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Italy

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11.1 Agency landscape

Italy has had a long tradition of semi-autonomous organizations carrying out public tasks. The most important category, at least until the beginning of the 1990s, was that of public bodies vested in public law and legally independent (Type 2 as defined in Chapter 2 of this book). These public establishments are further divided into two categories: *Enti Pubblici Economici* and *Enti Pubblici non Economici*, the difference being between those that gain their revenues from directly selling products/services, and those that do not and rely on public funding.

Most of these public bodies, however, have changed type. At the beginning of the 1990s, a significant number of them were transformed into limited companies. Some of them are government-controlled (Type 3 in the adopted framework), and other companies are no longer controlled by government (Type 5). This major process of corporatization and privatization is determined by the concatenation of the EU-driven liberalization processes (following up the Single European Act) as well as the financial crisis of the Italian state at the beginning of the 1990s that pushed towards the reduction of the public sector and the sale of its important assets.

Nowadays, we find a more mixed, even patchy, landscape of public agencies in Italy. It may be observed that all types of agencies, following the definition adopted in this book (Chapter 2), can be detected in the Italian system. Agencies in Italy range from semi-autonomous organizations without legal independence, but with some degree (in certain cases a very high degree) of managerial autonomy (the Civil Protection Department), to legally independent organizations with managerial autonomy, which is not necessarily superior to that of agencies in the previous category. Moreover, all of the other types of agencies can also be found, although influence on the policy process differs depending on the policy sector.

In this chapter, in order to study the profiles of autonomy and control of the agency phenomenon in Italy, we refer to the data collected through a survey conducted over the period October–December 2006 and subsequently elaborated over 2007–2010.¹

The analysis in this chapter focuses on agencies at the central (national) level of government, and is restricted to bodies with a separate legal identity. According to the classification adopted in this book (see Chapter 2) there are no Type 1 agencies in our study, but only Type 2 public-law agencies and Type 3 private-law entities, such as some state-owned companies. The total population includes 57 agencies. This population is composed of the only bodies that wield a given public function in the Italian polity. According to this criterion, for instance, the fiscal agencies are included (each being the only organization to wield the tax collection function, or that supervises customs) while bodies like the national parks (of which there are more than 20 in Italy), or the state universities (more than 70) are not included.²

40 organizations responded to the 2006 survey, out of the identified population of 57, which results in a response rate of 70 per cent. All reported data in this chapter are limited to this set of 40 agencies. Of these agencies, 68 per cent had legal identity vested in public law, while 22 per cent had legal identity vested in private law and 10 per cent possessed no legal identity. An overview of the investigated agencies is provided in Table 11.1 with the following data provided for each agency under study: year of foundation, full-time equivalent (FTE) number of employees in 2005 and the level of expenditures in 2004. With respect to the age of the organizations, there is great heterogeneity: some administrations were created more than a century ago (ACI, CRI), while others were created or transformed only very recently (for example, AIFA, *Agenzia del Demanio*, ENIT, SACE). The average age of organizations is roughly thirty years, and 12 agencies were established after 1999. We emphasize that the statute or the organizational regulations of all agencies have been modified at least once since the beginning of the 1990s, most of them after the year 2000, even though some agencies have been in operation for more than a hundred years. Great heterogeneity also characterizes the organizational size in terms of number of employees and the level of expenditure. There are agencies with over 30,000 employees (*Agenzia delle Entrate*, INPS) and agencies a hundred times smaller (*Aero Club VOLO ANSV*, *Buonitalia s.p.a.*). Staff size seems to be related to the type of functions and tasks performed.

Moreover, most of the agencies (52 per cent) were created *ex novo* or by the merger of former organizations, while 44 per cent were established through a disaggregation process or a transformation of existing bodies. Ten per cent of agencies provide support to policy formulation as their main task while 24 per cent perform regulatory, inspection or scrutiny functions. Other kinds of tasks are performed by the residual group, or 41 per cent of the agencies.

11.2 History and drivers of agencification

The proliferation in Italy of agency-like bodies has climaxed during the end of the 1990s, but overall this proliferation can be considered a non-linear trend in the history of the Italian central public administration. Over the last century, in fact, many arm's-length organizations have been created (notably with the legal form of *Enti Pubblici* – public establishment – as discussed at the beginning

Table 11.1 Overview of investigated Italian agencies

Organization	Name (English)	Parent Ministry/Policy field	Year of establishment	Number of FTE in 2005	Budget 2004 (millions of euros)
ACI (Automobile Club d'Italia)		Ministry of economic development/Public works and mobility	1905	3,384	381
Aero Club Italia	Automobile Club of Italy	Ministry of infrastructures/Mobility	1954	28	4
AGEA (Agenzia per le Erogazioni in Agricoltura)	Aero Club Italia	Ministry of agriculture/Economic affairs	2000	313	467
Agecontrol SpA	Agricultural Funding National Agency	Ministry of agriculture/Economic affairs	1985	204	17
Agenzia delle Dogane	Age control SpA (Agency for agricultural entrepreneurship)	Ministry of agriculture/Economic affairs			
	Custom Agency	Ministry of economy/Economic affairs	2001	9,708	627
Agenzia delle Entrate	Land Register National Agency	Ministry of economy/Economic affairs	2001	36,000	2,783
Agenzia del Demanio	Government Property Agency	Ministry of economy/Economic affairs	2004	870	108
Agenzia del Territorio	Inland Revenue Agency	Ministry of economy/Economic affairs	2001	11,000	563
AIFA (Agenzia Italiana del Farmaco)	Italian Drug Agency	Ministry of health/ Well being and health	2004	200	79
ANAS (Agenzia Nazionale Autonomia delle Strade)	Highways National Agency	Ministry of economy/Public works and mobility	2002	6,990	1,310
ANSV (Agenzia Nazionale Sicurezza Volo)	Air Security National Agency	Presidency of the Council of Ministers/ Mobility	1999	25	3

APAT (Agenzia per la Protezione dell'Ambiente e per i Servizi Tecnici) – (later changed the name into ISPRA)	Environment Safeguard and Technical Services Agency	Ministry of environment/ Environmental affairs	1999	1,045	145
ARAN Agenzia per la Rappresentanza Negoziale delle Pubbliche Amministrazioni)	Civil Service Contract Negotiation Agency	Presidency of the Council of Ministers/Economic affairs	1993	87	10
Buonitalia SpA	Public Company for National Production Promotion	Ministry of agriculture/ Economic affairs	2003	9	5
CNIPA (Centro Nazionale per l'Informatica nella Pubblica Amministrazione) – (later changed name into DigitPA)	Centre for ICT in the Public Sector	Ministry of economy/ Information and technology	1993	160	21
CONI Comitato Olimpico Nazionale Italiano)	National Olympic Committee	Presidency of the Council of Ministers/Sport	1914		
CONSIP SpA	MEF Centre for ICT and provision	Ministry of economy/ Information and technology	1998	503	179
CRI (Croce Rossa Italiana)	Italian Red Cross	Ministry of health/Well being and health	1882	4,997	602
ENAC Ente Nazionale per l'Aviazione Civile)	Italian Civil Aviation Authority	Ministry of infrastructures/ Mobility	1997		243
ENEA (Ente per le Nuove Tecnologia, l'Energia e l'Ambiente)	Italian National Agency for New Technologies, Energy and the Environment	Ministry of research/Research	1982	3,287	283
ENIT (Agenzia Nazionale del Turismo)	Italian Government Tourism Board	Ministry of culture/Tourism	2005	247	50
Fornez	National Agency for Civil Service Training and Education	Presidency of the Council of Ministers/Training and education	1965		69

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Table 11.1 Continued

Organization	Name (English)	Parent Ministry/Policy field	Year of establishment	Number of FTE in 2005	Budget 2004 (millions of euros)
ICE (Istituto per il Commercio Estero)	National Agency for Export Development	Ministry of economic development/Economic affairs	1945	860	113
INAIL (Istituto Nazionale per l'Assicurazione contro gli Infortuni sul Lavoro)	Italian Workers' Compensation Authority	Ministry of welfare/Labour safety	1933	11,498	9,133
INPDAP (Istituto Nazionale di Previdenza per i Dipendenti dell'Amministrazione Pubblica)	National Agency for Civil Service Social Security	Ministry of welfare/Social security	1994	7,806	65,848
INPS Istituto Nazionale Previdenza Sociale)	National Agency for Social Security System	Ministry of welfare/Social security	1933	33,000	213,000
IPI (Istituto promozione Industriale)	Industrial Promotion Agency	Ministry of economic development/Economic affairs	1994	300	34
IPZS (Istituto Poligrafico e Zecca dello Stato S.p.a)	State Printing office and Mint	Ministry of economy/Economic affairs	1928	2,408	333
ISCOM (Istituto Superiore delle Comunicazioni e delle ICT)	National Institute for Civil Service Training in Communication	Ministry of communications/Training and education	1907	149	
ISFOL (Istituto per lo Sviluppo della Formazione Professionale dei Lavoratori)	Institute for Workers' Professional Training	Ministry of welfare/Employment	1973	376	84
ISPESL (Istituto Superiore per la Prevenzione e la Sicurezza del Lavoro)	National Institute for occupational safety, health and prevention	Ministry of health/Well being and health	1980	1,058	98

ISS (Istituto Superiore di Sanità)	Health National Institute	Ministry of health/Well being and health	1941	1,807	105
ISTAT (Istituto di Statistica)	National Statistic Centre	Ministry of economy/ Economic affairs	1989	2,300	192
Agenzia Onlus	National Agency for not-profit companies	Presidency of the Council of Ministers/Social affairs	2000	31	4
SACE (Società Internazionale Commercio Estero)	Insurance and Financial Services Company for Companies operating in international markets	Ministry of economy/ Economic affairs	2004	324	42
Sogei (Società Generale d'Informatica)	General Company of Information Services	Ministry of economy/ Information and technology	1976	1,578	338
SSAI (Scuola Superiore dell'Amministrazione dell'Interno)	National School of Security Administration	Ministry of the Interior/ Training and education	1980	84	5
SSEF (Scuola Superiore dell'economia e delle Finanze)	National School of Finance Administration	Ministry of economy	2001	111	14
SSPA (Scuola Superiore della Pubblica Amministrazione)	National School of Public Administration	Presidency of the Council of Ministers/Training and education	1962	198	14
Sviluppo Italia	National Agency for enterprise and inward investment development	Ministry of economy/ Economic affairs	1999	752	
UNIRE (Unione Nazionale per l'Incremento delle Razze Equine)	National Agency for Horse Races Protections and Development	Ministry of agriculture/ Economic affairs	1932	299	1,060

of this chapter), often not within the framework of a general administrative reform, but on an *ad hoc* basis, as a way of addressing specific policy concerns. However, in a few instances agencification happened within the framework of wider-range public-management reforms (in 1992–93 and 1999). The establishment of such bodies has occurred without a deliberate design choice by the reformers, though it was based on the public agency (or the executive agency) as an organizational model for the public sector (Sepe et al. 2003). Again the only exceptions are the 1992–93 and 1999 reforms (Ongaro 2009). The number of agencies has nonetheless remarkably increased, particularly since the beginning of the 1990s, a period of profound transformations of the Italian public sector (for an overview of the reforms, Ongaro 2008; 2009). During the 1990s, in fact, agencification has been one of the components of Italian public-sector reform. In 1992, two agencies – the *Agenzia per la Rappresentanza Negoziabile del Pubblico Impiego* (hereafter ARAN, or Civil Service Contract Negotiation Agency) and the *Agenzia Nazionale per la Protezione dell'Ambiente* (ANPA, or National Environmental Safeguard Agency) and subsequently the network of Regional Environmental Safeguard Agencies – were established. The second remarkable wave took place in 1999, when a reform of central government introduced a number of executive agencies according to an organizational model explicitly inspired by the UK Next Steps experience. 11 agencies were envisaged. However, only four were later established, in 2001, all operating in the policy field of the former finance ministry, which was merged with the former treasury ministry to form the ministry of economy and finance. The design model for these agencies was based on a significant managerial autonomy, a limited policy autonomy and the adoption of a performance contract for the control of such agencies. Moreover, all the designed agencies were big and meant to execute complex technical tasks. The 1999 reform also formally acknowledged the existence of these organizations as a specific type of public organization, with a specific regulation and a separate national contract for regulating labour conditions. This category of agencies, created as a result of the 1999 reform, is a new type of agency (although at the time of writing, this type only includes four agencies), different from the public establishment type discussed above. Other agencies have been established on a more contingent or *sui generis* basis, often as a response to specific pressures (for example, the *Agenzia Italiana del Farmaco*, AIFA, or Italian Drug Agency). Today agency-like bodies represent a considerable part of the public sector at central level.

11.3 Autonomy and control

The concept of agency autonomy has been defined as the level of discretion in decision-making by the governing body of the agency. The concept has been operationalized along three dimensions, each with a strategic and operational component: autonomy in human-resources management, financial-management autonomy, autonomy in the process of defining objectives, or tools, of public policy, which the agency implements (see Chapter 1 in this volume).

Table 11.2 Levels of autonomy in Italian agencies (scale 0–1)

Autonomy	Strategic autonomy in HRM*	Operational autonomy in HRM*	Strategic FMA*	Operational FMA*	Strategic policy autonomy	Operational policy autonomy
Total population	0.65	0.72	0.30	0.65	0.50	0.59
After 99	0.62	0.65	0.18	0.62	0.40	0.56

HRM: Human Resource Management

FMA: Financial Management Autonomy

We then defined the following indexes: 1. strategic autonomy in human-resource management;³ 2. operational autonomy in human-resource management;⁴ 3. strategic financial-management autonomy; 4. operational financial-management autonomy;⁵ 5. strategic-policy autonomy; and 6. operational-policy autonomy.⁶ Indexes range between 0, the lowest degree of autonomy, and 1, the highest level for each dimension. Table 11.2 illustrates the average levels of autonomy along the different dimensions for all agencies under study, and the average level of autonomy for those agencies created after 1999. This way of presenting the data allows us to assess whether the agencies created after the 1999 legislation have different profiles of autonomy and control compared to the other agencies.

Regarding the level of autonomy in human-resource management, the data show that the percentage of organizations that can autonomously take decisions in relation to each of the five component dimensions of strategic HRM autonomy in HRM is very differentiated. Overall, most agencies (88 per cent) can determine themselves how personnel are appointed, while the percentage of administrations that may make changes in the general criteria of downsizing in the organization (34 per cent) is significantly lower. Likewise, data show a very heterogeneous picture regarding operational-HRM autonomy.

Agencies have, on average, limited financial-management autonomy in such activities as taking loans or reallocating resources in the internal budget, while they have high levels of autonomy in engaging in private-law contracts. It is noticeable that organizations established after 1999 have, on average, a lower level of both strategic and operational financial-management autonomy.

With regard to autonomy in the choice of the target group of the policy (intended here as a component of policy autonomy in the choice of policy objectives), in 18 per cent of cases the agency does not display any autonomy, while in the remaining cases these types of decisions are shared with the parent ministry. In post-1999 agencies the average level of strategic-policy autonomy is lower. The picture is different with reference to the autonomy in the selection of policy instruments, in which 92.5 per cent of agencies display a certain degree of autonomy and only 8 per cent of administrations operate in policy fields where the regulation strictly defines the policy instruments; this figure is consistent across the entire population of organizations as well as post-1999 organizations. Also, the average level of the operational-policy autonomy is higher than the strategic-policy autonomy.

We also analysed the extent of autonomy in determining agencies' own organizational structure. All agencies have some degree of freedom in this respect, with 66 per cent of them that may determine their own organizational structure, although within pre-established conditions and rules and/or specific authorization by the parent ministry, and 32 per cent of agencies that can take these decisions freely without any restrictions or conditions set or prior authorization by the parent department.

The *control* as well as the *governance* of agencies has been analysed on multiple levels and through a systematic comparison between agencies created before 1999 and after 1999. The main difference between the two groups is that the degree of contractualization of the relationship between agencies and the parent administration is higher in the subset of agencies established after 1999. Some of them are explicitly steered through a performance contract, such as the inland revenue agency (Mussari 2002; Ongaro 2002). Consistent with these findings, the performance evaluation in the case of administrations created before 1999 is conducted predominantly by the agencies themselves (67 per cent), while it is typically performed by the parent ministry for post-1999 agencies (67 per cent). Therefore it is not surprising that the regularity of administrative and accounting procedures is the most important criterion in the evaluation of agencies created before 1999 (59 per cent), while effectiveness in achieving goals is the most important evaluation criterion for post-1999 agencies (64 per cent). More specifically, agencies established after 1999 are also subjected, in their relation with the parent ministry, to a comprehensive process of evaluation of the efficiency (91 per cent), quality of services (82 per cent), as well as on production volumes (62 per cent), the effectiveness in the use of resources (73 per cent) and the outcome (45 per cent). However, it should be noted that the survey-based research work reported here might focus more on the level of talk than on the level of actual practice. Monetary incentives are present in 90 per cent of post-1999 agencies, compared to 63 per cent of agencies established before 1999.

In regard to the governance structure, all agencies but one have a governing board responsible for providing overall guidance and overseeing the conduct of the director general. The high percentage of board members appointed by the parent ministry directly (38 per cent), or indirectly following consultation or other procedures (another 30 per cent), indicates the influence of the parent administration. Only in 30 per cent of instances is it another administration that holds the power of appointment of the governing board. The director of post-1999 agencies is more often evaluated directly by the parent ministry (55 per cent), while in the case of administrations created before 1999 it is most frequently the governing board that makes the assessment (61 per cent). In more than 80 per cent of the agencies the director is appointed on a fixed-term contract.

In more interpretive terms, it may be argued that the 1999 reform has to some extent left a mark on the governance of central-level public agencies in Italy, implying a move towards some elements of the NPM-model of agencies (Pollitt et al. 2004), particularly the presence of a performance contract, which was previously entirely absent, and a (slightly) lower level of policy autonomy. However,

the picture is fragmented and far from fitting the ideal typical model: post-1999 agencies in fact also have more limited human-resource management autonomy and financial management autonomy compared to agencies established before 1999. These characteristics distance post-1999 agencies from the NPM ideal-type agency model.

11.4 Impact of agencification, recent debates and developments

It is hard to track the 'impacts' of the agencification process on the broader functioning of the Italian public sector – although a trend towards establishing more and more semi-autonomous bodies can be detected over the past two decades. An interesting viewpoint for reflection, addressing also the issue of recent debates and developments in Italy about the 'agency phenomenon', comes from the consideration of a reform launched in 2008–09 by the Minister for Simplification, Roberto Calderoli, a member from the Northern League party of the fourth Berlusconi government.

The core of the reform laid in the reduction of the number of public bodies (Law 133/2008 and subsequent ministerial decree 19 November 2008): the reform stated that all public bodies with a staff of fewer than 50 persons should be suppressed, while for all other public establishments either a regulation of re-order needed to be established within a given deadline, or abolition should follow. In the latter case, the parent administration often became the holder of all rights and obligations contracted by the entity. The decree was labelled *taglia-enti*, or 'cut-the-public-entities'. A number of specific categories of public entities were excluded (research entities, or national parks), and exceptions were foreseen. Eventually, the list of exceptions grew and the formally required regulations of re-order were issued with enough time such that the outcome of the reform intervention has changed little. But the interesting point lies in the way the issue of 'reforming instrumental semi-autonomous public entities' was depicted: 'deforestation' was the main image adopted, and the underlying assumption that was communicated was that self-preservation was for most entities the ultimate, if not the only, goal.

In quite a normative stance, there are some things we have learnt from this research that would suggest a different approach to reforming public agencies in Italy. First, the reform approach entirely based on 'savings' and 'eliminating squandering' – though not unusual in the rhetoric of reform at different times in many countries – seems to have little to offer when the complexity and the importance of the tasks performed by public agencies is considered (see above). Recognizing that important public functions have been entrusted to semi-autonomous organizations, and crucial expertise and organizational memory has been accumulated there, thus seems to be a good first step. This is not to say, of course, that public functions cannot be re-allocated to other administrations, and performed through other formulas – but as a matter of fact, agencies are an important part of the landscape of the public sector in Italy, and the processes

of organizational learning that have occurred in them have accumulated an intangible capital that should not be dissipated.

Second, there seems to be, at the end of the 2000s, a significant amount of data and knowledge available on the agency phenomenon in Italy and comparatively, and would-be reformers do not have to operate in the same circumstances as those in the 1980s or the 1990s, when studies on the agency phenomenon were mostly confined to the legal-administrative sphere, and more rarely empirical in nature and explicitly comparative in design. The use of available knowledge could inform the policy-specification process of public-management reform exercises.

There is one major gap, however, in the available knowledge on public agencies in Italy, and this concerns measurement of the performance of public agencies. The performance dimension has been, for the most part, omitted in the presently reported research.⁷ This has been a methodological choice, though it also has to do with the limitation in the resources available for achieving such an ambitious goal as that of estimating the overall performance of public agencies. To risk appearing trivial, we would suggest that the systematic measurement of the performance of public agencies in Italy could and should be conducted, and the data used, at least as a complementary criterion, in guiding reform exercises for revamping the public sector. Also the quality of public debate would undoubtedly benefit from the inclusion of performance information.

Notes

1. The research has been funded by the *Dipartimento della Funzione Pubblica* of the Italian government. An overview of the results is published in Ongaro, E. (Ed) *L'organizzazione dello Stato tra Autonomia e Policy Capacity*, Saveria Mannelli: Rubbettino – Dipartimento della Funzione Pubblica. The survey was based on the COBRA common survey and the elaboration presented in this chapter has been conducted subsequently, within the frame work of the COST Action CRIPO.
2. To identify the units of the population, on the one hand the list of public bodies included in the consolidated state budget has been considered, excluding all those that do not have the property of being single organizations in the Italian public system. Then, the web pages of all the ministries have been surveyed, in order to identify other bodies that, though not included in the consolidated state budget, do exercise a public function and are situated at arm's length from the ministry. No juridical classification has been adopted: the list includes public law agencies, as well as private law entities such as some state-owned companies.
3. This dimension of autonomy has been measured considering five dimensions: the level of salaries; the conditions for promotions; the way of evaluating personnel; the way of appointing personnel; and the general criteria of downsizing in the organization.
4. This dimension of autonomy has been measured considering six dimensions: the wage increase of a specific employee; the promotion of a specific employee; the evaluation of a specific employee; the appointment of a specific individual; the discharge/dismiss of a single employee; the relocation of a single employee.
5. This dimension of autonomy has been measured by considering the discretion in making the following decisions without the consent of the parent administration/supervising body: take loans for investments; set tariffs for services or products; engage in participations in private law legal persons; shift between the budgets for personnel – and running costs; shift between the budgets for personnel or running costs on the

one hand and investments on the other hand. Each organization was asked to indicate first whether they were actually able to take those decisions and secondly to specify the framework conditions within which these decisions can be made. If decisions can be made in a context that does not provide for specific rules on this matter and it is not necessary to obtain prior authorization via its parent ministry, it is assumed that this decision is an index of strategic financial management autonomy. Conversely if decisions can be made but within pre-established rules and specific conditions and/or with the prior authorization of the parent ministry, then it is assumed that this area is always an index of operational financial management autonomy.

6. In order to assess this dimension of autonomy, it was assumed that where the agency-like body is involved in the selection process of selection and identification of the target group for the public policy it implements, the role configures a profile of strategic policy autonomy. The more the organization decides independently the definition of the target group, without the parent ministry being involved, the greater the level of strategic policy autonomy is. The second profile, operational policy autonomy, has to do with choice/selection of the policy instruments.
7. This research did not address directly the issue of performance measurement, having been limited to detect issues such as the areas of innovation or criticalities perceived, related to performance but not a direct expression of the latter. The extended data obtained with the completed questionnaires by the agencies that were part of this study shows that the primary objective of future evaluative research could be precisely the performance of agency-like bodies and the comparison with other kinds of organizations.