



**Fifth Global Forum on Reinventing Government  
3 – 7 November 2003  
Mexico**

**Good Government Strategies for the 21<sup>st</sup> Century**

**Good Governance Strategies: A Prospect for Integration**  
*Reflections from the Italian Experience*

by Franco BASSANINI

Senator, Former Cabinet Minister for Public Administration, Rome  
Member of the Executive Board of the *Ecole Nationale d'Administration*, Paris-Strasbourg

***1. Reinventing Government is a fundamental need for all democratic countries.***

Mainly for three reasons:

- The challenge of modern democracy. Democratic government must fulfil an increasing demand for effectiveness of democratic values from citizens and for new "public goods" besides legality, such as efficiency, transparency, accountability, . This is in line with the main trends that affected the public administration: from the pursuance of "legitimacy" to the pursuance of its "utility"; from an "authority-oriented" to a "consumer-oriented" and therefore to a "performance-oriented " public administration
- The challenge of modern economy. After the *laissez-faire* age, an increasing role of public institutions is needed to boost economic growth and to fulfil human rights. Examples of economic effects of Reinventing Government programmes include the USA Clinton-Gore National Performance Review which produced savings between 42 and 54 billion USD; and the EU-single market, which, by enhancing competition and replacing single national requirements with European ones, improved European GDP by about 1,5% between 1987 and 1993
- The challenge of globalisation. In the struggle for international competition, both the quality of national regulation and the efficiency of public administration are key factors of competitiveness.

2. Sharing of experiences and best practices, and international benchmarking are important tools for strengthening democracy, for improving quality in government and for facing the challenges of the New Millennium. These were, from the beginning in 1999, the **main values and principles of the *Global Forum on reinventing Government***. However, each country has its particular features. Thus, for a successful Government reform, ***there is no single model, but, rather, some common "basic ingredients"***. Examples of these ingredients for a successful administrative reform are:

- Clear strategy for change
- Strong leadership at the highest political level
- Sharp definition of responsibilities
- Sustained political support for the Reform, preferably bipartisan
- Multidisciplinary approach
- Precise objectives and measurement of results
- Involvement of citizens, businesses, trade unions and other "recipients"
- Creation of Public Management: capacity building
- Wise and systematic use of ICTs for reengineering Public Administration

In any case, the increasing lack of relevance of the national peculiarities of constitutional systems towards regulatory and administrative reforms makes the international comparison and benchmarking worthwhile.

3. For some reflections upon these basic ingredients, ***the Case of the Italian Reinventing Government Process could be viewed as a useful experience*** both for its strengths and achievements as for its weaknesses and failures: a useful experience ***to draw some general lessons from***.

During the nineties, Italy has been upturned and deeply changed by a huge and stormy process of government reform and modernization. Two sets of reasons make this experience interesting:

- it was conceived and pursued as a government-wide reform, based on a multidisciplinary approach, involving citizens, businesses and all the administrations, both central and local, sustained by bipartisan support. Begun in 1990, strongly boosted in the late nineties, the Italian Reform is now completely achieved in its legislative aspects; although only partially implemented, it has already produced remarkable changes (see above) and it has recorded many successful experiences and some failures. Hence, it can be a good example, both for its strengths and achievements as for its weaknesses and failures;
- at the beginning of the nineties, the condition of the Italian Administration was disastrous (*un État délabré*): a bureaucratic, interventionist and centralized State and an obsolete, inefficient and costly administration (notwithstanding some islands of excellence), were a serious handicap to the country's economic and social growth. Moreover, they gave a huge contribution to the tremendous

increase of the Italian public debt (which rose from 57,7% of GDP in 1980 to 125% in 1994). Considering this starting point, the results obtained by the reinventing government process in Italy seem quite remarkable.

Among the positive returns already recorded, a few examples are worth mentioning:

- the cost of public employment was reduced from 12,6% of GDP (1990) to 10,5% of GDP (2001), contributing to the dramatic cut of the public deficit (from 11,1% of GDP in 1990 to 0,6% in 2000) and to the decrease of public debt from 12,3% of GDP in 1995 to 106,7% in 2002 (see Figs. 1, 2, 3, 4);
- due to the simplification laws (cutting red tape) the number of certificates issued each year decreased from 70 ml in 1996 to 25 ml in 2001 (about 45 ml being replaced by citizen self-certification), while the number of certified signatures requested by the P.A. decreased from 38 ml in 1996 to 4,5 ml. in 2001 (see Fig. 5, 6). In addition, about 200 types of administrative authorisations were abolished;
- 100% of tax returns (about 33 ml per year) are now filed and reviewed electronically; the electronic signature has full legal value in Italy since 1998;
- Italy accomplished the largest privatization program among OECD countries (with a total revenue for the State of 103 billion €, from 1993 to 1999 (see Fig. 7,8) and an important liberalization process, shifting the banking, electricity, and telecommunication sectors from government monopoly to market free competition;
- positive opinions about quality of Italian public administrations' services (customer satisfaction) raised from 38% (1996) to 59% (2001) (see Fig. 9);

The OECD 2001 Report on Regulatory Reform in Italy recorded the Italian Reform's "impressive" achievements: "*The Italy of 2001 is far different from the Italy of 1990. Step by step, the interventionist, produced-oriented, rigid and centralised state of post-war years is being transformed into a market-based, consumer-oriented and decentralised state. This is being done through a continuing programme of privatisation, market liberalisation and opening, deregulation followed by reregulation, institution-building, and regulatory quality initiatives. Considering the starting point and the difficulties of reforming when governments are short-lived, the progress is impressive*". In particular, the OECD Report stresses the results obtained in the fields of high quality regulation (see Fig. 10, 11) and e-government.

Now, what are the general lessons which can be drawn from the Italian experience, from its successes and failures?

4. Twenty five years ago, Massimo Severo Giannini, a prominent and authoritative scientist and lawyer, well known all over Europe and Latin America, was appointed Minister for Public Administration. In his Report on the Italian government conditions, he described the situation of Italian public administration as disastrous. Although nobody could really dissent on this conclusion - he

pointed out ten years later- , nothing changed and no reforms were introduced up to the beginning of the nineties. However, the spreading of this strongly negative opinion and the consequent **conviction of the need for a radical reform** proved to be a **key factor for the success** of the reinventing government process in the years to follow. At that point, the need for change drove large calls for reform and made it easier to obtain a large consensus on radical projects of reinventing government among:

- ✓ Citizens
- ✓ Business
- ✓ Trade Unions
- ✓ Parliament (*a bipartisan reform*)
- ✓ Local administrations

Hence, three lessons can be drawn from this:

***I. The social consent of and support from citizens, business and workers' organizations, political parties and local administrations is a key factor for every successful radical government reform;***

***II. States with somewhat efficient administrations usually face greater difficulties in projecting and implementing radical reforms (the more ineffective a public administration is, the easier it is to have the social support needed for reforming it).***

***III. It's easier to get trade unions support for exacting administrative reforms when they represent together the public and the private sector workers, as they represent both the reform's actors and the reform's beneficiaries.***

The second point explains the hard resistances met in the nineties by the French governments in carrying out radical government reforms (see, e.g., R.FAUROUX- B.SPITZ, *Notre État*, Paris 2001) and the failure of the projected French Finance Ministry's Reform (the so called *Reforme de Bercy*).

The third rule is also drawn from a comparison between the French and the Italian experiences. In Italy the main public sector unions accepted and supported even the most exacting reform measures concerning public administration workers, such as decentralisation, civil service privatisation, cost and performance controls and productivity incentives. On the contrary, in France union resistance played a significant role in the failure of the Finance Ministry Reform. It is worth pointing out the strong difference between the Italian and the French public sector unions: in Italy, the main public sector unions represent both the private and the public sector workers, whereas in France they represent only the public administration workers: joining users/clients of the public administrations and

public workers, the Italian unions were and are much more committed to explaining to the latter the need for modernising government.

**5. *Comprehensive reform, global approach.*** From 1865 to 1990, no government-wide reform had been accomplished in Italy: many attempts of partial reforms had been made and had met with failure: the administrative system had simply grown by “adding layers”. As I have already highlighted, on the contrary, in the second half of the nineties, the Italian reinventing government process culminated in a large and comprehensive reform of the constitutional and administrative system, with a very wide range of approaches:

- reshaping the State
- modernising organisational structures and functions
- reinventing public sector’s mission
- focusing the P.A. activities on citizen’s needs and demands
- introducing performance benchmarking, quality certifications and customer satisfaction checks
- simplifying regulatory and administrative burdens
- improving accountability, transparency, legality and comprehensibility of P.A.
- updating the culture of public institutions and public managers
- reforming the civil service
- using ICT for reengineering procedures and organisation.

So, with this in mind, a fourth reflection drawn from the Italian experience is:

***IV. When radical innovations are needed, comprehensive reform efforts are more effective than piecemeal processes. Sectorial reforms are most likely to fail.***

**6. *Reform method and techniques.*** One feature of the Italian Reform was that all the approaches summarised above were connected in a global and organic plan, realised through a variety of instruments, each concretely implemented by specific operations and tools.

Beyond this, some other connecting devices proved to be very important. The Italian Reform had to face strong bureaucratic and sectorial resistances. To overcome these resistances, a key role was played by the Prime Minister, at the strategic decision-making moment. The steady commitment to the reinventing government process of the three Prime Ministers in charge in those years (Romano Prodi, Massimo D'Alema and Giuliano Amato) and the strong political support they provided me, in my capacity as Cabinet Minister responsible for

Public Administration and to the Reform, proved to be, in my experience, the trump card permitting me to win the game or, at least, to avoid failure.

No less important was the decision of investing a single Minister with full powers and responsibilities for the coordination of all reinventing government policies (administrative reform, better regulation, civil service, devolution to regional and local authorities, e-government, innovation of P.A.), through specific P.M. delegations to the Minister for P.A. Later, the Berlusconi Cabinet, in charge since June 2001, split these responsibilities and powers among four Ministers (public administration, ICT and e-government, regional affairs, and constitutional reform and devolution): the lack of coordination was immediately evident and is now slackening the implementation of the reform.

Therefore:

***V. In the reinventing government process the role of the "Head of the Government" (President, Prime Minister, Chancellor) is in all cases crucial. Key factors of success are:***

- a clear strategy of change at the highest political level***
- a firm political support by the Head of the Government***
- a strong leadership of the Minister in charge of the reform***
- the concentration in his hands of all powers and responsibilities for the coordination of the reform process.***

In the Italian experience, Government requested and obtained powerful tools for carrying out the reinventing government process. In 1997, with a broad delegation act (the so called first Bassanini Act), the Italian Parliament vested the Government with the power to adopt, in the frame of the general principles set by the same Act, a very wide range of "legislative decrees" (primary level regulations) for implementing the Reform. With four subsequent "Bassanini Acts" (1997 to 2000) the Parliament authorized the Government to substitute a great number of primary laws with governmental decrees (secondary level regulations) in two main sectors: administrative procedures and organization of public offices. However, in both cases the Government decrees had to be approved with the previous advice of a special Reform parliamentary committee and of the National Permanent Conference of Regional and Local Authorities.

Although that advice was not qualified as mandatory, the Government decided, as a general line of conduct, to accept the suggestions and the amendments proposed by the two consultative bodies, and, moreover, to follow the method of a day-by-day cooperation with both the regional and local authorities and the parliamentary committee. As for the regional and local administrations, we tried to find a correct mix between a strong leadership at national level and the need to preserve the

autonomy of local government in choosing solutions that on one side could take into account the differences, and on the other were still suitable for achieving the common goals of the entire system on the basis of the subsidiarity principle: the partnership with regional and local authorities proved to be another key factor of the reform's success:

The same method was adopted with many other social players and stakeholders, such as trade unions, entrepreneurs' organizations, consumers' associations, all of which were equally concerned about the reform, although for different motives.

Two reasons suggested this choice: it's easier to have the consensus needed for the success of a radical reform if the main social players are involved in the reform's planning; moreover, if a strong leadership and a central direction is a must for the planning and the guidance of the reforming process, its implementation requires the direct involvement of all the administrations and their managers and of a wide range of social players. Finally, a strong reinventing government process leadership makes it possible to keep the consistency of the reform plan even if many players are involved. Consequently:

*VI. Involving a wide range of institutional and social players (Parliament, central and local administrations, trade unions, business and consumer organizations) widens the consensus and facilitates the reform implementation. The stronger the leadership, the easier it is to involve many players without losing reform plan coherence.*

**7. Refocusing government's missions: a leaner but more effective government. Achievements and failures.** By looking at the main guidelines of the Italian reform few general reflections can be highlighted.

First, a radical reform must reinvent government's organisation but also (or even before) reconsider government's mission. In the early nineties, the Italian public system was both very intrusive and very ineffective. The first guideline of the reform was, consequently, quite obvious: to try to refocus government on its core business, on its fundamental missions, by

- the closure of unnecessary Government activities
- the liberalization and privatization of public utilities
- the outsourcing of other activities and public services that could be efficiently undertaken by the private sector (business and non-profit organizations).

As we have already seen, the liberalization and privatization program achievements were quite remarkable in Italy mainly in eight important sectors. Five among them were, still in the early nineties, under a public monopoly system (electric power, gas supply and distribution, telecommunications, railways, postal and telegraph services),

two were dominated by public company oligopolies (banking, local transportation), and one was under intrusive regulations protecting local oligopolies (retail trade). For all of them, the process of liberalization has been achieved or is presently in an advanced phase; in many cases, citizens have already benefited by the returns of free competition. The Italian privatization program can be considered the world largest in terms of total revenue (see Fig. 7, 8: about 130 bill. € from 1977 to 2002, 14% of GDP, 70% of which realized in the late nineties) and gave a great contribution to fostering of the Italian equity market growth (from 11,5% of GDP in 1992 to 77% of GDP in 2000). Remarkable achievements have also been obtained by outsourcing of many central and local administration services and activities.

Nevertheless, strong (and bipartisan) resistances in Parliament blocked the approval of the government bills concerning the liberalization of professions of local public utilities; in addition, many regional governments slackened the retail trade liberalization. Moreover, powerful cultural and ideological resistances are still slowing down the implementation of this part of the reform. These resistances had proven to be very strong not only among the bureaucracy and the left wing political parties, but also and even more in the courts and in the right wing parties.

In short:

***VII. The reform must reconsider government's mission, focusing on its core business, aiming at a leaner but more effective government: a State doing less, but doing it better.***

***VIII. Liberalization, privatization and outsourcing processes meet stronger difficulties and resistances when they concern local oligopolies than when they concern national monopolies.***

***8. Decentralization: moving public services closer to citizens.*** The Democratic Governance of the Modern Complex Society, in the Age of Globalisation and ICT, requires a wise division of labour, tasks and responsibilities between local, regional and central administrations, and a stronger and more efficient local government, according to the so called subsidiarity rule. Indeed, globalisation has not reduced, but rather increased the role of local government institutions. The net economy does not eliminate the value of social and cultural proximity. Furthermore, the need for coordination, that in the past could only be adequately satisfied by centralization of decisions on public policies at a higher territorial level, today finds an adequate response in the new possibility of peer to peer coordination allowed by ICTs. The plurality of decision-makers is no longer a source of anarchy. Instead, it guarantees adherence to the needs and demands of citizens. The internet functioning model, based on an effective and experimental combination of autonomy and co-operation, suggests analogous models for government.



For this reason, at the beginning of the nineties, Italy decided to change the Italian centralised institutional system into a federal one. To do so, a broad constitutional reform was obviously required. This reform was approved by a referendum in 2001, must be completed by a reform of the Senate, and is still waiting for a complex work of implementation, slackened up to now by the change of parliamentary majority following the elections of 2001. In former years, however, in the frame of the Bassanini Acts, the federal Reform had been prepared and anticipated by a wide range of decentralisation measures aimed at preparing the regional and local administrations for the new tasks and responsibilities by strengthening:

- the stability of local Governments (direct election of Mayors , Presidents of Provinces (1993), and Presidents of Regions (2000) )
- the financial autonomy of local Governments (“fiscal federalism”: replacement of State financial transfers to Local Authorities with local taxation or local participation in main State taxes (VAT, Income tax...)
- the efficiency of Local Administrations (reform of control mechanisms, “city managers”, local public managers also chosen from the private sector, civil servants' salaries linked to performance)
- the organizational autonomy of the regional and local administration (allowing them to approve autonomous regulations for the organization of their administrative structures and activities).

Only at the end of this preliminary phase, a wide range of central administration competences, powers and tasks have been transferred to regional and local administrations, together with the related human and financial resources (on the legal basis of a delegating law, establishing a mandatory and closed list of central administrations' tasks and providing the devolution of all other tasks to regional and local bodies: the so-called "administrative federalism").

Finally, the constitutional reform of 2001 transferred general legislative powers to the regional assemblies (keeping the legislative powers of national Parliament to a limited list of matters). It also reinforced the decentralisation process already realised, and otherwise bound to remain incomplete and precarious (because it had been reached through primary and secondary laws).

This whole process was projected and carried out on the basis of a strict cooperation between the central government and the representative bodies of the regional and local institutions (that unanimously approved the 113 decrees establishing competences, powers and resources to be transferred from national to regional and local administrations). But the financial acts of 2002 and 2003 severely cut the regional and local income, and serious conflicts arose between these bodies and the new government led by P.M. Silvio Berlusconi: regional and local authorities complain about the unfitness of their financial means for facing the recently transferred tasks, and about the risk of failure of the whole decentralisation process.

In short:

***IX. For the governance of the modern complex societies, a broad devolution of powers and responsibilities to regional and local administrations is required, according to the subsidiarity rule. But the devolution:***

- ***must be preceded by measures aimed at strengthening the stability and the efficiency of local authorities***
- ***must be linked with the supply of the related human and financial resources***
- ***must be negotiated and arranged with representative bodies of the regional and local authorities.***

**9. Counterbalancing the decentralization: the reorganisation of Central Government.** The Democratic Governance of the modern complex societies, in the Age of Globalisation and of ICT, also requires stronger and more efficient Central Governments. The devolution of powers, tasks and financial resources to the regional governments and, in the Italian case, also to the European Union, curtails the Central Governments' missions and requires a new capacity of coordination and dialogue. A government-wide Reform of Ministries and Agencies, and a targeted reform of the "Centre of the Government" are therefore needed to adjust Governments to new missions and capabilities.

In Italy, the central government's general organization had been conceived and regulated in 1865 and, then, only partially modified according to sectorial needs. In 1999, in the reinventing government process framework, this structure was completely reshaped by

- merging bodies with similar missions and therefore eliminating duplication and segmentation
- reducing the Ministries from 22 (in 1990) to 12 (now increased to 14 by the Berlusconi Cabinet)
- giving to each ministry the power of choosing the organizational model most fit for its mission, even forsaking the traditional "pyramidal model" (previously provided by law as compulsory)
- reorganizing the central government's local offices, merging most of them into single interdepartmental local bodies, working for different ministries
- transferring to the sectional administrations the executive tasks allotted to the Prime Minister's office and refocusing it, with a stronger but more flexible structure, on the specific P.M.s responsibilities in directing, coordinating and stimulating the whole cabinet's work
- reshaping and enhancing the interinstitutional decision-making and consultative bodies for the cooperation between central government and regional and local authorities

Therefore:

***X. In the decentralised State, a stronger capacity for guidance and coordination of the Central Government is required. The change of central governments' missions calls for a more flexible and compact government structure and enhanced interinstitutional decision-making bodies.***

***10. The Civil Service Reform: public managers and employees at the citizens' service.*** The so called civil service's privatisation may be considered one of the most radical changes introduced by the Italian reform. Moving from the customary continental European public law regime, still in force 15 years ago, Italy now has a Civil Service regulation mostly similar to the Anglo-Saxon regime.

***Civil law for civil servants:*** the public administration now has roughly the same powers and obligations as the private sector employers have and public managers and employees almost the same rights and duties as the private companies' managers and workers. In the regulation of their rights and duties, laws and decrees are now replaced by contracts, for about 80% of public managers and employees (public law is still in force for the Army, the Courts, the diplomats and the prefects). The national labour contracts, agreed through collective bargaining, replaced the law in determining employment conditions and general frames for salaries and tasks. In this context, integrative and individual contracts, within this frame, fix the individual salaries and tasks and should be used for promoting efficiency and professionalism.

***Civil courts jurisdiction.*** Once judged by the administrative courts, the civil service disputes have been transferred to the civil courts.

***Reform of labor representation.*** For each public sector (Ministries, Education, Health, etc.), only the Trade Unions with more than 5% of the consensus in that sector are allowed to bargain with the public administrations. The consensus is measured by elections: nearly 80% of the public employees went to the polls in the election days of 1998 and 2001. A special agency was created to represent the State in labour negotiations in place of the Ministers (but following Government guidelines).

***Distinguishing Administration from Politics.*** It is one of the most important reform guidelines. In principle, politicians (ministers, mayors, etc.) are responsible for policies, and public managers for administration management and direction. Ministers define policy and strategies, assess results, appoint general directors, but have no further direct involvement in administration. Public managers are given broader powers but also greater responsibilities, and higher salaries linked to results and performance. Ministers, mayors and other politicians are supported by staff structures for defining policies and strategies and assessing results: the staff's managers, experts and employees are chosen *intuitu personae*, without public

competition (spoils system). Administrations' and agencies' managers and employees must respect laws and regulations, must accomplish the program established by government authority, must comply with the constitutional principle of P.A. impartiality and fairness, must be protected from politicians' interferences in the administrations' management. They are selected, with few exceptions, through public competitions. Objective mechanisms for measuring the performances should allow the coexistence and the coherence between the political strategic guidance and the autonomy and responsibilities of public managers in the administrations' direction.

**No more "jobs for life".** Individual contracts determine assignment (with a maximum term of 3 years), duties and salaries. Access to civil service remains by public competition: no more than 10% of top managers may be chosen from the private sector for a fixed term.

**Salaries related to responsibilities and performance.** Salaries vary depending on responsibilities and performance. For the top public managers, the variable part of the salaries often exceed 50% of the total.

**Contradictions, incoherencies, resistances.** This section of the reform has recorded strong resistances: in the behaviour of politicians, administrators and public managers (no global vision in salary increases; strong defence of privileges and of the "maze of charges), and also in the behaviour of Parliament, of political parties and trade unions. The general choice in favour of collective bargaining, meritocracy and quality was sometimes contradicted by the enactment of rules providing "ope legis" promotions, hiring without competition, and other patronage system measures. The Unions' choice in favour of professionalism and merit, responsibility and decentralisation, was often contradicted by their local or sectoral organizations.

In conclusion:

**XI. Adopting civil law and collective and individual contracts for public managers and employees (privatization of civil service) can improve the flexibility and the effectiveness of public administrations.**

**XII. Politicians' and public managers' jobs and responsibilities must be clearly divided. To define strategies and policies and to assess results are politicians' tasks, to direct the administrations is the managers' task.**

**XIII. Linking assignments and salaries to performances can consistently improve the quality of the public services and of the administrations' activities. But on two conditions: the guarantee of public managers' autonomy from politicians' interferences, and the existence of working mechanisms for measuring performances and results.**

***11. Towards a performance-oriented public administration: a legal and cultural revolution (for Italy and for many other European countries).*** For many countries, Italy included, reinventing government requires a huge legal and cultural revolution: from a traditional formal-juridical approach to government, to a performance-oriented and a consumer-oriented public administration. In the traditional administrative culture of continental Europe, and in the legal regulations coherent with this cultural approach, compliance with laws and procedures was often the unique aim of most public administrations, with no regard for public service quality, for achievements and returns, and for citizen satisfaction.

The citizen-oriented approach, on the contrary

- pays strong attention to the quality of services
- sets up performance controls and quality benchmarking complementing traditional legal controls
- enacts public service charters, recognizing consumer rights and defining quality standards for public services
- provides quality certifications
- measures customer satisfaction
- promotes professional growth with special training programs
- aims at building a “friendly public administration”, closer to citizens and businesses.

In that field, the Italian reinventing government process met strong resistance. Administrations and judges still show a legalistic and statist culture. The refusal of the culture of evaluation and merit is still widespread in many public administrations. The introduction of effective performance review practices is often curbed by managers and unions resistance. The principles of the administration impartiality and neutrality are often improperly invoked to avoid performance checks and to support inefficient top managers’ irremovability and irresponsibility. So:

***XIV. Modernising government requires a change of approach: from a formal-juridical approach to a performance-oriented and consumer-oriented approach.***

***XV. The public administration’s conversion towards the new performance oriented model cannot be achieved without a true cultural revolution, acquiring and metabolizing the new approaches***

- ✓ ***to citizen-user satisfaction***
- ✓ ***to rewarding professionalism and merit***
- ✓ ***to promoting, encouraging and energizing citizens and businesses***
- ✓ ***to technological and organizational innovation***
- ✓ ***to simplification (releasing unnecessary administrative burdens)***
- ✓ ***to quality of service and performance.***

**12. ICT: a crucial resource for reinventing government and improving the services to citizens.** As is well known, ICTs are a formidable resource for reinventing government: they could allow dramatic leaps forward in quality change, and in improving services to citizens and public administration's effectiveness. They can be a crucial tool for re-engineering administrative procedures and for introducing new organizational, architectural and operational model of administration. They can radically change the way in which services are offered to citizens and businesses, overcoming the logistical and temporal barriers impeding the supply of information and services to users where and when they want them.

Furthermore, e-government multiplies exponentially the possibilities for procedural and administrative simplification. By eliminating useless procedural trips and 'pilgrimages', e-government allows significant reductions in costs necessary for producing and obtaining the information and services, with benefits for public administrations' and private organizations' budgets. .

But e-government is not putting computers in the public administrations' offices. It requires a global reinvention of government's organization, procedures and activities. It means reinventing government through ICTs. It implies the withdrawal of hierarchical organisational models and the acquisition of models based on the decentralisation of responsibilities and the empowerment of individual workers matched with the necessity of ensuring leadership, consistency and effectiveness.

Reinventing public administration through new technologies depends also on the availability of adequate human resources and on overcoming the digital divide. The first condition can be fulfilled with a correct mix of training and re-qualification of existing personnel: with actions ranging from computer literacy to higher level training both in the technical and the managerial fronts. In order to confront the challenge of the digital age, public managers have to learn how to become managers of information and knowledge. The second condition can be fulfilled by a broad program of mass e-learning.

Moreover, a valid authentication mechanism is needed to access online services and online personal data, to ensure that the right person obtains the right service and has access to the right personal data. Electronic smart cards can solve this crucial problem if combined with some legal tools, such as electronic identity card regulation, and/or electronic signature regulation, and digital document registration regulation, in the frame of a new discipline regarding administrative documentation based on ICT.

In the late nineties, in the framework of the government reform, Italy

- granted already in 1997 full legal value to electronic contracts and documents and to digital signatures certified by recognized private certification authorities
- adopted (1998) and experimented the electronic ID card (in distribution since 2001)
- introduced the electronic public procurement, the electronic revenue service and the electronic land registry: in 2000, 100% of income tax returns (33

millions per year) and 80% of cadastral documents were filed and reviewed electronically.

The Italian e-government action plan, enacted by the Government with the advice and consent of the representative bodies of regional and local authorities, in 2000, approved the plans and appropriated the financial resources needed for achieving, in five years, some significant goals, summarized by the following guidelines:

- Each administration must be able to gather the information needed, wherever stored
- All public services (when technically possible) will be delivered on line
- No citizens should be obliged to communicate variations in their personal information more than once
- Citizens should obtain any public service by simply applying to any front-office administration in charge

Following the action plan 2000, ID cards and digital signature cards

- should serve as identity documents and be the means for authentication of the citizen by any and all public information systems
- should enable its possessor to request the services of the administration on-line with a single procedure for authentication
- should enable to “sign” all forms and transactions with governmental bodies that do require the citizen’s signature to be legally valid.

After the general elections of 2001, in the new Berlusconi Cabinet, the competence for e-government shifted from the Minister for P.A. to the Minister for Technological Innovation. The time required for the consequent reorganization, the initial decision to reconsider the 2000 Action Plan features and the difficulties connected to the split of responsibilities and powers between the Minister responsible for e-government and the Minister responsible for the administration reform, stopped the 2000 Action Plan’s implementation for a couple of years.

In the meantime, the financial resources previously appropriated had been largely taken away for other purposes. A few months ago, the Berlusconi Cabinet decided to carry on with the 2000 Plan with few changes.

But the two years lost cannot come back....

We can draw the following lessons from this experience:

**XVI. *The dramatic improvements in services to citizens allowed by ICTs, can be achieved only through a global reinvention of government's organization, procedures and activities. For this reason, it is not suitable to split the political responsibilities for reinventing government and for e-government***

**XVII. *The Government digital revolution implies the withdrawal of hierarchical organisational models and the adoption of models based on the decentralisation of responsibilities and the empowerment of individual workers***

**XVIII. *Valid authentication mechanisms are needed to access online services and online personal data, to ensure that the right person obtains the right service and has access to the right personal data. Electronic smart cards can solve this crucial problem***

**XIX. *Reinventing public administration through ICTs also depends on the availability of adequate human resources and the overcoming of the digital divide. E-training and mass e-education are needed.***

**13. *Cutting red tape and improving regulation quality: the first achievement for citizen satisfaction.*** In Italy, in the early nineties, the first request from citizens and businesses was to cut red tape and regulatory costs. Indeed, among the main negative features of the Italian administrative system, in those times, were:

- heavy and often unnecessary bureaucratic burdens on the public, on businesses and even on public administrations
- a tremendous regulatory inflation, with over 35.000 primary laws
- a very high regulatory pollution (ambiguity, contradictions, overlapping, layers of rules generating uncertainty on the existing law).

For the above reasons, a comprehensive strategy for reducing bureaucratic costs and administrative burdens on citizens and businesses was, necessarily, a fundamental pillar of the Italian government reform. In order to gain citizens' and businesses' consensus to the reform, it was also decided to give, in this process, a strong priority to some very significant and symbolic innovations, based on the introduction of new simplification tools, such as:

- citizens' self-declarations, replacing most of the certificates delivered on demand by the public administration
- notification of the beginning of an activity and "administration silent-consent" replacing most administrative authorizations and licenses
- a combined services conference replacing many administrative acts
- one stop shops for citizens or businesses (for car drivers, for productive plant start ups, for construction licenses, etc.).



I could mention two examples. The first: with the new regulations on administrative documentation (now collected in a single code):

- ✓ More than 95% of certificates have been substituted by “self-certifications”, requiring only the citizen’s signature on “simple white paper” (without any tax) (see Fig. 5, 6)
- ✓ The new regulation can be used also by the private sector (banks, post offices ...)
- ✓ Use of electronic instruments and faxes is always admitted
- ✓ It is forbidden for the P.A. to require a certificate when a self-certification is possible
- ✓ Severe punishment is provided for false self-certifications (but in 2000 only 0,4% of the *ex-post* controls have found false self-declarations)
- ✓ The complete “de-certification” is provided by the law for 2005 with the total elimination of certificates through the electronic exchange of data owned by the public administrations.

I will also mention the one stop shops for the start up of productive plants, introduced by a legislative decree in 1998 (and now opened in about 67% of Italian municipalities). It replaced 43 authorizations previously needed, granting not only a single access, but also a single procedure, an e-structure accessible through the net, a single person in charge and a single final answer. Before 1999, about 2 to 5 years were needed to get the final answer. Now, the term fixed by law is 3 months in most cases, max 11 months, and the average time requested for getting the final answer was, in a sample of 996 one stop shops, of 32 days for the simplest cases and of 71 days for the others.

The strategic approach to a high quality regulation was based in Italy on some convictions: the key role of regulatory systems to boost economic growth; the crisis of the traditional “command and control” regulatory style; the need to go beyond the mere deregulation towards a general policy for the quality of regulation, with its strategies, its specific tools and its dedicated structures.

Among the tools, I could mention:

- a rolling simplification program, based on annual simplification laws, and enabling Government to abolish or simplify existing procedures, authorizations and licenses
- the codification or consolidation of the existing laws and decrees (sometimes with the help of a guillotine system)
- a central electronic register of bureaucratic formalities (to be implemented)

*and chiefly:*

- the Regulatory Impact Analysis (RIA, now used by 20 OECD Countries).

RIA:

- is a fundamental tool for measuring the cost of new regulations on the public and business and improving their quality
- is a tool to give the rule-makers the “awareness”
- is not a mere arithmetical analysis, but an ongoing, evolutionary process to inform the political choice

- is not an *ex post* justification, but an analysis to be set up at the beginning of the regulatory process,
- must consider both alternative Regulatory options and alternative options to Regulation (including a wise use of self-regulation)
- must include the views of stakeholders
- is applicable to all kinds of “relevant” Regulation.

As for the structures and the responsibilities, Government and Parliament as a whole are, obviously, responsible for the quality regulation policy implementation. Within the government, sectoral ministries are the first responsible, but, as “*it is often difficult for ministries to reform themselves*”, a specific P.M. delegation of coordination powers to a Minister could be very useful, “*to give countervailing pressures, and maintain consistency and systematic approaches across the entire administration*” (2001 OECD Report on Regulatory Reform in Italy). For the same purposes, also a Central Better Regulation Unit (now established in many OECD countries) could be equally useful. In the Italian experience, the Central Unit was a task force of experts – set up in the P.M. Office - exclusively monitoring “regulatory quality”, responsible for RIA and for simplification and codification programs: it did a very good job from 1999 to 2002, but was abolished – for incomprehensible reasons – by the Berlusconi cabinet. Not less important are consultative bodies, and watching committees, gathering representatives of central and local administrations, entrepreneurs’ and workers’ organizations, consumer associations and others stakeholders.

To sum up:

- XX. Cutting red tape and reducing regulatory costs are fundamental pillars of every government reform and have a significant impact on citizen and business.***
- XXI. The quality of regulatory systems is a key factor for boosting economic growth***
- XXII. High quality regulation is much more than a mere deregulation; it is not a “one shot” policy but a process; it requires specific strategies, tools and structures***
- XXIII. Citizens’ selfcertifications, one stop shops, codification, Regulatory Impact Analysis, electronic register of bureaucratic formalities and a central unit for better regulation proved to be important tools for the success of quality regulation policies.***

**14. Government's stability: a condition of the Reform's success.** At the beginning of the new millennium, the Italian reform was almost achieved, in terms of laws and regulations. But laws alone have never changed the lives of citizens. The implementation phase is always crucial, in each reinventing government process. In the implementation phase, unexpected difficulties and resistances arise; in this phase every reform is at risk of failure. That is reason why a government-wide reform always takes quite a long time, and, generally speaking, one legislature is not enough to achieve and implement it. That is also the reason why every reinventing government broad program needs not only a large consensus, but it also needs Government's stability. And that is the reason why it is important for the reform success to obtain a bipartisan support. When a reform is passed with bipartisan support, the change of governments and parliamentary majorities does not necessary lead to a reform's process halt.

The Italian Reform, in the late nineties, were approved in fact with bipartisan support. In spite of this, after the elections of 2001, the new Berlusconi Government substantially slackened the reform implementation process and put under discussion some of its pillars. I can mention four examples:

- the split of reform tasks and responsibilities between four ministers and the consequent lack of coordination of the implementation's work
- the reintroduction by decree of two sectorial ministries
- the recall of the top public managers privatization and the return, for them, to public law regime
- the suppression of the Central Regulatory Simplification Unit and the failure of the Quality Regulations Policies.

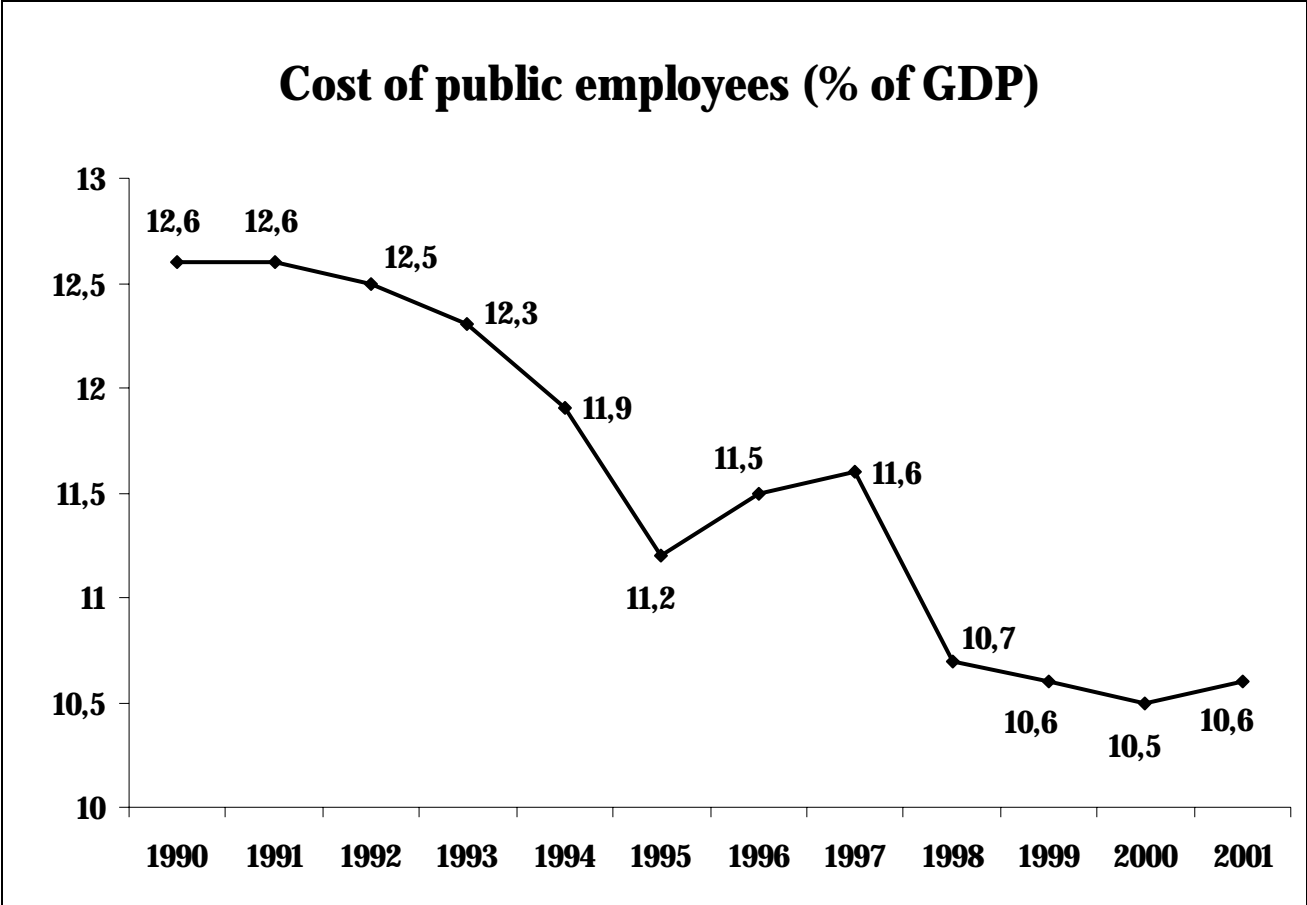
In conclusion:

**XXIV. *Laws alone have never changed the citizens' life. Thus, the reform implementation phase is crucial: in this phase, difficulties and resistances often arise and the reform implementation could take quite a long time. One legislature could not be sufficient.***

**XXV. *Government's stability is a condition for reform success.***

**XXVI. *The reforms approved with bipartisan support can better overcome the changes of government and parliamentary majorities. But this is often insufficient to ensure the reform success.***

**Fig. 1**



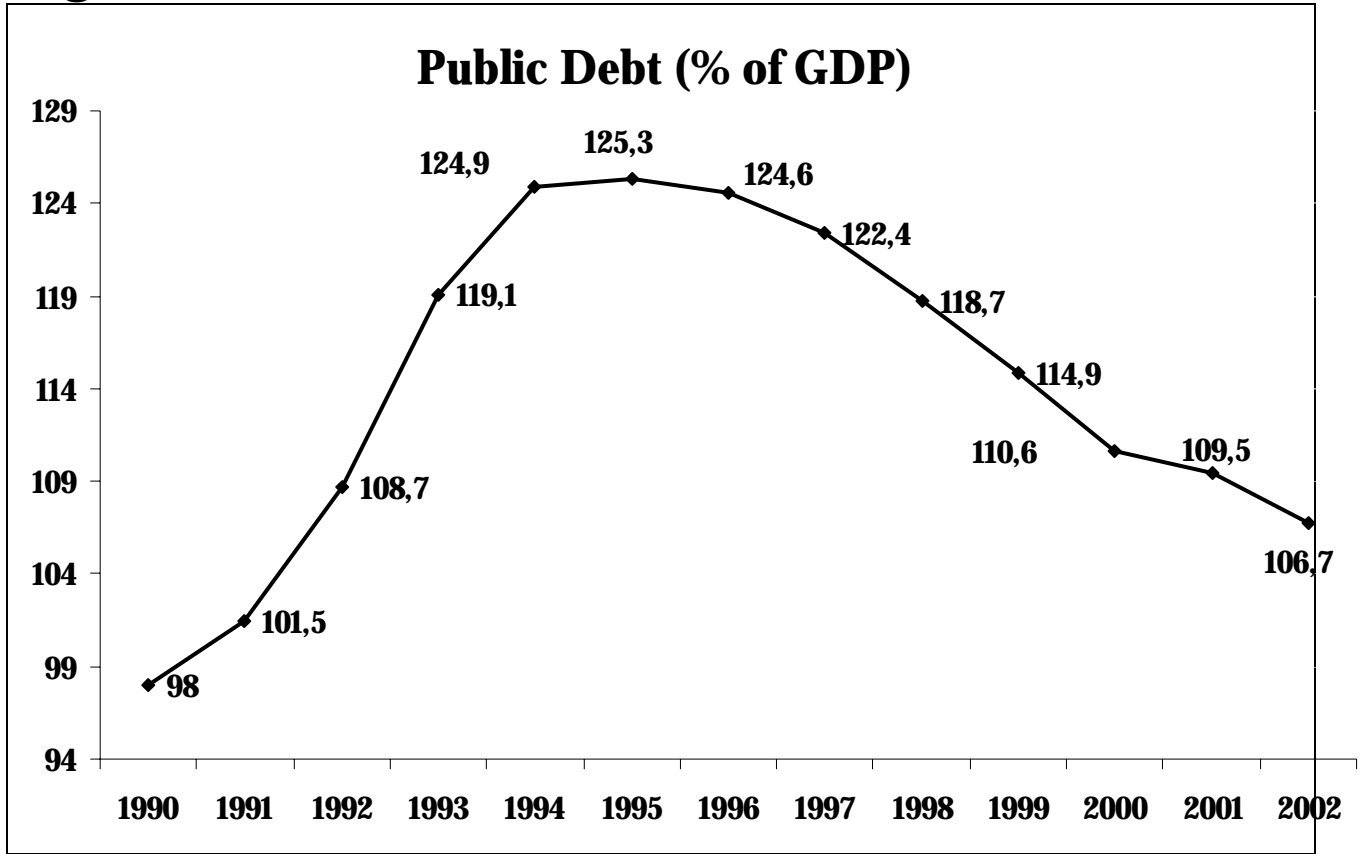
*Source: OECD and ISTAT (Italy's National Statistical Institute)*

**Fig. 2****Public employment  
a comparison between France and Italy (2002)**

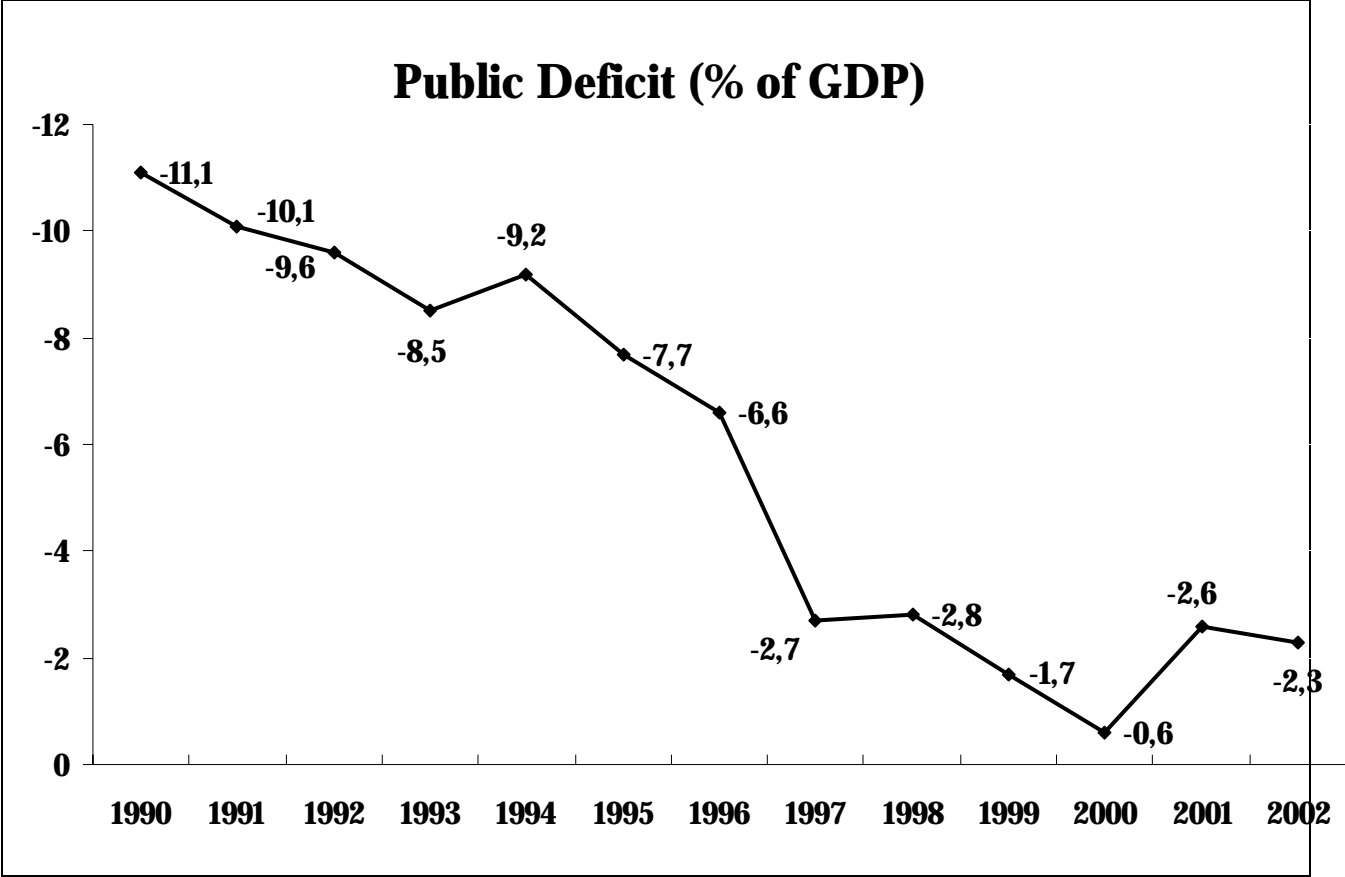
	<b>France</b>	<b>Italy</b>
Total population	58 ml.	57 ml.
Public employees	5,4 ml	3,4 ml.
Public employees / population	9,30%	5,96%
Public salaries / GDP	14,60%	10,50%

*Source: OECD and ISTAT (Italy's National Statistical Institute)*

**Fig. 3**

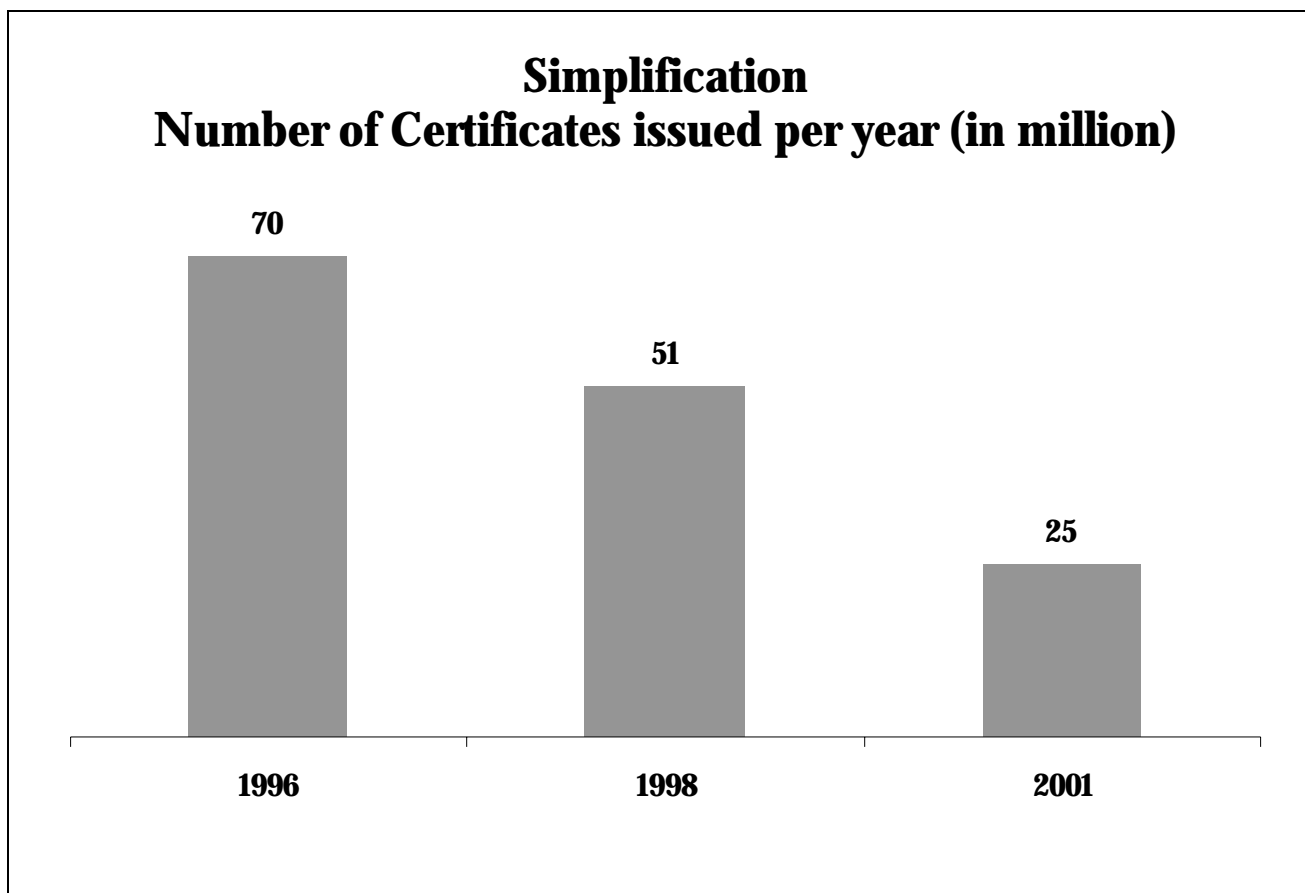


**Fig. 4**



Source: ISTAT (Italy's National Statistical Institute)

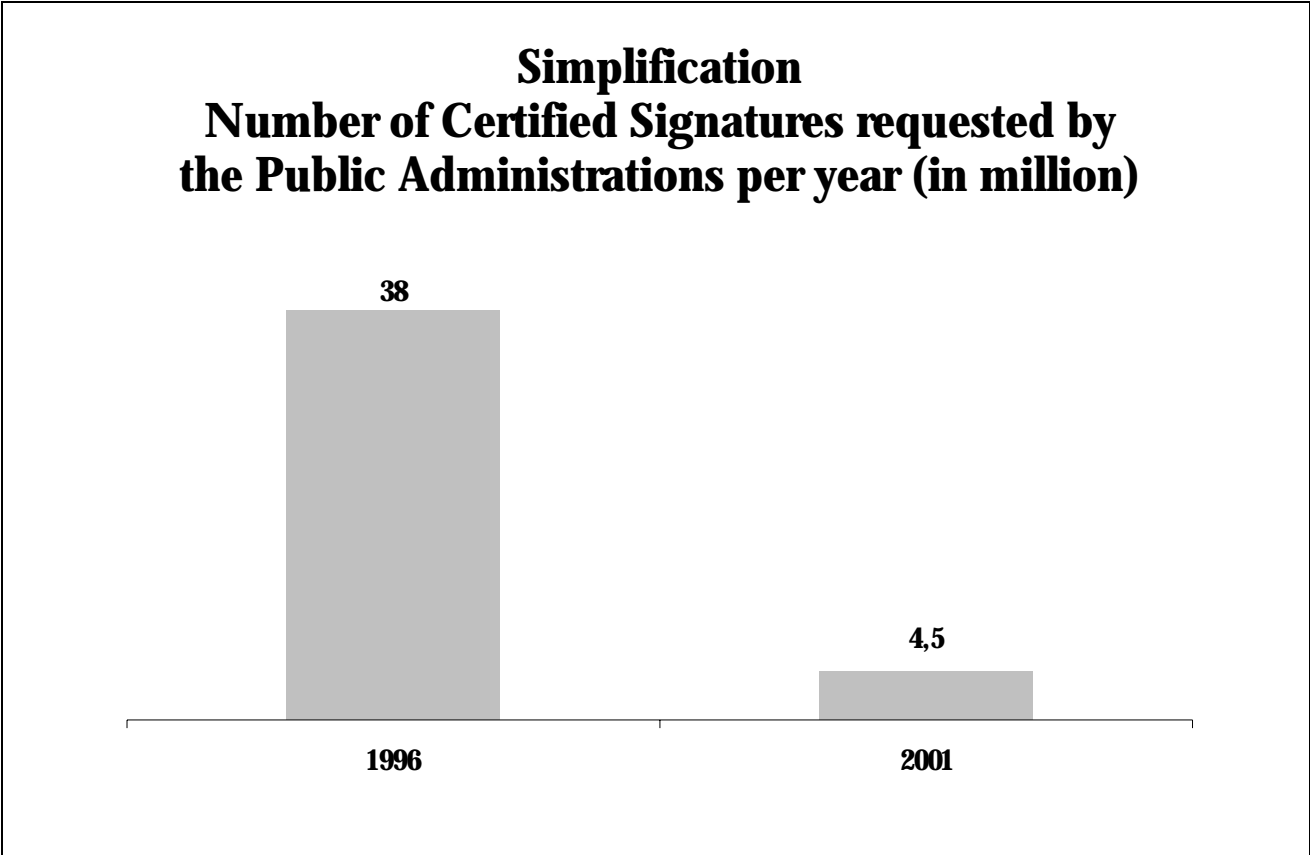
**Fig. 5**



*Source: Italy – Department of Public Administration*

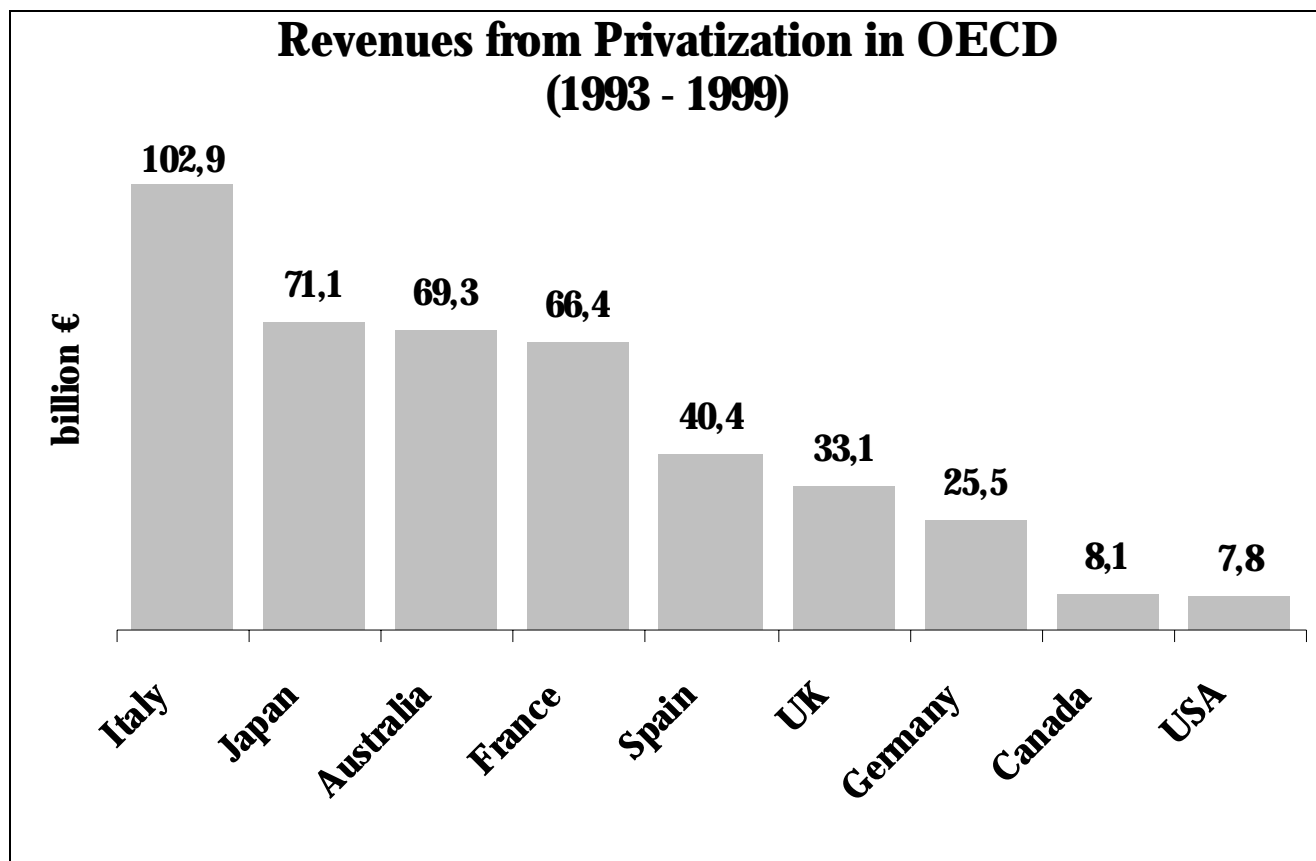


**Fig. 6**



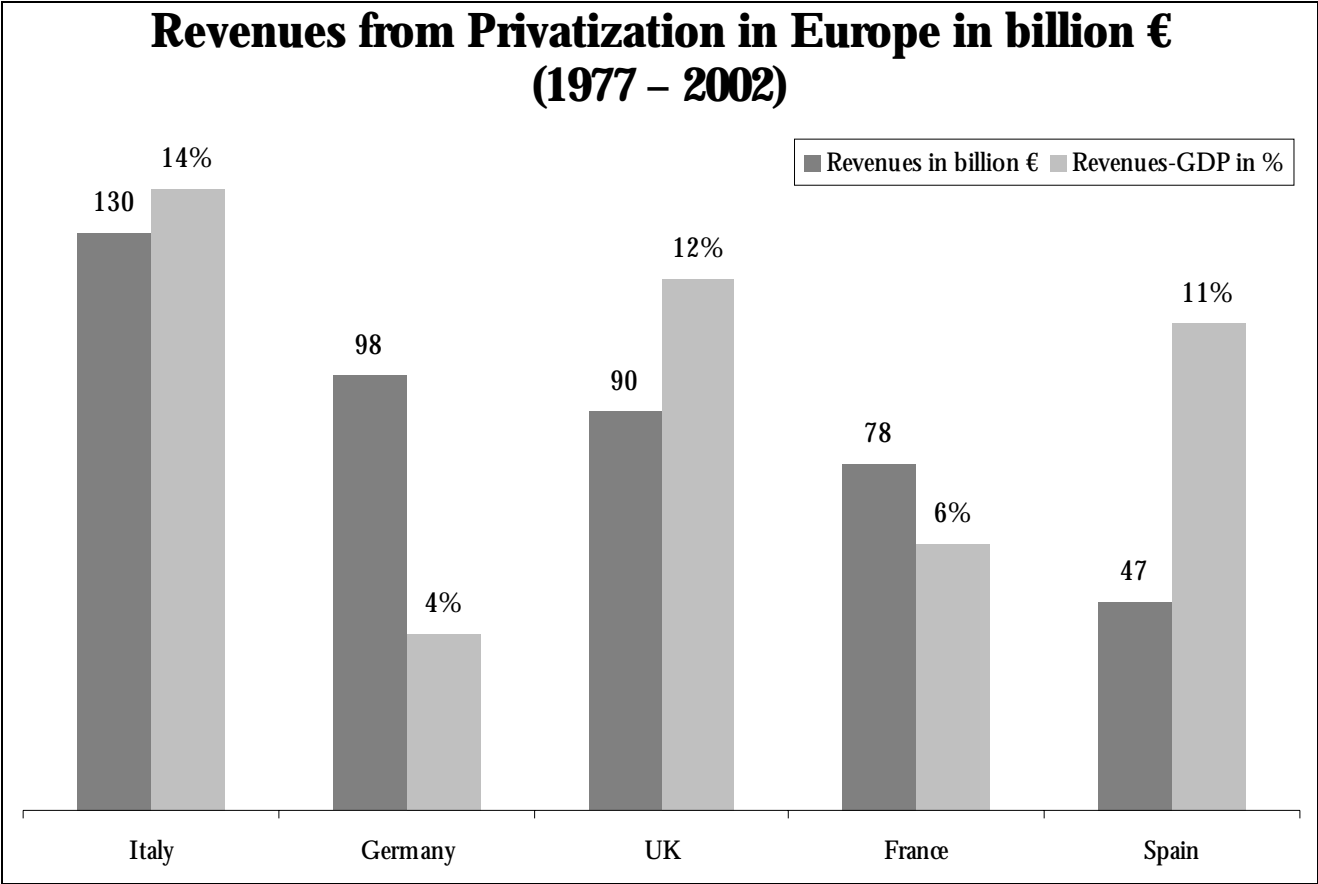
*Source: Italy – Department of Public Administration*

**Fig. 7**



Source: OECD

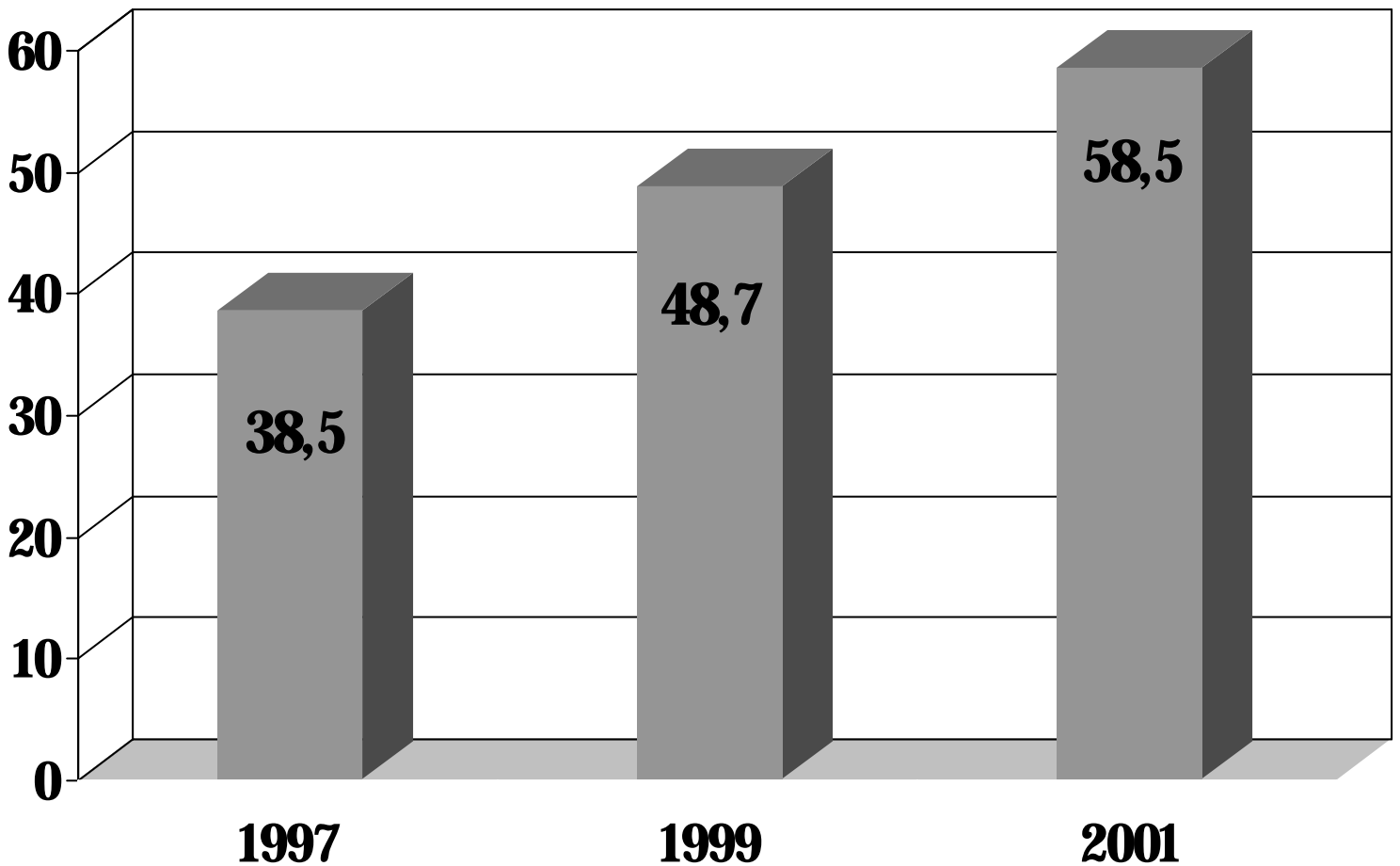
**Fig. 8**



Source: "La Repubblica" (Italian Daily paper) Saturday, October, 18<sup>th</sup> 2003 - p.35

**Fig. 9**

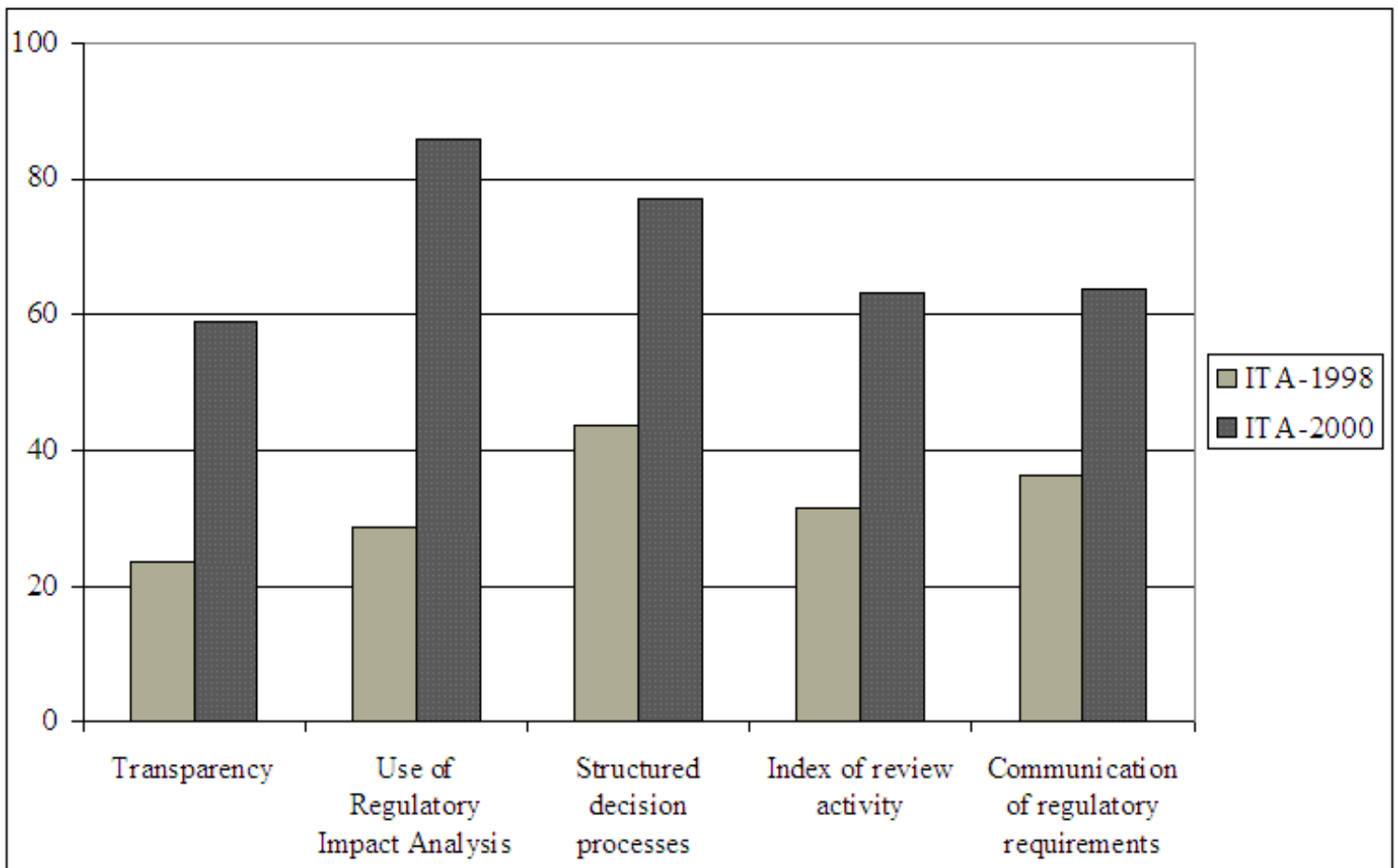
**Customer Satisfaction:  
% of Positive Opinions  
about Italian Administrations' Efficiency  
(1997 – 2001)**



*Source: ISPO (Public Opinion Studies Institute)*

**Fig. 10**

## **Progress in regulatory capacity indicators (1998 – 2000)**

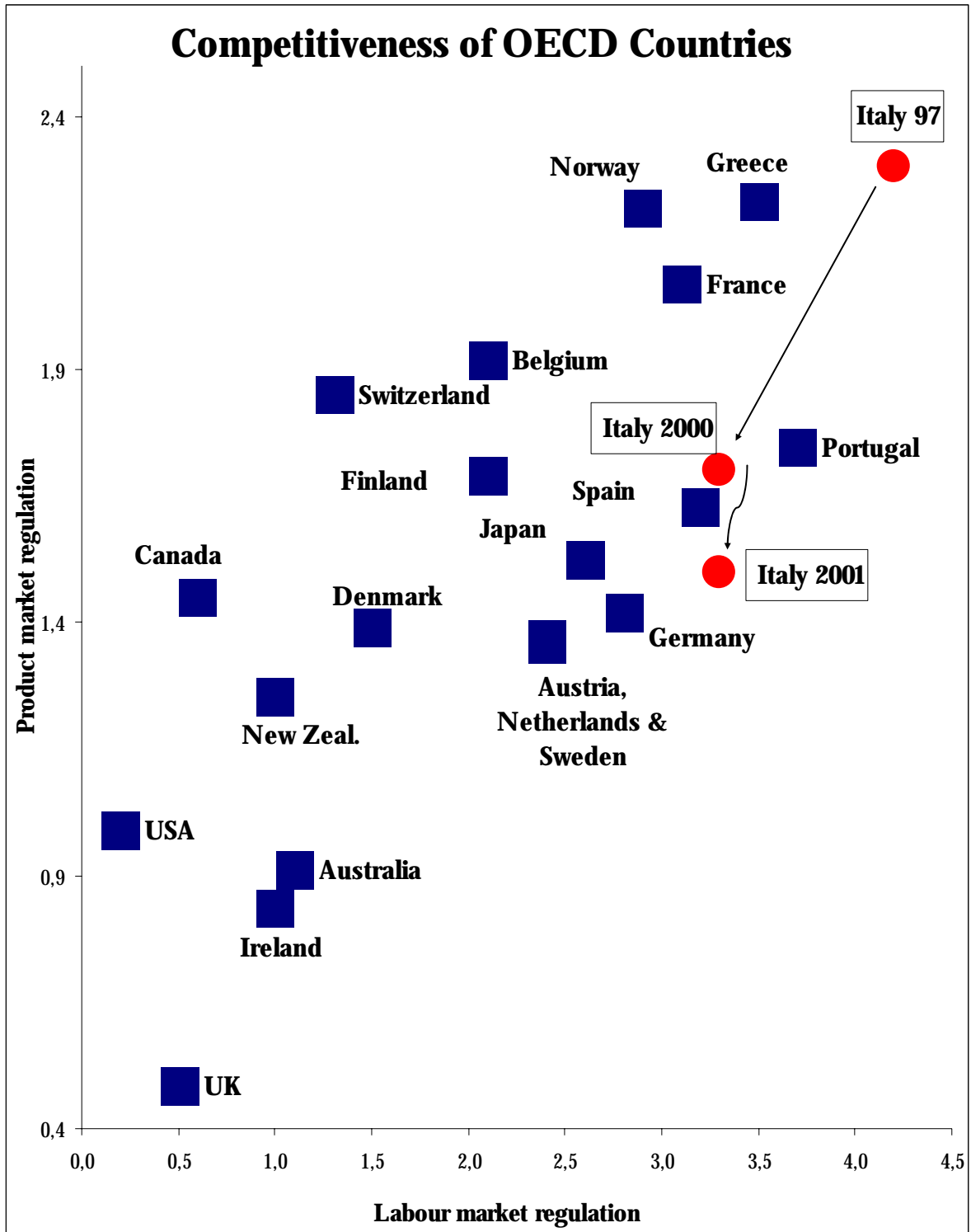


*Source: OECD, The Regulatory Reform in Italy, 2001*

Fig. 11

# Effects of Regulation on Competitiveness

Better Competitiveness = 0  
(down on the left)



Source: OECD, 1999 and 2001