

## **MAPPING THE FIELD OF QUASI-AUTONOMOUS ORGANIZATIONS IN FRANCE AND ITALY**

MARINE ALLIX AND SANDRA VAN THIEL  
*ERASMUS UNIVERSITY*

**ABSTRACT:** *The quango continuum designed by Greve, Flinders, and Van Thiel aimed to help in identifying and categorizing different quasi-autonomous organizations in the UK, Denmark, and the Netherlands. Here, the continuum is applied to France and Italy in order to test its validity as a tool to study the field of quangos and to introduce French and Italian quasi-autonomous organizations. The continuum turns out to be a relevant framework to show the specific features of these organizations in different countries. On the whole, France seems to favor more public bodies than Italy, which is more inclined to turn them into private entities.*

Quasi-autonomous organizations in the public sector have caught the attention of scholars and governments, as is evident from diverse publications of the OECD on distributed public governance and scholarly publications on quangos and agencies (OECD 2001a; Kickert 2001; Pollitt et al. 2001; Flinders and Smith 1999). These works describe many different types of organizations, and the fact that no clear label has emerged illustrates the diversity of the field and the complexity that characterizes the implementation of public policies. The term quasi-autonomous organizations, albeit vague, allows encompassing a wide variety of organizations somewhat related to the public domain.

In a nutshell, the main features of quasi-autonomous organizations are that they are not part of the central administration, they benefit from some kind of autonomy and operate at arm's length from governments. Attention has so far focused mainly on Northern European and Anglo-Saxon countries. Little work has been done on these quasi-autonomous organizations in Southern Europe. This article intends to offer an overview of quasi-autonomous organizations in France and Italy, their diversity, functions, history, and the recent developments.

**Direct all correspondence to:** Sandra Van Thiel, Centre for Public Management, Erasmus University, PO Box 1738, 3000 DR Rotterdam, The Netherlands. E-mail: vanthiel@fsw.eur.nl

In order to present empirical findings on quasi-autonomous organizations in France and Italy in a consistent way, we use the quango continuum designed by Greve, Flinders, and Van Thiel (1999). This tool offers a logical presentation of quasi-autonomous organizations, ranging from private companies employed by governments to provide services, to public organizations close to central ministries. The quango continuum emphasizes the capacity of these organizations to change into another type of quango (quango drift). In a comparative perspective, it helps to identify the connections that can be made between organizations in different countries.

In this article, we will first apply a slightly modified version of the quango continuum to France and Italy. Then we will discuss the different categories for each country. Finally, some conclusions can be drawn about the validity of the quango continuum as a tool for comparative research.

### **THE QUANGO CONTINUUM: A TOOL TO MAP THE FIELD OF QUASI-AUTONOMOUS ORGANIZATIONS**

Greve, Flinders, and Van Thiel (1999) built up a framework to define quasi-autonomous, nongovernmental organizations (quangos) in the UK, the Netherlands, and Denmark. They identify five categories of quangos along an axis going from the private sector to the public sector. These categories are:

- contracting out;
- privatization and semi-privatization;
- voluntary and charity;
- public body; and
- contract agency.

The criteria chosen to define these categories are, beside a short definition, the source of finances, the existence of ministerial responsibility, the type of control mechanism, the performing of a public task, and the belonging to the public domain (Greve, Flinders, and Van Thiel 1999, 142). Most of these criteria, used by the authors to picture different categories of quangos, can be applied to France and Italy also. However, two criteria need some modification.

First, the criterion of ministerial responsibility implies that a minister is individually responsible to parliament for his actions. This notion of responsibility includes the idea of a possible sanction of a minister by parliament for mismanagement. In France, however, ministers are not individually responsible to the Parliament, only the cabinet is. It can be dismissed because it is collectively responsible for its policy. Nonetheless, Parliament has never dismissed a government since the beginning of the fifth Republic in 1958. Therefore, ministerial responsibility seems not entirely appropriate when talking about France.

We suggest that the expression ministerial accountability would be more accurate. Adopting the definitions proposed by Flinders (2001, 13) accountability is “the condition of having to answer to an individual or body for one’s actions” and responsibility is “the condition of having to provide and account to an individual or body for one’s actions

with the possibility of personal blame and/or sanction for the content of that account.” In the quango continuum proposed by Greve, Flinders, and Van Thiel, the notion of ministerial responsibility has a constitutional basis linked with the power of the parliament on an individual minister that does not fit with the French case. We propose to use the term accountability in the quango continuum to indicate whether a minister is, or is not, in control of a quango, or whether the activities of a quango belong to his field of jurisdiction. This move from responsibility to accountability remains faithful to the intention of the authors and can still apply to the countries presented in the continuum.

In Italy, the notion of individual ministerial responsibility is a constitutional principle.

Second, the criterion of public task is defined by Greve, Flinders, and Van Thiel (1999, 141) as the “question of whether the aim of the quango is considered to be a task which the government should ensure is being fulfilled.” This criterion differs from the other criteria of the quango continuum. It is not a descriptive one, such as the source of funds, but an ideological one, deciding on what should be the limits of the action of the state. It is a given that actions undertaken by the state are supposed to be public tasks, i.e., carried out for the public good. Such a criterion implies that a service or an action performed by or on behalf of the state that is not carried out for the public good is illegitimate. The question is, how can we determine what is not a public task?

The authors of the quango continuum did not take a strong stance on the matter, and left a question mark when the answer was not an obvious yes. This question mark concerned two categories: tasks that are contracted out and (semi-) privatized organizations.

The notion of public task can be applied to many different activities or very few, depending on the ideological stance one takes. The debate about the role and functions of government is an important one, which has also occurred in France and Italy. It is linked with the idea that the state should be rolled out of the private sphere because it prevents healthy and competitive economic development (Feigenbaum, Henig, and Hamnett 1999; Reboria 1999). However, the question of what is a public task is difficult to answer and very ideological. It brings little information on the different types of quango because what could be perceived as a public task in one country or by one government could be perceived differently elsewhere. Consequently, we have discarded this criterion when applying the quango continuum to France and Italy.

## **QUASI-AUTONOMOUS ORGANIZATIONS IN FRANCE AND ITALY**

Table 1 presents the results of applying the quango continuum to France and Italy. The different types of French and Italian organizations are underlined and examples are given, as was done by the authors of the quango continuum for the UK, the Netherlands, and Denmark.

### **Administrative Reform in France and Italy**

To understand in which context these organizations act, we will discuss some characteristics of the public sector.

**TABLE 1**  
The Quango Continuum, Adapted from Greve, Flinders, and Van Thiel (1999), Applied to France and Italy

	<i>Contracting out</i>	<i>(Semi)- privatization</i>	<i>Voluntary / charity</i>	<i>Public bodies</i>	<i>Contract agency</i>	<i>Departmental unit</i>
<i>Definition</i>	Private organization contract with the state	Former state-owned, now (partially) privatized	Bottom-up body performing public function	At arms' length, but publicly funded	Quasi-autonomous part of department	Hierarchical unit under direct control of minister
<i>Finances</i>	Market mechanism	Capital market Stock exchange	Donations, subsidy	State budget or levying	State budget	State budget
<i>Ministerial accountability</i>	?	No	No	Partly	Yes	Yes
<i>Control mechanism</i>	Contract	Market regulation	Co-opt, contract	Statutes	Framework document	Direct political
<i>Public domain</i>	No	No	Yes	Yes	Yes	Yes
<i>UK</i>	Group 4 (prison security)	British Rail	Shelter	Regulators, TECs	Prison Service	Home Office
<i>Netherlands</i>	Waste disposal in municipalities	Postal services	Salvation Army	Public universities, legal aid	Immigration & Naturalization Service	Justice
<i>Denmark</i>	Falck	Copenhagen Airport	Danish Sport Association	National Bank	Patent Office	Economics
<i>France</i>	Water distribution	France Telecom	<i>Secours populaires</i> associations	Stock exchange watchdog <u>Public establishments, independent administrative authorities, public interest groups</u>	Debt Agency <u>Services of national scope</u>	Justice
<i>Italy</i>	Home care for the elderly	Electricity company	Caritas <u>Associations</u>	Public universities <u>Public establishments, independent administrative authorities</u>	Tax Income Agency <u>Agenzie</u>	Home Office

France and Italy share a common approach to the role of the state in which the government shapes and influences society. In both countries, administrative law has dominated the organization and action of the administration. The myth is, although this perception has evolved, that the political authorities define the rules and the administration applies them in a neutral way (Rouban 1997; Capano 2001). Beside this common perception, both administrations have been built along a hierarchical, pyramidal, legalistic model (Oberdorff 2002; Cerase and De Vivo 2000).

In Italy, regions, counties, and municipalities have more responsibility and autonomy than in France. Like France, Italy had a Napoleonic, highly centralized administrative system. The first steps towards decentralization were taken in 1972 with the creation of regions. France undertook a similar process of shift of jurisdiction towards local authorities in 1982. Decentralization increased in Italy in 1997 and projects to go further are still going on. In France, Parliament recently approved a law to attribute more functions and decision-making capacity to local authorities.

Italy has a more parliamentary system than semi-presidential France where the power of the executive is extremely strong, particularly when the president and the prime minister are from the same political coalition.

Both countries have undertaken administrative reforms, France in the late eighties and Italy in the early nineties. The objectives, as in all Western countries, were to improve the efficiency and effectiveness of administrative actions, but the means and methods of reforms have been different (Pollitt and Bouckaert 2000). Italian reforms have been more ambitious and concerned all activities and organizations of public administration.

Two out of the seven characteristics of New Public Management (NPM) as defined by Hood (1991, 5)<sup>1</sup> are missing in the French administrative reforms: the shift to greater competition in the public sector and the stress on private-sector styles of management and practice (Guyomarch 1999). Indeed, the peculiarities of the legal status of public servants compared to workers of the private sector have not been modified and individual rewarding of managers has not been introduced. However, in Italy all seven characteristics of NPM have been implemented (see Reboria 1999).

We can now turn our attention to the different quasi-autonomous organizations identified within the quango continuum.

### **Private Companies on Contract with the State**

Contracting out is used in both countries, mainly at the local level. In France the use of private companies to provide a public service is a very old feature of the administration (Defeuilley 1998). It is organized through different types of so-called delegation contracts specifying the task entrusted to the private company. Delegation contracts are widely used for services such as water distribution, waste management, or public transport. In Italy, as a result of the large-scale decentralization process undertaken since 1997, the use of contracting out by communes, regions, and provinces has increased (Pedersini and Ponzellini 1998). Therefore, besides sectors such as waste management, for which contracting out is a long-lasting practice, it has been introduced in other sectors as well, mainly welfare activities such as home care for the elderly, or catering.

In both countries a contract between a private and a public partner is not the same as a contract in the private sector. The rules are defined by administrative law. This arrangement is supposed to give more power to the public partner. For instance, in France, the public authority can ask the private company to perform a task that was not initially included in the contract. In case of refusal, the public authority is entitled to dismiss the contract.

### **Public Companies and Partially Privatized Corporations**

In Italy and France, similar types of public or partially privatized companies exist. There are three main types, ranging from those which are totally owned by the state to two types in which the state participates: public limited companies and corporations with government participation.<sup>2</sup> The main difference between France and Italy is that the first category, fully state-owned companies, has almost completely disappeared in Italy due to the privatization process from 1992 on.

In France, the field of public and partially privatized companies covers a variety of organizations. Although most state-owned companies are public corporations (see below) some are private corporations with publicly traded stock. Nevertheless, the latter have a legal personality based on public law. Their accounts must be approved by the Ministry of Finance. They are excluded from the field of law on bankruptcy. Their personnel often benefit from special status. Examples are the electricity company, the gas company, and the mail service.

All types of public and semi-public companies are subject to special regulations concerning the appointment of managers and government's representatives on the board of directors.

In France, the privatization process started in 1986 with the return of the conservatives to office. It stopped in 1988, with the election of a left-wing majority, and started again when the Right came back in power (1993-1997). The previous socialist government took no ideological stance on the topic, and privatization and liberalization of public companies was decided on a case-by-case basis (e.g., France Telecom). French privatization always concerned corporations for which a competitive market existed but excluded public utilities (Feigenbaum, Henig, and Hamnett 1999). The remaining state-owned companies will have to adapt to European regulations. For instance, the electricity company will be turned into a limited public company in the near future. Resistance to a full privatization process for these companies is rather strong, both in the political arena and in public opinion. Moreover, it should be kept in mind that public companies, such as the railway company or the electricity company, have strong corporatist elements (Crozier 1997) with a capacity to organize paralyzing strikes.

Recently, some questions have been raised about the capability of the state to carry out its role as stakeholder. These doubts result from the increase in privatization and the development of competition in sectors where public companies previously enjoyed a monopoly. In a report for the Ministry of Finance (Barbier de La Serre et al. 2003), proposals were made for reforming the role of the state as a shareholder. The authors identify several problems in the relationship between the state and the public and semi-privatized companies. They argue that:

- There is confusion about the different roles of the state (regulatory role, strategic role, shareholder and client).
- The function of the state as a shareholder is insufficiently identified.
- There is a lack of clear direction given to company executives.
- The board of directors performs poorly.
- The state is often too much involved in the everyday management of the company.

In order to increase transparency, one suggestion is to create an agency that would be in charge of all the state's shares except the ones in the hands of the *Caisse des Depots et Consignations*, a government-owned bank. This agency would allow public companies to have only one interface within the government. The state could develop a clear shareholder policy and take better care of the interests of companies. This agency is likely to take the organizational shape of a service of national scope, under the direct authority of a minister. The goal of these reforms would be, on the whole, to clarify the role of the state, to improve the responsibility of chief executives by changing some aspects of the functioning of the board of directors such as the level of remuneration of members, and to link the renewal of contracts of executives to the performance of the company.

In Italy, public companies have played an important role in the economy. In the early nineties a large-scale privatization program was launched. In part this occurred because of EU requirements, but it was also believed that the activities of the state in the market were negatively influencing the economic growth rate. State-owned companies were privatized and some part of the shares of private companies sold. All the main state-owned enterprises have been turned into limited liability companies. Examples are the energy company and the railway company. Corporations with government participation are, among others, the Italian oil and gas group.

The relation between corporations and the government depends on the government's position as a shareholder. If it is the major shareholder and the company is a monopolist, the government has important powers. The law on privatization enabled the treasury to keep special powers in partially privatized companies, including the approval of the main shareholders, the entitlement to veto the merger or transfer of the company, and the appointment of representatives on the board of directors (Pedersini and Ponzellini 1998). This type of privatization leaves considerable room for government action.

Both in France and Italy the use of semi-public companies is widespread at local levels to provide services in local infrastructures. These arrangements are likely to increase with the rise of decentralization.

### **Voluntary and Charity Organizations**

Voluntary organizations are private, not-for-profit associations that act in policy sectors such as culture, welfare services, or sport. Normally they are not created by the government, but emanate from civil society. However, in both countries we can find genuine voluntary organizations as well as associations that have been created by the government. Therefore we can distinguish between two main types of voluntary organizations. First are the organizations that were created by groups of individuals but

subsidized by the state and involved in policy implementation. The second category includes associations that have been established by a ministry. They are for the most part financed through the state budget. Associations have allowed the state to establish links with groups from the civil society, to organize activities at the local level, and to cooperate with local authorities. Indeed, the main advantages of associations are their flexibility and adaptability.

In France, voluntary organizations offer ministries the opportunity to avoid strict financial laws that apply to public organizations and to hide the real size of the public administration. The Court of Accounts (Cour des Comptes 1996) has strongly criticized this way of doing things because it encourages illegal financial practices. Many of these 'official' associations, often cultural organizations, have been abolished or turned into public bodies. However, it remains difficult to know to what extent this phenomenon still exists. Recently, the Court of Accounts (Cour des Comptes 2002) recommended turning the national association for professional training into a public establishment.

In Italy, voluntary organizations such as Caritas, a Catholic charity, can play an important role in the provision of services but they also participate in the designing of public policies and reforms (Garofalo, Supino, and Caprino 2002). In the last decade these organizations have strengthened because administrative reform has left them to provide certain social services to the private sector and the civil society, for instance in the management of residential care centers (Santuari 2001). Moreover, twenty-eight public establishments, mainly museums and cultural establishments, have been changed into private foundations. These organizations still have strong links with the state through their contract with the ministry on their objectives and the way to measure their results. The aim of this transformation was to gradually reduce the size of the public sector and to stimulate these organizations to develop new ways of funding.

In sum, France and Italy have followed two opposite logics regarding voluntary organizations. Whereas France has turned some of these bodies into public establishments, Italy has turned public establishments into private foundations. The French hive-in of organizations has been done to strengthen the accounting rules for these organizations and to provide a better template to establish clearer relations between these organizations and the government. On the other hand, in Italy organizations were hived off to reduce the size of the public sector and to deny some organizations the public legal personality that they do not need. Moreover, it was felt it would encourage these organizations to develop their own resources.

This shows that quasi-autonomous organizations can move along the quango continuum by being changed into other types of quangos.

### **Public Bodies**

The category of public body in the quango continuum includes several types of quasi-autonomous organizations in France and Italy. Two of them, public establishments and independent administrative authorities, are common to both countries and share many features. A third one, the public interest group, exists only in France.



### *Public Establishments*

Public establishments are a very old and common feature of both French and Italian administrations. They are found in similar policy areas, such as social security, and they perform similar tasks. In France they are still widespread, whereas in Italy decentralization and privatization have led to a reduction of the number of establishments. These public bodies, which in both countries are supposed to benefit from administrative and financial autonomy, can exist at the national as well as the local level. We will focus here on the national level. The actual level of autonomy of public establishments may vary from one organization to the other, depending on their regulations and the behavior of the parent ministries.

In France, national public establishments (EPN) operate in all policy sectors. There are approximately 1,300 EPN. An EPN can be created by a ministerial decree if it belongs to one of the categories of EPN as defined by Parliament. There are already around 200 categories. This allows ministers to create tailor-made organizations for the execution of a defined mission.

Formally, there are two main types of public establishments:

- administrative public establishments (EPA), which manage an administrative public service and act under public law; and
- industrial and commercial public establishments (EPIC) that usually carry out a commercial activity while maintaining a connection with the notion of public service. They act under private law. An example is the national forestry office.

We have already presented the public companies that have the organizational form of a state-owned enterprise. There are around one hundred EPIC, twenty of them being public companies. Rochet (2002) argues that the distinction between EPAs and EPICs tends to lose its significance because EPAs develop their own financial resources. Their autonomy gives them the opportunity to draw up contracts and to develop partnerships with public and private organizations. They can sometimes create branches to carry out commercial activities, further blurring the boundary between public and private activities. This is, for instance, the case with Meteo France, the weather forecasting agency, which is officially an administrative public establishment but nonetheless develops commercial activities for private clients.

EPN are supposed to have a contract with their parent ministries to define their missions, objectives, and the ways to measure them. However, the process of contracting is still going on, and Rochet (2002) states that situations vary widely from one EPN to another.

The number of public establishments is still increasing. New establishments dealing with health were created in the mid nineties and some old establishments merged into new ones (e.g., the institute on nuclear safety). The last category created by the Parliament in 2002 is the public establishment for cultural cooperation. This new category offers a framework for different local authorities to manage cultural establishments together. It is also a framework for cooperation between the state and local authorities. Cultural cooperation was previously carried out through associations.

In Italy, the fascist period (1922-1945) witnessed the highest number of public establishments. Public establishments were thought to be a good way to make public administration more efficient and smaller because, contrary to the central administration, they could adapt more easily to the needs of the civil society and they could escape from the constraining budgeting rules of the central administration (Carbone et al. 2000; Massera 1993). However, in more recent decades it was felt that the high number of establishments, up to 50,000 around 1970, has had a negative impact on the administration. The complexity of a parallel administration has made administrative action inefficient and too fragmented (Carbone et al. 2000).

Administrative reform (since 1975) and decentralization (since 1972) have reduced the number of public enterprises drastically. Three categories of public establishments were defined, with subcategories, in order to improve coherence in the field.

Public establishments were also included in the wave of reforms that Italy began in the early nineties. For instance, reforms concerned the budget, the reduction of *ex ante* controls in favor of *ex post* controls, and the introduction of new management methods oriented on results. General administrative reforms had an impact on public establishments especially with regard to staff policies and the relation between chief executives and ministries. High senior civil servants now sign a contract with the government and the renewal of their contract depends on the results of their actions.

Moreover, in 1997 ministers were given the authority to reorganize public establishments. This reorganization must be done along the lines of rationalization of the administration in order to achieve efficiency and to reduce costs and avoid administrative fragmentation. One of the underlying reasons was to prevent public establishments from performing tasks that will be or have been attributed to local authorities (Carbone et al. 2000).

The aim of the government was to reduce the number of public establishments and to reorganize them. Entities that performed more or less the same functions were merged. Some were changed into private entities, associations, or companies according to their activities. Some were abolished and their tasks integrated into ministries or other administrations (Carbone et al. 2000).

Many reorganizations of public establishments deal directly with their internal structures and their relations with other partners, to make the separation between political and management powers clearer. Much attention was therefore paid to a redesign of the steering and control jurisdiction of the ministry. Systems of internal control were introduced and offices for relations with the public installed. Since 1999, public establishments must provide their parent ministry with a rationalization plan every two years, in order to reduce expenses, and they are strongly encouraged to share resources with other organizations. In sum, the reforms aimed to provide more coherence and standardization in the organization of public establishments.

In France the attention now focuses on the development of contracts between government and public establishments, as well as on the introduction of managerial tools such as balanced scorecards (Rochet 2002). The sector has not been reformed to the same extent as in Italy, and public establishments are still perceived as an efficient means to implement policies. Both in France and Italy public establishments have been encouraged to develop their own resources.

### *Independent Administrative Authorities*

Both in France and Italy we can find independent administrative authorities. The functions fulfilled by independent administrative authorities in the two countries are rather similar. They can perform advisory or regulatory tasks and they are supposed to benefit from a high level of independence in their decisions. Indeed, in both countries these organizations have been created to depoliticize some fields such as the regulation of the telecommunications market or the use of personal electronic data. They are supposed to act on behalf of the state but they do not depend on the authority of the government. Instead, they fall under the supervision of parliament. Therefore, ministerial accountability does not exist for independent administrative authorities.

The creation of an independent authority is decided by parliament. Nevertheless, their budget is included in the budget of a ministry, according to the field in which the organization acts. Even if the ministry has no right to intervene in the functioning of the authority, it is the ministry that puts the annual budget proposal to parliament. Therefore, the independence of the authorities is limited by the attribution of resources.

In France, several powers of independent administrative authorities have been identified by the Conseil d'Etat (2001), the highest administrative court. They can give an opinion, formulate recommendations or proposals, formulate instructions, make individual decisions; they can have a regulatory power; they can investigate and control; and they can sanction. Some authorities have only one of these powers; others combine several of these characteristics. Therefore, some are rather weak bodies with an advisory function only, whereas others are strong decision-making bodies. The growth of the number of independent administrative authorities is obviously linked to the growth of the regulatory role of the state. Currently, thirty-four organizations can be labeled independent administrative authorities (*ibid*).

The report of the Conseil d'Etat (2001) on these bodies was rather positive. It encouraged the authorities to increase coordination and communication with other administrative bodies, government, Parliament and citizens, but it did not identify major problems that could justify the abolition of one or more authorities. For specific problems, independent administrative authorities are suitable bodies.

In Italy, independent administrative authorities are also created by Parliament, and usually this political authority appoints the board members as well. As in France, there is a collegial body, or board of directors with a president, that decides on the agenda and the strategic directions. Although it controls the authorities, Parliament cannot steer them; their missions are defined within their legal statutes and they benefit from full functional autonomy. Some have normative powers in their field of jurisdiction, and some can impose sanctions and fines. Others are limited to a consultative role.

Independent administrative authorities are often presented as a threat to national legislative powers because the government is excluded from the decisional scheme (Cassese 1996). Like for public establishments, it is believed that independent authorities

have increased the fragmentation of the administration. Cassese goes as far as to state they are not administrative entities, despite their names, but a new power. This debate does not exist in France. Given its stronger control on Parliament, the French central government does not fear to be excluded from a policy field.

The current Italian government is organizing a consultative process about the reform and rationalization of the field of authorities. Based on the outcomes it will be decided whether some independent administrative authorities will be abolished or turned into other types of organizations, such as agencies (*agenzie*; see below).

### *Public Interest Groups*

Public interest groups (GIP) are only found in France. They were created in 1982 based on the model of economic interest groups, to facilitate public-private partnership or cooperation between different entities on a specific project. There is always a public partner in a GIP, or a public establishment or another administration. A contract determines the organization, the purpose, and the lifespan of the group. This contract must be approved by the minister. GIP are tools to fulfill a precise task with different actors within a limited amount of time. Administrative courts consider them to be a special sort of public establishment (OECD 2001b). Renar (2001) claims that public interest groups are best suited for short-term projects because they do not have their own budget and their capacity to recruit personnel is very limited.

## **Contract Agencies**

### *Service of National Scope*

Services of national scope (SCN) are an organizational scheme created in France in 1997. They have been implemented to carry out tasks at arm's length that could not be delegated to the local services of the central administration. The separation between policy and administration is usually accomplished through the so-called process of 'deconcentration,' the delegation of tasks and the granting of more autonomy to local services of the state administration which are under the authority of a prefect representing the government (Albertini 2000).

Services of national scope are former parts of a ministry. They are financed by the state budget except when they have commercial activities and are able to be self-sufficient. SCN fall under the authority of a minister or a chief of a department, and benefit from some managerial autonomy regarding financial affairs. The framework document that creates them is supposed to contain a complete description of their missions, a definition of the expected results, and the tools to evaluate them. Nevertheless, the notion of ministerial authority does not give a very clear picture of how much autonomy is granted to these organizations, and in official texts (Decret n°387-463 1997) the framework document is not called a contract, but rather a document. This implies that the director has rather limited responsibility for the results of the service.

Services of national scope are mentioned in OECD documents as being kinds of public autonomous agencies (OECD 2001a, 2002). However, it is generally considered that there has not been a systematic agencification policy in France, and that the closest French reform to the creation of Next Steps agencies was the experience of the centers of responsibility (Rouban and Ziller 1995; Braun 2001; Trosa 1995; Guyomarch 1999). The centers of responsibility, launched by the administrative reform of Prime Minister Michel Rocard in 1989, established the possibility for administrative services to draw up a contract with their ministry in order to have more autonomy, especially on financial matters, on the condition that the government and the service agreed on objectives and ways to measure them.

Nonetheless the topic of agencification was discussed in the Picq report on the reform of the state (Albertini 2000, 139), and the creation of new health agencies at the beginning of the nineties led some scholars to wonder if a new type of agency was being implemented. However, because these new agencies have the legal status of public establishments and because they were created along pragmatic lines to answer to new policy issues—and not within the framework of a systematic hiving-off project—this movement cannot be labeled agencification (Oberdorff 2002, 60). It is interesting to note that even without a deliberate agencification policy the number of quasi-autonomous organizations has increased during the nineties and that a kind of contract agency, the SCN, was created.

Among the organizations that have been hived off and turned into SCN are services such as national archives, museums, or training centers. According to our own assessment there are presently forty-seven SCN, attached mainly to the ministry of culture.

The Court of Accounts (Cour des Comptes 1997) stated that the transformation of museums into SCN did little to solve the complexity of their management. However, the government still favors this type of organization, as is illustrated by the creation of the Debt Agency in 2001.

Ministers are free to choose which services within their ministries can be changed into services of national scope. Two main types of SCN are available to ministers, with different levels of autonomy. The one with large autonomy falls under the direct authority of the ministry, and is created by decree. According to our own assessment only one SCN has been created by decree, the Directorate of Shipyards, which has recently been turned into a public limited company. The second type of SCN, less autonomous especially regarding financial matters, falls under the authority of a director of a ministry. Their level of autonomy in management and accounting depends on the needs of the ministry and is defined in the document that establishes the agency. Some services of this type were established before the creation of SCN, to suit the needs of a ministry. They therefore became SCN after 1997. Here we can observe a very pragmatic attitude of the French government towards quasi-autonomous organizations.

So far only a small number of services of national scope have been created outside of the Ministry of Culture. A possible explanation is that this new organizational scheme was designed by Prime Minister Alain Juppé, in 1997, the same year he left the government after the electoral victory of the left wing coalition following the dissolution of the national assembly by President Jacques Chirac. Consequently, the creation of SCN may have lacked political support. However, the establishment of the Debt Agency in

2001 and the planned creation of a new SCN to be in charge of the role of the state as a shareholder may show a renewed interest for this category of organization.

### *The Italian Agenzie*

Agencies (*agenzie*) have been created since the beginning of the nineties as ad hoc structures to implement policy (Carbone et al. 2000). It was not until the legislative decree of 1999 on the reform of the central administration that the existence of these organizations as a specific type of public organization with specific rules was acknowledged.

The decree distinguishes between two different types of agencies, to which different rules apply. The first group comprises the four fiscal agencies, the agency for civil protection (which no longer exists), and the agency for professional training. The second group includes all other newly created agencies. In sum, controls are tighter on the first group of agencies. Agencies that existed before the decree do not yet work in the same framework, but this will gradually be corrected. Capano (2001) claims that the older agencies have developed the tendency to work in a very traditional administrative style.

Agencies are a tool for ministers to perform technical duties at a distance from the administration of their ministry. Their framework allows the use of very specialized professionals to identify the needs of the product, to control its quality, and to adapt the organization to the needs of the technical task (Carbone et al. 2000). An agency is granted functional, organizational, and financial autonomy, but is subordinated to the powers of direction and control (*vigilanza*) of its parent minister. Agencies have been established to work according to objectives and to integrate all sectors in a specific project. Their creation has been part of the wider reform of ministries. *Agenzie* are directly inspired by the British Next Steps agencies, and belong to the NPM trend (Mussari 2002).

*Agenzie* deal with very technical matters, have large managerial autonomy and they work not only for the parent ministry but also for other national or local administrations. Sometimes they have their own legal personality. Their broad autonomy also means that *agenzie* must account for their results apart from ministerial responsibility (Carbone et al. 2000). Thus, agencies have been implemented to improve administrative responsibility and increase managerial autonomy. These central features make them rather different from the French services of national scope. For instance the director of an agency can determine which internal organization is best to reach its objectives, whereas in France the minister decides on the internal organization of SCN.

The minister and the general director sign a contract to define the objectives and the results that should be reached, the strategies and modalities of funding and control. Agencies have three ways to ensure their financing: some resources are transferred from other administrations that previously performed a task that now belongs to the agency; the ministry provides resources annually; or agencies draw up contracts with other administrations for which they perform a service.

Nowadays there are around fifteen *agenzie*, including the ones existing before 1999. The previous minister of the public service stated that the problem was that agencies had been created to reduce the size of ministries but that this objective had not been reached (Italia Oggi 2001). Although it was created only very recently, the agency for civil protection was abolished in 2001 and its tasks returned to central government.

Compared to SCN, *agenzie* have more practical autonomy and more important tasks. They deal with, for instance, the industries of defense and industrial property whereas in most cases SCN are museums or research centers.

## CONCLUSION

With two minor adaptations, the quango continuum designed by Greve, Flinders, and Van Thiel has proved to be flexible enough to be applied successfully to France and Italy. The continuum gives us a comprehensive and coherent overview of all the different quasi-autonomous organizations. The presentation of French and Italian quangos corroborates the notion of quango drift, introduced by Greve, Flinders, and Van Thiel. Over time, quasi-autonomous organizations may go from one category to another (e.g., the Italian public establishments that have been turned into private foundations).

Although all five types of quangos on the continuum appear to exist in France and Italy, a closer look reveals major differences between the organizations in the two countries. Their number varies (e.g., there are around fifteen agencies but forty-seven services of national scope), their history, and the perception that political bodies have of quangos. For instance, independent administrative authorities are very different in France than in Italy.

By highlighting diversity and complexity, the quango continuum offers a range of relevant categories to distinguish substantial groups of quangos and to direct further research in this vague and hard-to-define field of quasi-autonomous organizations.

## NOTES

1. Hands-on professional management in the public sector, explicit standards and measures of performance, greater emphasis on outputs control, shift to disaggregation of units in the public sector, shift to greater competition in the public sector, stress on private-sector styles of management practice, stress on greater parsimony in resource use.

2. Translations from French and Italian to English are provided by: <http://europa.eu.int/eurodicautom/login.jsp>.

**ACKNOWLEDGMENTS:** The authors wish to thank Christopher Pollitt for his suggestions on earlier drafts. Also, many thanks to the participants of the session on quasi-autonomous organizations at the PSA conference 2003 for their useful comments on a paper that inspired this article.

## REFERENCES

- Albertini, Jean-Benoit. 2000. *Réforme administrative et réforme de l'Etat en France*. Paris: Economica.
- Barbier de La Serre, René, Alain Joly, David Jacques-Henri, and Philippe Rouvillois. 2003. *L'Etat actionnaire et le gouvernement des entreprises publiques*. Paris: Ministère de l'économie, des finances et de l'industrie.
- Braun, Gerard. 2001. *Rapport d'information fait au nom de la commission des finances, du contrôle budgétaire et des comptes économiques de la Nation sur une étude comparative portant sur la réforme de l'Etat à l'étranger*. Paris: Sénat.

- Capano, Giliberto. 2001. *Institutional Reform, Policy Paradigm, and Policy Discourse. The Case of Italian Administrative Reform during the 1990s: Real Change or the Same Old Story?* ECPR Policy, Institutional Reform and Discourse. Grenoble, France: European Consortium for Political Research.
- Carbone, L., F. Caringella, M. D'Adamo, M.L. Maddalena, F. Romano, and C. Silvestro. 2000. *La riforma dell'Amministrazione dello Stato - Presidenza del Consiglio, ministeri, controlli, enti pubblici*. Salerno, Napoli: Edizioni Giuridiche Simone.
- Cassese, Sabino. 1996. "Crisi dell'unita dello Stato, crisi della sua sovranita economici, ordini ultranazionali." Atti del Convegno Internazionale: la tutela della concorrenza: regole, istituzioni e rapporti internazionali – Sessione 4: Il ruolo delle AAI nella politica della concorrenza. 20-21 November 1995, published October 1996. Available at <http://www.agcm.it>, Internet.
- Cerese, P. Francesco, and Paola De Vivo. 2000. "Shifts in Autonomy, Responsibility and Control from Centre to Periphery in Public Administration: The Case of the Ministry of Finance in Italy." *Scandinavian Journal of Management* 16:411-39.
- Conseil d'Etat. 2001. *Rapport public 2001 – Jurisprudence et avis de 2000 – Les Autorites Administratives Independantes*. Etudes et documents n 52. Paris: La documentation française.
- Cour des Comptes. 1996. *Rapport public 1995*. Paris: La documentation française.
- . 1997. *Les Musées nationaux et les collections nationales d'oeuvres d'art -Rapport Public Particulier*. Paris: La documentation française.
- . 2002. *Rapport public 2001*. Paris: La documentation française.
- Crozier, Michel. 1997. *Etat modeste, Etat moderne*. 2d ed. Paris: Fayard.
- Decret n°387-463 du 9 mai 1997. Circulaire du Premier Ministre du 9 mai 1997. Circulaire relative aux règles d'organisation des administrations centrales et des services à compétence nationale et de délégation de signature des ministres.
- Defeuilley, Christophe. 1998. "La delegation de service public: une analyse à partir de la théorie des contrats." Available at <http://www.centre-cired.fr/archives/articles/1999/CIRED1999WP01fr.pdf>, Internet.
- Feigenbaum, Harvey, Jeffrey Henig, and Chris Hamnett. 1999. *Shrinking the State*. Cambridge, UK: Cambridge University Press.
- Flinders, Matthew. 2001. *The Politics of Accountability in the Modern State*. Aldershot, UK: Ashgate.
- Flinders, Matthew, and Martin J. Smith. 1999. *Quangos, Accountability and Reform*. London: Macmillan Press.
- Garofalo, Maria Rosaria, Maria Rosaria Supino, and Rosa Maria Caprino. 2002. "Local Welfare for Social Inclusion: A New Institutionalism Approach to Welfare Policy Reform in Italy." Paper presented at the Sixth Conference on Employment, Unemployment and Underemployment, Aberdeen, UK, 10-11 June.
- Greve, Carsten, Matthew Flinders, and Sandra Van Thiel. 1999. "Quangos—What's in a Name? Defining Quangos from a Comparative Perspective." *Governance: An International Journal of Policy and Administration* 12:124-46.
- Guyomarch, Alain. 1999. "'Public Service,' 'Public Management' and the 'Modernization' of French Public Administration." *Public Administration* 77:171-93.
- Hood, Christopher. 1991. "A Public Management for All Seasons?" *Public Administration* 69:3-19.
- Italia Oggi. "Giorni contati per l'Agenzia delle entrate." 20 November 2001.
- Kickert, J.M. Walter. 2001. "Public Management of Hybrid Organizations: Governance of Quasi-autonomous Executive Agencies." *International Public Management Journal* 4:135-50.



- Massera, Alberto. 1993. "La Crise du système ministériel et le développement des établissements publics et des autorités administratives indépendantes." *Revue française d'administration publique* 67:341-46.
- Mussari, Ricardo, ed. 2002. *Il controllo di gestione nell'amministrazione dello Stato: l'esperienza dell'Agenzia delle entrate*. Rome: Dipartimento della Funzione Pubblica.
- Oberdorff, Henri. 2002. *Les institutions administratives*. Paris: Armand Colin.
- Organisation for Economic Co-operation and Development (OECD). 2001a. *Distributed Public Governance, Agencies, Authorities and Other Autonomous Bodies*. Paris: OECD.
- . 2001b. *Financial Management and Control of Public Agencies*. Sigma Paper No.32. Paris: OECD.
- . 2002. *Financial Management and Control of Public Agencies: The French Case*. Bratislava, Slovakia: Forum on the Governance of Public Agencies and Authorities, OECD.
- Pedersini, Roberto, and Maria Ponzellini. 1998. "Privatisation and Industrial Relations in Italy." Fondazione regionale Pietro Seveso. Available at <http://www.economia.uniroma2.it/conferenze/ferrovie/Reports%20on%20Privatisation%20and%20Industrial%20Relations/Italy.htm>, Internet.
- Pollitt, Christopher, Karen Bathgate, Janice Caulfield, Amanda Smullen, and Colin Talbot. 2001. "Agency Fever? Analysis of an International Policy Fashion." *Journal of Comparative Policy Analysis* 3:271-90.
- Pollitt, Christopher, and Geert Bouckaert. 2000. *Public Management Reform—A Comparative Analysis*. Oxford, UK: Oxford University Press.
- Rebora, Gianfranco. 1999. *Un decennio di riforme - Nuovi modelli organizzativi e processi di cambiamento delle amministrazioni pubbliche (1990-1999)*. Milan: Guerini e associati.
- Renar, Ivan. 2001. *Rapport fait au nom de la commission des Affaires culturelles sur la proposition de loi portant création d'établissements publics à caractère culturel*. Paris: Sénat.
- Rochet, Claude. 2002. *Les Etablissements publics nationaux: un chantier pilote pour la réforme de l'Etat*. Paris: Ministère de la fonction publique, de la réforme de l'Etat et de l'aménagement du territoire.
- Rouban, Luc. 1997. "The Administrative Modernisation Policy in France." Pp. 143-55 in J.M.W. Kickert, ed., *Public Management and Administrative Reform in Western Europe*. Cheltenham, UK: Edward Elgar.
- Rouban, Luc, and Jacques Ziller. 1995. "De la modernisation de l'Administration à la réforme de l'Etat." *Revue française d'administration publique* 75:345-54.
- Santuari, Alceste. 2001. "The Italian Legal System Relating to Not For Profit Organizations: A Historical and Evolutionary Overview." *International Journal of Not-for-Profit Law* 3:1-29.
- Trosa, Sylvie. 1995. *Moderniser l'administration - Comment font les autres*. Paris: Les Editions d'Organisation.