposal and infrastructure. The role of ERVET as a meeting-point for the business sector, political authorities and social institutions was also evident in the financial frame of the institution. During the eighties and the nineties, 87% of the budget was financed by the Region, 4% was coming from EU funds, 3% from the private companies and 6% from the public institutions.

At the end of the nineties, there was a significant change in the economic scenario in the Region: the economic globalization called for more innovative capacities and stronger relationship between enterprises and the institutions for applied research and technological transfer. The completion of the political and administrative decentralization process with the further transfer of competences from national to regional level, led the regional government to adopt a law reforming ERVET. ERVET role was no longer that of a holding of Service-centers, which are now operating on a market basis, and mainly active in technological research and innovation. ERVET was to support regional and local authorities in designing and implementing policies for socio-economical development of the territory. The Agency contributes to the definition of the best policies for sustainable development, acting on the principle of *integrated policies* and no more on the principle of vertical specialization. New competences include:

- Execution of development programs originated by regional, national or European initiatives
- Promotion and coordination of new Agencies for territorial development
- Management of the actions of the Region in various international and national institutions
- Cooperation with other European regions

- Promotion of foreign investments in the Region of Emilia-Romagna

In the second half of the nineties the decentralization process in Italy brought about another important formula: *governance*. During this period, Emilia-Romagna Region adopted and promoted a new governance concept, based on the subsidiary principle and not on the delegation of powers once reserved to central authorities. The milestones which particularly influenced the development of the Italian governance system are:

- Administrative decentralization;
- Reinforcement of the autonomy;
- Elections reform act;
- Reform of the 5th Title of the Italian Constitution;
- Modernization;

The concept of regional governance leads us to the last phase of the relationship between ERVET and the Region, which is framed by a three-year action plan, negotiated between them. The Region maintains the right of monitoring and evaluating the results after every three-year period. ERVET has no longer a central role in the delivery of services to the market nor in managing specialized service centers, as it gets more and more tasks as the executor of *specific missions* focused on the valorization of territory. The Agency now acts as a manager of programs mainly inspired by the Region. The action plan for the period 2004-2006, indicates the following activities as ERVET main goals:

- designing, managing, monitoring, and evaluating regional policies for territorial development
- concerted planning
- sector territorial policies
- European, national, and regional networks
- Sustainable development policies
- Regional e-government policies
- Support in implementing European Regional Development and Social Funds Operational programs
- European policies for territorial development
- Territorial marketing
- Project finance
- Analysis, studies and pilot projects

These operational strategies are considered by the political authorities and institutional actors as priorities that should guarantee a new cycle of economical development in the region which is facing a new global challenge, characterized by a sustained pace of socio-economic change.

Also the new action plan for the period of 2007-2009, recently approved by the regional government, reconfirms the mission of ERVET as regional agency that

acts in close relation with the regional administration, although maintaining the autonomy typical for the capital-based organizations.

It is almost certain that many new challenges will come in the next future. Nevertheless, ERVET as well as other institutions for territorial development will have to stick to the principles which guaranteed their success in the past, that is to say that they have to understand both the specific needs of their territory and of its socio-economical actors, and to understand the evolutionary paths of socio-economic development at global level, trying to find appropriate solutions able to insert local dynamics into the global ones.