

*Lombardy's Model of Governance.
Empowering Communities and Society
with the Freedom to Grow*

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Abstract

Lombardy's model of governance. Empowering communities and society with the freedom to grow

In the past decade, the Italian parliament has devolved extensive powers and competences to the country's twenty regions. The region of Lombardy, whose economic system is among the best performers in Europe and whose society is particularly active, has been the most decidedly resolute in experimenting and building up an original governance system. It has done so by interpreting its role as junction of local and global dynamics, and of inter-personal, social, and economic relations. Most of the regions' legislative, political, and administrative strategic decisions have been moulded by a vision founded on particular values, above all the principle of subsidiarity.

This has come to be known, in Italy and Europe, as "the Lombard model". It has been the object of many researches, studies, and emulation. This paper illustrates the main features of this model: its political, juridical, and social contexts; its underlying principles; its main policy goals, actions, and instruments; and its perspectives and challenges.

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1. Socio-economic Background. Lombardy, Europe's Gateway to Italy

In historical perspective, Lombardy has been among the **most developed** economic and social systems of the continent. It has the demographic dimensions and economic levels of a small-sized nation state. Milan, the region's capital, is the major financial centre of Italy. Lombardy is home to some of the oldest and largest industrial companies of Italy, and at the same time it has an extraordinarily diffuse and innovating network of SMEs. The Lombard economy is well integrated into Europe. In all statistics concerning Italian civil society, Lombardy is above the average, especially thanks to the massive presence of voluntary associations and non-profit organizations. The universities and research institutions of the region present many points of excellence. Table 1 displays some significant data.

Table 1 – Lombardy's society and economy in a few data

Area	23,862 km ² (7,9% of Italy)
Population (2005)	9,475,202 (16,1% of Italy), of which 18,7% over 65 and 6,3% foreigners
GDP (2004)	212,070.8 million € (20,2% of Italy)
GDP per capita (2004)	28,900€ (Italy: 23,100€)
International airports	4
Universities	12. University attendance: 32.3%. 22,1% of Italy's expenditure in scientific research. Higher rates of employees in R&D than Italy's average.
Employment rate (2006)	total: 66,7% (Italy: 58,4%); female: 56,4% (Italy: 46,1%). Services 59%; industry 38,5%; agriculture 1,8%.
Unemployment (2006)	3,3% (Italy: 6,1%)
Number of enterprises (2001)	748,000 mostly organized in associations, networks, and industrial districts.
Import (2005)	110,324 million € (36% of Italy; 75,7% from EU countries)
Export (2005)	84,419 million € (28,5% of Italy; 59% to EU countries)
3,500 voluntary associations; 600 non-profit organizations; 1,100 social co-operatives	

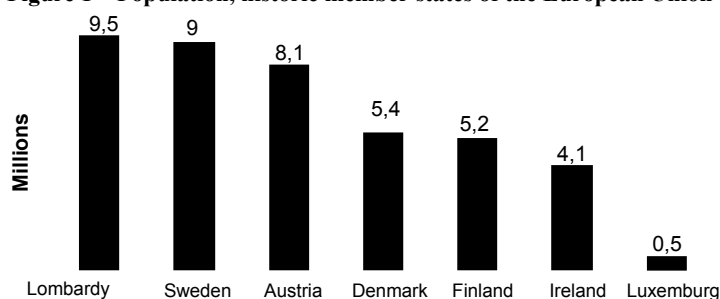
Sources: IReR, ISTAT, Eurostat

Nevertheless, the region today faces urgent **challenges** originating both from the transformation of its own structures and from the globalisation of financial, economic, and cultural relations. In particular, Lombardy – and notably the Milan area – is striving to cope

with the problem of traffic congestion, also caused by the urban sprawl, and related high levels of air pollution; important sectors of the economic system – especially in industry – are facing problems of recovery, while others lack manpower or find it difficult to promote adequate training for their employees; immigration from abroad and the ageing of the population bring about problems of social cohesion and welfare-state costs.

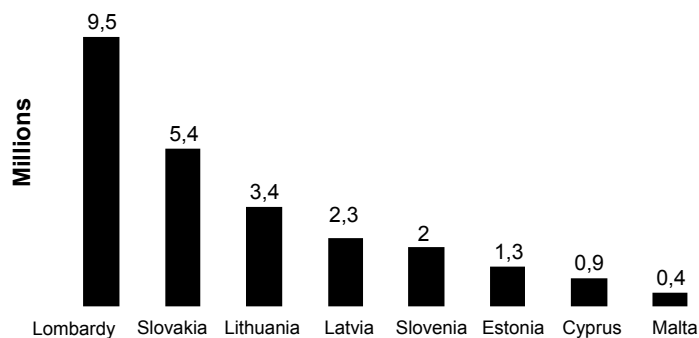
With 9,475,202 residents, Lombardy has a larger population than several European countries.

Figure 1 – Population, historic member states of the European Union



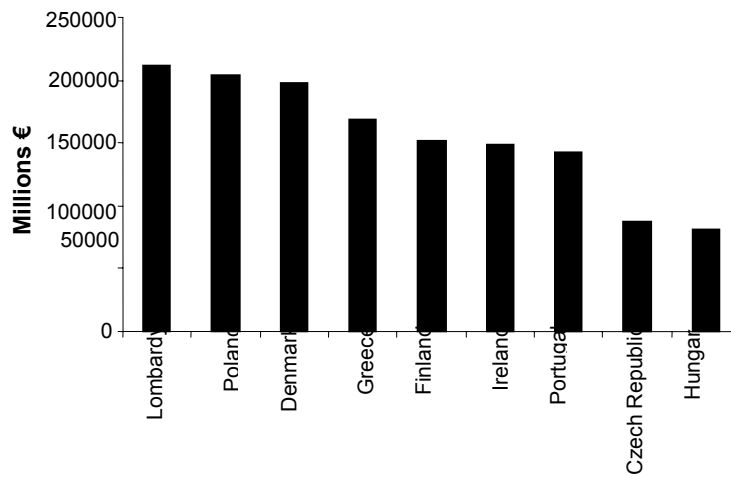
Source: Eurostat

Figure 2 – Population, new EU member states



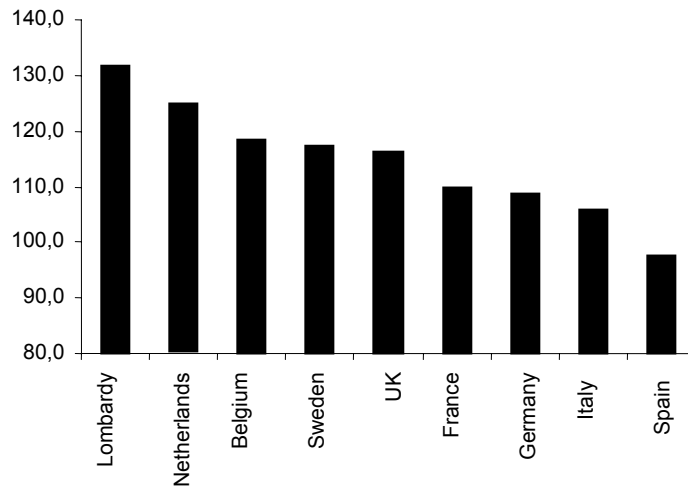
Source: Eurostat

Figure 3 – Total GDP comparison (2004)



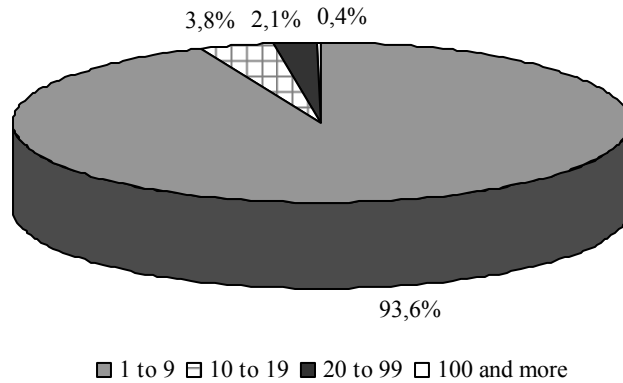
Source: Eurostat

Figure 4 – GDP per capita (2004) in Purchasing Power Standards (25-EU = 100)



Source: Eurostat

Figure 5 – Lombardy’s enterprises: number of employees



Source: www.ring.lombardia.it

2. Institutional Background. Lombardy from the Centralist Paradigm to Devolved Government

After the unification of Italy in 1861, the public administration and local government were **organized according to a quite centralist** (“Napoleonic”) **model**. Only after WWII were twenty regions created by the new Republican Constitution. Yet these were extremely weak:

- they had to abide by fundamental principles fixed by state law;
- regional laws fell under the government’s control;
- financial autonomy was nearly non-existent.

After decades of institutional stalemate, **only in the 1970s were the regional councils, executives, and bureaucracy set up**, and public functions and resources were transferred to them.

Figure 6 – Italy's 20 Regions



Nevertheless, the **regions remained subject to the ‘levelling’ and controlling power of the state**, both through the framing and co-ordinating power of state legislation and strict financial provisions¹. Thus, the regions were deprived of any substantial room for autonomous action in their spheres of competence (above all: health, agriculture, tourism, vocational training, parks, urban planning). 90% of their budget came from governmental transfers, mostly devoted to health expenditure priorities set by Rome. Moreover, the national civil service was not consequently restructured, and the new regional framework was ignored by many laws adopted at the national level in fields of regional competence.

From the 1980s, the **regions began to strive for more space and freedom**. Lombardy was among the most active and best performing ones. And it was from Lombardy that in the Nineties sparked off the ‘**Northern question**’, when new political movements and public opinion began to demand a substantial devolution of political power from the centre to the periphery.

¹ Regions were prevented from establishing their own taxes. The national government transferred to them block grants coming from specific taxes and special funds; this money was directed to a common fund, from which it was then allocated to individual regions according to a series of criteria, on the basis of “equal distribution”.

Italy's political class reacted, and in a few years **major reforms to the framework of sub-national government** were introduced. Institutional mechanisms devoted to a permanent dialogue and co-ordination between the government and the regions were introduced. Then, from 1997 a series of laws were adopted that transformed the civil service from the model of bureaucracy of a centralised state to one of coexisting autonomies², while deregulating and simplifying the legislative apparatus.

Moreover, the regions were granted the entire income of a series of duties, like car taxes; regions are nowadays able to charge a certain amount of extra-tax on petrol, and to impose on their residents an additional income tax to finance their own health services. **This relative freedom is nonetheless counter-balanced by a system of national tax-equalization**; most regional resources are still drawn from national funds, regulated and determined by national legislation, and collected by government services.

Some successive constitutional reforms brought about further changes. **In 1999, the autonomous control of regions** over their own statutes, electoral systems and forms of government **was introduced**³. The regions, and particularly their presidents now directly elected by voters, acquired more political influence and a much stronger voice in the national arena. **Some presidents of Northern regions**, led by Lombardy's governor Formigoni, **started to lobby for real federalism**, going as far as proposing regional referenda to seek popular support for pressing the government to strengthen the devolution process.

In 2000 the parliament approved **another reform, amending 'Title V' of the Constitution** which deals with the organization of the state. This was later approved in October 2001 by a popular referendum. The main points of the reform were the following:

- the formal hierarchical superiority of the state over local authorities was abolished;
- the policy fields in which the state retains reserved legislative competence were then listed;⁴

² Thirty-six billion liras and 23,000 staff were transferred to the regions for carrying out new functions in transport, economic development, infrastructures, environment.

³ Nowadays, the usual structure of an Italian regional government (as present, for instance, in Lombardy) is composed by: a Council (*Consiglio*) with legislative powers directly elected by voters; a President, directly elected by citizens; an Executive (*Giunta*) appointed by the President which shares with him/her the political leadership of the region and usually enjoys secondary legislative power, delegated by the Council.

⁴ These are: foreign and EU affairs, immigration, religion affairs, defence, state institutions and administration, currency, saving, state taxes, security, the judiciary, "basic civil and social rights" to be guaranteed throughout the national territory, social

- the regions share with the state competence over: international relations of the regions, foreign trade, labour market, education, research, health, food, sport, civil defence, land use planning, ports and airports, major transport infrastructures, energy, communication, environment and culture promotion. In these domains, the regions have administrative-regulative competence, while the state can only set out general principles with which regional legislation has to comply. All other subjects are left to the exclusive regional sphere;
- the regions are allowed to obtain further exclusive competences, and even share the reserved state competence in a few fields, on the basis of future agreements with the state;
- regions can now establish relationships with other countries' sub-national authorities and give direct application to EU legislation in their fields of competence;
- preliminary state control on regional legislation was abolished, as have regional prefects; the government is only entitled to refer to the Constitutional Court after a regional law is passed;
- the state can replace the regions in legislating only in order to preserve national unity and security, basic civil and social rights, and international and EU law.

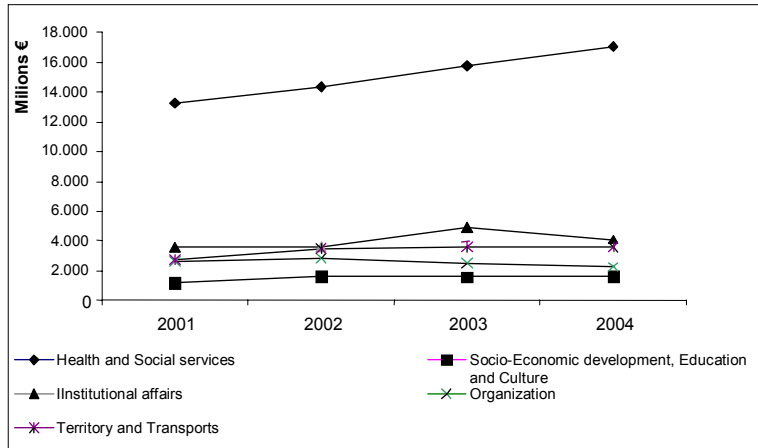
To recap, the **reforms of recent years have widened the formal autonomy of the regions**, granting them the authority to differentiate policies and to shape the regional administration; the regions no longer represent a mere aggregate of local interests, but have acquired their own identity and space; the political leadership of the regions, its visibility and legitimacy have been strengthened; **yet there persist overwhelming environmental limits to regional autonomous policy making**, and two in particular:

- the bureaucratic context (both state and local civil services) is institutionally hostile to innovating attempts;
- the actual indicators of decision-making patterns seem to suggest the persistence of a centralized structure, particularly with regard to decisions over expenditure (and investments) as well as financial control⁵. Most of the expenditure is devoted to health services.

security, national provincial and communal electoral law, safeguard of the environment and culture.

⁵ The regional government today controls only 10% of the total public expenditure in Lombardy, the rest being mastered by state services and municipalities. Regional structures and services make up only 3,9% of Lombardy's GDP. The Region's staff (about 5,000) is just 12% of all state employees present in Lombardy (source: IReR).

Figure 7 – Lombardy Region’s expenditure⁶



Source: Lombardy regional government

Critics argue that, consequently, while the formal constitutional role and law-making power of the regions has been strengthened, their **political influence has moved little ahead**. In this context, **Lombardy has attempted to unhinge traditional political centralist logics** and sclerotic patterns of administrative behaviour, at the same time striving to face any attempt to re-centralize authority and functions, as well as to wrestle resources from the centre.

3. Principles and Values. Facets and Dimensions of Subsidiarity

Lombardy has been eager to and successful in taking advantage of the new opportunities opened up by the institutional reforms. Since 1995 the regional government has been chaired by the same leader, Roberto Formigoni, supported by an executive team and a majority in the council that have broadly remained unchanged throughout. The building of **a new, open and effective model of governance** of Lombard affairs has been their priority. A priority which has been **guided by certain principles and values** of political action, above all **a vision inspired by subsidiarity**.

⁶ “Organization” includes costs for the Region’s structures and employees’ salaries. “Institutional affairs” include money transfers to Italy’s poorest regions.

Definition

Subsidiarity is the idea that matters should be handled by the lowest (vertical subsidiarity) or closest (horizontal subsidiarity) possible level to where they will have their effect. Thus, an authority (such as the regional government) should perform only those tasks which cannot be carried out effectively at a more immediate or local level, and undertake only those initiatives which exceed the capacity of lower communities, individuals or private groups acting independently. This vision has been adopted as best serving the reality of Lombardy which, as seen above, boasts a vital voluntary sector, and possesses a diffused social and economic entrepreneurship.

History and Meaning

The principle of subsidiarity was formalized by the 2001 constitutional reform in Italy and is presently, since the Maastricht Treaty (1992), a fundamental principle of European Union law⁷.

The principle has its origins in Catholic social teaching, and **is based upon the autonomy and dignity of the human individual**, holding that all forms of society, from the family to the state and the international order, should be in the service of the human person. Subsidiarity hence emphasizes the importance of small and intermediate-sized communities or institutions – like the family, the church, and voluntary associations – as mediating structures which empower individual action and link the individual to society as a whole. In this sense, subsidiarity is a theory of social responsibility that recognizes the priority of the smallest units in society, while censuring interference and excessive intervention by government.

Facets: neither a Neo-liberal Slogan, nor a “Third-way”

The value of subsidiarity is fundamentally distinct from neo-liberal paradigms of deregulation and privatisation, since the underlying principles are different. Subsidiarity involves **empowering social and economic actors** with the autonomy and resources necessary to develop and adequately take on the **tasks and responsibilities** they aim to pursue, yet public powers should keep the authority to guide and harmonize social efforts and initiatives always with a view to the common good. When opening schools and vocational training centres, when offering services in health, in transport, in any field, private

⁷ According to this principle, the EU may only act where member states agree that the action of individual countries is insufficient or cannot adequately achieve Community objectives.

agents exercise public-interest functions and contribute to the common good of the overall social order. The role of government, according to subsidiarity, is therefore to entrust and uphold such initiatives, by granting them the primacy in strategic choices and the maximum degree of freedom, as being in its own interest.

Subsidiarity significantly differs also from the so-called ‘third way’ in that it fixes the extent of government involvement. Subsidiarity, therefore, appears to offer a genuine alternative to liberal anti-interventionism and socialist interventionism; it overcomes the sterile ideological confrontation between supporters of the prevalence of state services and advocates of privatisation. Subsidiarity is not just a means to achieve economic growth and the free market by itself. It is a way to realize a humane economy and genuine human development, where all persons have the opportunity to choose and live in accordance with their vocation.

This has been the vision driving Lombard policy making. **In all areas of regional competence, the primary aim has not been to get rid of cumbersome and costly functions, but to integrate and co-ordinate the region’s action with the activities of the rest of society**, from lower communities to social agencies, and to channel and support them.

4. The Policies. Lombardy’s Way to Subsidiarity

Vertical Dimension

This vision has been pursued and – in some cases – realized in policy making through different ways and means. First of all, **from a vertical perspective, Lombardy has proceeded since the year 2000 to a wide devolution to local authorities** (provinces and municipalities) of functions and responsibilities in important sectors, it had received from the state. This has made it possible to bring the management and provision of many services closer to citizens, hence facilitating their accessibility as well as adjusting their supply as accurately as possible to local demands. This model has been put into practice in policy areas such as industry, SME, energy, mines and quarries, trade fairs, hunting, urban and rural transport, agriculture, water supply, labour market, tourism, health and social care.

As a result, while local authorities are provided with responsibilities of execution and control in matters specifically relevant for their territories (such as planning the location of industrial plants), the regional level nowadays has the functions of governance which it exercises through: monitoring and controlling the functions and

services decentralized to local authorities; regulating the system of services (by setting homogeneous rules for the regional territory⁸); and gathering information from local government and society⁹.

It is important to note that this decentralized model of government has been designed and realized in the **absence of previous experiences**. In the past, national law determined which competences and powers should be transferred to each single layer of government.

Horizontal Dimension

As for the horizontal dimension of subsidiarity, **the Lombard administration has cultivated it by attempting to overcome traditional models of interaction between public and private sectors**, such as the mere outsourcing of services. In some cases, Lombardy has experimented in directly supporting private initiatives, on the ground that the public sector should recognize and subsidize them when they are positive and excellent¹⁰. More generally, in several policy areas the regional government has opted for keeping in their hands the sole **functions of regulating, programming and financing**, while the management and delivery of services has been devolved to autonomous bodies, either public or private, so that the government administration does not intervene in those fields where the society is able to effectively carry out public functions. Moreover, this has been coupled with the aim to favour the **maximum freedom of choice** for citizens and families, whereby the users of public services are now able to choose which provider best fits their expectations and needs. In such a system, to sum up, the government without being responsible for the provision of services plays the role of rule-maker.

⁸ For instance, with regard to the involvement of private companies in public services, or the identification of the fields in which new structures for the provision of services could be established or devolved to the market, or in setting the rules for conceding grants, tax relief, incentives, and any sort of benefits for enterprises and private agents.

⁹ The region has strengthened the network of decentralized regional offices, that today play as interface with both local authorities and the public in a variety of policy sectors.

¹⁰ For example, the region has granted financial aids to thousands of Catholic youth centres – which have a centuries-old tradition in Lombardy – and private nursery schools. Wherever possible, according to state law, the region has opted for fiscal benefits instead of direct funding. For instance, it has wiped out the regional tax on business revenues as well as the regional automobile tax for non-profit organizations and institutions – about 3% of their budget on average.

An Anticipating Attempt

In the Italian context, traditionally characterized by the prevalence of centralized state services to the detriment of private initiatives, **Lombardy has been in the frontline in this process, especially in welfare policies**. The most remarkable outcome is that the initial gap between supply and demand of welfare services (e.g. for the disabled, families, the elderly) has been bridged over a ten-year period.

Family, Education, Health, and Personal Care

The most paradigmatic cases in which this vision has been applied are those of family, education, health and personal care policies. In these domains, the guideline of the region's action has been to support the responsibility (of families and individuals) and to develop opportunities (for users, companies, non-profit organizations).

- A regional law adopted in 1999 has laid out the principle of action in **family support**. This is undoubtedly the most advanced in Italy, insofar as it has overcome the fragmentation of services. The region financially supports – through yearly tenders – some hundreds of projects presented by families' associations that create services in favour of family life where the offer is lacking or insufficient (such as, for example, micro-nurseries)¹¹.
- In **education**, the most remarkable measure has been the introduction – for the first time in Italy – of subsidies for those families sending children to non-state schools, which in Italy are not financed by the state in any way, with the aim to guarantee to Lombard citizens the freedom of choice for the education of their children. The school expenses borne by families are thus (partially) refunded on the basis of criteria such as the family's gross income, number of children, and particular hardships. Nowadays, more than 50 thousand applications are submitted each year, and 35 million Euros allocated.
- As for **health**, vertical subsidiarity has been pursued by enabling local health agencies to experiment in a flexible way models of organization and management of their services, to face the specific problems and demands of their territories with the goal to keep a balanced budget. Local hospitals have also

¹¹ It is an objective of the “subsidiarity by projects” vision to stimulate the autonomous response of civil society wherever it is needed, in place of direct government intervention.

acquired the status of independent state-owned firms. Horizontal subsidiarity has been realized via the integration of both state-owned and private institutions (hospitals, universities, centres for diagnostics and medical treatment, etc.) with the same dignity into the regional health service, which is now made up of different types of services and structures with various statutes, missions and roles. The principle underpinning the whole system is the freedom of choice for users, the basis for the evaluation of the efficiency of the services offered.

Organisation and Achievements of the New Health System

In brief, **private structures** that are recognized by the region – on the basis of well-defined rules and standards of quality – **are entitled to be fully refunded for the services they offer** to customers who, for their part, are free to choose between state and private services for their needs, as they are charged with the same fees. As a consequence, health structures are pushed to be involved in a virtuous competition for attracting users, which thus logically should raise the quality of services¹². As a matter of fact, the high standards of Lombard health services and structures have been acknowledged by several independent evaluations, and indeed are the main motives driving thousands of Italians from other regions to take advantage of them.

Therefore, the region of Lombardy – as a major innovation in the Italian panorama – has been transformed from a monopolist provider of health services to the subject guiding and controlling all agencies – private and public, without discrimination – offering health services, thus guaranteeing the value and quality of all of them. Further means for the achievement of excellence and integration have been introduced, such as **specific tariff mechanisms** rewarding virtuous structures that respond to the public's demands and punishing those less efficient, a **single regional card** for social and health services, and the introduction of maximum **waiting times**.

Other Welfare Services in Lombardy

Finally, the centrality of persons and freedom of choice have also formed the restructuring of other welfare services in Lombardy, from the **labour market** to policies in favour of new families. In particular,

¹² Thus, subsidiarity à la Lombardy does not identify with the privatisation and devolution of health services that has characterized most European countries in recent years, which aims merely to fill up the gaps in service provision and management that the state sector is no longer able to offer, given its strict budget limitations and the explosion of expenditure because of an ageing population.

innovative tools have been introduced for personal care for **elderly and disabled** people. A system of vouchers has been designed to enable every family to bear the costs of care-giving to persons in need, or to choose among public and private service providers when specific professional assistance is needed. As for the health sector, this system – recently put into practice – is likely to enhance the quality and quantity of services offered in the near future in Lombard territory, though at the moment most services of this kind are still provided by local authorities.

Problems

Obviously, the results of these measures have not necessarily met the expectations stemming from the ideological vision underpinning welfare policies. The **deficit of the health system** has not been completely covered, while expenditure is growing and the demand is not diminishing. The tools of **vouchers** and direct financial funds – for families, schools or other private social institutions – have notably been resorted to in the absence of any viable alternative, given the persistence of central-state competence in taxation for these areas, while further efforts have been hindered by **bureaucratic resistance**. As a result, many measures specifically elaborated in Lombardy, and especially for welfare policies, possess a **strong symbolic nature more than an actual capability to have an impact on society** and achieve their intended purposes.

5. The Method. From “Government” to “Governance”

Partnership and Devolution

Another pillar of the Lombard model lies in its method. The regional government has constantly pursued the objective of **involving as many actors as possible** in the policy process, as a means to enhance its transparency, openness, participation, and efficacy. This has been a major novelty in Italy’s governance practices, since the country had always been characterized by a pure top-down approach. The purpose of the Lombard model of governing is thus to realize a real governance system.

Its main feature has been the ability of the regional government to build a system for listening and making a synthesis of proposals, projects and actions of various agents operating within the regional territory (public institutions, companies, non-profit organizations, NGOs, business and workers’ unions, universities and research centres,

etc.), so as to promote and facilitate the qualitative growth of the socio-economic system. This has proven a major discontinuity with past experiences, and has become a systematic characteristic of Lombard policy making.

This method too, like the policies that are elaborated and implemented through it, is based on the subsidiarity principle, whereby government should not impose its own goals and practices on social organizations. A genuinely subsidiary governance has the purpose of empowering the resources and experiences available in the society, the capabilities of socio-economic actors and local territories to become protagonists of their own future. Stemming from the recognition of the limits of direct public government, the regional executive has thus interpreted its strategic mission in creating a **system of inter-governmental and social partnership**, which is today **institutionalised and formalised in various venues** open to a variety of stakeholders.

The aim is to receive the signals emerging from the market and society, define the strategic priorities and policy objectives coherent with the signals received, develop a network between the stakeholders, and create a framework of incentives (and sanctions) for all these actors in order to influence each one's behaviour toward the pursuing of public objectives (policy implementation). As a result, **the method of partnership has become transversal in all fields** of regional intervention, a consolidated pattern, part of a culture of governance agreed on and shared by all its participants.

Round Tables, Negotiated Planning, and Framework Agreements

In particular, as regards inter-governmental relations within Lombardy, the devolution of functions and competences to sub-regional authorities has been accompanied and seconded by the creation of several '**Round Tables**' of both technical and political nature, and of the Conference of Region-Local autonomies (regional law no. 1/2000). Through these bodies, it has been possible to run a systematic co-operation and co-ordination between layers of government and public administrations (including local branches of state administration and companies) in order to share strategic policies. This '**negotiated planning**' has indeed produced many '**framework agreements**' for massive investments in infrastructures and local economic development, although some **critics argue that these round tables have aimed more at creating a climate of confidence than at actually sharing influence on decision making**. One of the main risks of a rapid decentralization of functions was the possible increasing

fragmentation of the system, and in particular the multiplication of decision-making venues (and thus veto players) for each policy field.

The method of partnership has also characterised relationships with socio-economic subjects. It has made it possible to restart the dialogue between institutional actors and representatives of labour, business, and non-profit organizations¹³.

International Role

Furthermore, Mr Formigoni's administration has been keen to give a vigorous **international outlook** to the governing action. President Formigoni is famous for having inaugurated an international marketing campaign for Lombardy, leading a series of **worldwide trips**, accompanied by business representatives, to promote the image of the region, its tourism and economic system, and the financial bonds the regional government has issued.

In 2002 Lombardy was the pivot player in **the creation of the "Club of Regions"**, which gathers large and well-performing regions from old and new EU member states, acting as an open forum of consultation and for making proposals to the Commission. The Club has since then met regularly, and issued a series of significant declarations on the building of the new institutional setting of the EU, and the role of the regions in it. Moreover, the Club has been the starting point of a **first experimental tripartite agreement** that Lombardy signed in October 2004 with the Italian government and the Commission, in the field of sustainable mobility. This has been the first ever tripartite agreement to be signed, and could in future be applied to other regional areas sharing the same characteristics as the Lombard economy and territory.

The international activity of the region draws its goals and strategies from the regular consultation of social partners, which are

¹³ More than 700 actors have taken part in 70 "tables" – either territory-based (in each province) or policy-related (working on agriculture or environment, the internationalisation of the economy or welfare, public transport or the net economy, and so on). In 2001 a '**Pact for the Development**' of the economy, employment, quality and social cohesion in Lombardy was signed, with the participation of all major representatives of workers' unions and business associations. This defines rules and procedures for carrying out the dialogue among the region and social partners. Concretely, via these tables information is spread and shared, opinions are collected and debated, common positions are reached. In this context, the regional executive and administration may change role according to the issue at stake and its formal powers in the area. Thus, the region may play the leading role in conducting the dialogue and channelling it toward a decision, or rather act as facilitator of autonomous discussion among other actors, consistently with the aim of putting subsidiarity into governmental practice. However, the region also offers political leadership and orientation to the interaction among partners.

best placed to identify the global challenges and opportunities for Lombardy's economy and society. It is indeed structured so as to serve the interests of Lombardy's economic actors and NGOs. Moreover, the region has elaborated a policy devoted to supporting the internationalisation of the Lombard economy. In short, Lombardy has tried to interpret its role as junction between global and local dynamics, in a multi-level system of political relationships.

Organizational Structure

The decentralizing process and the inauguration of partnership governance realized within Lombardy in the last ten years has also had significant implications for the organizational structure for the regional government. The **regional bureaucracy has been restructured in an output-oriented way**, notably via the simplification of procedures and offices, the **introduction of incentives and contractual relationships typical of the private sector, the concentration in the presidency of all directional and strategic functions** as well as the establishment of co-ordinating committees dealing with problems of integration between departments addressing similar or interrelated issues. In this field too, Lombardy has been the forerunner in the Italian context.

The outcome has been the entrenchment of the logic of performance within the regional bureaucracy, the enhancement of its rationality and flexibility, and the improvement of accessibility and usability of services for the public. However, there remains the **problem of upgrading the training and skills of the regional civil service**; several researches and experiences have shown how **bureaucratic behavioural patterns have remained broadly unchanged**, in spite of the widening of areas of intervention and possibilities of innovation for the regions.

6. Conclusion. The “Lombardy Model” and its Urgent Criticalities

In conclusion, the most valuable aspect of ‘the Lombard model’ is the firm consistency with which efforts have been made to **modify traditional patterns of policy making**, in spite of the tremendous unfriendliness of national and local bureaucracies and the reluctance of some social and political partners. In such a tough context, the **Lombard leadership has shown a direction**, designed a model on fixed principles and laid down its foundations. **Nevertheless, in most policy sectors this has found many difficulties in being fully put**

into practice; the results still have to come, and the actual benefits for the whole of Lombard society and economy still have to emerge.

For liberating the whole potential of the Lombard model governance, policy makers now have to tackle some urgent criticalities.

First of all, **independent mechanisms of control and evaluation of policy outcomes**, notably in welfare and local economic development, should be focused, since they are felt by many as being necessary.

Secondly, the region's political class is still frequently subject to powerful established positions of both institutional and private actors, whose publicized willingness to co-operate with the regional government has often concealed more prosaic objectives and interests. As a result, **policy choices are often driven by the desire to accommodate rather than innovate**.

Finally, most Italian regions, and Lombardy too, still find it difficult to identify a regional-level interest (both in economic and social terms), as a basis for negotiating with the centre for **a real devolution not just of competences, but also of policy-making capabilities and instruments**.

While the regions are permanently consulted by the government in the matters of their competence, their actual voice and influence is often overstated. Moreover, the room for manoeuvre of the regional governments is fixed by a **centralized fiscal system**.

And Lombard citizens and enterprises, on average, receive back from the central state less than a quarter of what they pay in taxes. **Finance is the spinal cord of devolution**, for it is the financial arrangements which largely determine the degree of autonomy enjoyed by the devolved administrations. In the absence of a truly federal financial settlement, therefore, the aims of devolution and the political visions of Italy's regional leaderships will continue to be frustrated.

7. IReR's Role

IReR, the Lombardy Regional Institute for Research, has in these years supported the regional executive's effort to change the way of governing Lombardy. Thanks to its insight and scientific activities of monitoring, analysing, and reporting on issues related to government, the economy, environment and territory, and Lombard society, IReR has played a twofold role with regard to:

- strategies: helping policymakers in elaborating strategic perspectives and forecasts for the Region;

- policymaking: providing data, identifying and evaluating policy solutions and instruments for the Region's Government and administrative structures.

IReR's main activities consist of:

- analyzing **contexts** for which policies are planned: elaborating scenarios on the basis of the needs of Lombardy's economy and society (to reduce uncertainty for policymakers);
- identifying and measuring **indicators**, searching possible solutions to problems; **evaluation**: ex-ante evaluation of policy options and ex-post impact assessment of outcomes of policies and regulatory acts; **implementation**: supporting regional structures in putting in practice policies.

IReR has a staff of 30 researchers. Each year, they issue nearly 180 researches. Among the research **topics** are:

- non-profit actors;
- consumers' rights;
- schools' autonomy;
- e-government;
- disabled citizens' conditions;
- urban security;
- international relations; catastrophe management;
- legislative simplification;
- financial analyses (on health expenditure, tax revenue transfers from the central Government, regional tax rates).