



Public administration as an ally for growth and the new generations. The test of the Recovery Fund.

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For the first time in its history, the European Union has decided to tap the capital markets on a massive scale to finance EUR 750 billion in loans for the Member States. An unprecedented institutional step which may, nonetheless, be in vain in practical terms if it is not matched by the ability of countries to devise suitable projects that can be financed and to subsequently implement them. It is above all in this final phase that public administration must play its part. In this Policy Brief we focus on some possible guidelines for reform of the system of public administration in Italy that will make it capable of better managing the implementation phase of future projects financed by the Recovery and Resilience Facility. We therefore divide the reform proposals into those with a short-term impact (incentives for a system of public administration that knows how to make decisions, digitalisation and automatic distribution of resources) and proposals with medium/long-term effects (special training programmes for top management, new logic in the recruitment process for middle and junior managers in public administration, and an enhanced role for universities and advanced training institutes). A system of public administration that embarked on such a reform programme would not only meet the challenges of economic recovery but would also become a true ally of the next generations.



In a health and economic situation as difficult as the one that Italy is undergoing and whose duration is increasingly testing the patience of public opinion, it is widely acknowledged that the European Union's extraordinary funds for the post-pandemic phase offer a unique opportunity for development. For the first time in its history, the European Union has decided to tap the capital markets on a massive scale to finance EUR 750 billion in loans for the Member States. An unprecedented institutional step which may, nonetheless, be in vain in practical terms if it is not matched by the ability of countries to devise suitable projects that can be financed and to subsequently implement them. It is above all in this final phase that public administration must play its part. In this Policy Brief we focus on some possible guidelines for reform of the system of public administration in Italy that will make it capable of better managing the implementation phase of future projects financed by the Recovery and Resilience Facility.

The narrow path we are suggesting moves between **two primary needs**: to protect resources from any misappropriation and to free administrative procedures from bureaucratic obstacles hindering the legal use of the funds. We therefore divide the reform proposals into those with a short-term impact (incentives for a system of public administration that knows how to make decisions, digitalisation and automatic distribution of resources) and proposals with medium/long-term effects (special training programmes for top management, new logic in the recruitment process for middle and junior managers in public administration, and an enhanced role for universities and advanced training institutes). A system of public administration that embarked on such a reform programme would not only meet the challenges of economic recovery but would also become a true ally of the next generations. If this – broadly speaking – is our goal, the following are a number of working proposals to transform it into reality.

A system of public administration that is not afraid to decide. Italy already has a structured set of regulatory tools to prevent illegality in the use of public money. Anti-money laundering laws, traceability systems for financial flows, anti-mafia checks, various disclosure obligations, anti-corruption measures, the role of ANAC (the National Anti-Corruption Authority) but to mention a few. Precisely because this set of tools is now recognised as ranking among the most complete and stringent among OECD countries, we must not be afraid to eliminate certain all-encompassing criminal law measures that have long fuelled a certain reluctance on the part of public officials in making decisions. The Simplification Decree of recent weeks, by slightly lightening the sword of Damocles hanging over abuse of office and liability for damage to the public purse, marks a first step in the right direction. The rewriting of those laws which cause a damaging lack of resolution in some areas of public administration must continue.

A transparent and digital system of public administration. The process towards a system of public administration that is not afraid to make choices and take responsibility must be strengthened hand in hand with a structural recourse to transparency and digitalisation: only in this way is the citizen-user of public services given the real power to continuously monitor the matters regarding them and only in this way is the public administrator given the power to demonstrate, day by day, that their work and interaction with the private sector serves exclusively to achieve a successful outcome as opposed to other less commendable ends. While it is true that since the early 1990s public administration in Italy



has opened up to the private sector, it is also true that a culture of suspicion continues to hover over all forms of interaction between the public and private sectors, as if every occasion on which a public official and a private party interact could in itself facilitate illegal conduct.

Transparency and digitalisation enable dialogue between the public and private sectors that is healthy and, above all, is finally perceived as such. Put another way, by virtue of transparency and digitalisation, repression can be accompanied by a culture of preventive legality that reassures every public official who does their job honestly: an official will be rewarded not for making the minimum number of possible decisions in order to seek refuge from any sanctions, but rather if they are able to advance – in everyone’s eyes, both inside and outside the public authority – a complicated project in administrative terms.

Teams consisting of the best professionals. To minimise abuse and inefficiency in the implementation phase of those projects that have been chosen for financing by political decisionmakers, it may also be useful to set up teams, in all central and local government entities involved in such projects, which consist of the best professionals selected from the individual bodies. These professionals would be empowered to manage staff and other resources quickly, with the obligation to continuously and openly report on the outcomes and progress of their work. The selection of top professionals and streamlined and verifiable decision-making processes within public administration, moreover, would reduce to more normal levels the need to seek assistance from private consulting firms, with cost savings and an increased accountability that would be much appreciated by citizens.

Automatic and traceable mechanisms for the supply of funds. Public administrators who make decisions that help advance a project must be rewarded as aforesaid while at the same time all forms of public intervention that cause pointless delays and muddy the waters must be discouraged. In this regard, people often refer to the “German model” for the relationship between public administrator and private operator: in Germany anyone presenting a project to a public authority takes full responsibility for the truthfulness of their statements; they may start to build a property – for example – on the basis of a plan, without even having to go through the process of what we call “tacit approval”, knowing however that if there are discrepancies with what has been declared, it is possible that the process may end with the demolition of the building.

The effectiveness of sanctions and social control acts as a strong deterrent in that system. Adopting a similar philosophy is not impossible in Italy either, as demonstrated by what has been done in recent months with the disbursement of subsidised SACE-CdP loans: the *ad hoc* legislation provides for hundreds of millions of euros to be distributed in a short time, based on the mechanism of self-certification, and postponing checks on the truthfulness of the declarations, made under the personal responsibility of the applicant, to later stages, followed – in the event of non-compliance – by withdrawal of the funding. For those projects that seek to support private investment through the Recovery Fund, it will be necessary, if we want to count on rapid and efficient forms of support for the economy, to use automatic mechanisms (for example, tax credits) to enable as far as possible the elimination of intermediaries in the transfer of resources, thus helping them to flow rapidly to businesses. And “rapidity”, mind you, is not synonymous with “superficiality” if one knows how to introduce mechanisms to monitor the flow of money and its use. In light of outlays under the Recovery and Resilience Facility, it



would be advisable, for example, to provide for the possibility of disbursing funds to dedicated accounts whose movements are traceable, so as to be able to monitor the use of the funding on an ongoing basis and perhaps *ex post*. This would be a fairly simple initiative to avoid creating bottlenecks in *ex ante* financial controls, allowing for a smooth but monitored flow of anti-crisis funds.

A training and generational revolution at the service of public administration. In addition, it would be appropriate to think of some proposals to implement immediately that have a medium/long-term effect. In a system of public administration such as the one in Italy, in which average seniority of service has risen in almost all sectors (especially in ministries and local authorities), lifelong learning and reform of the recruitment system are a priority. France, for example, has long invested in outstanding institutes, such as the *École nationale d'administration* (ENA), which has become the symbol of the French people's trust in public institutions, given the **high level of qualification of the public officials who trained there.**

For senior managers in public administration in Italy, continuing education of a similar level should above all provide the required tools, not just technical and specialist capabilities but also managerial techniques, to deploy a better planning capacity. The efforts of the Italian *Scuola Nazionale dell'Amministrazione* (SNA) in the public sector, and institutes such as the Luiss Guido Carli School of Government in the private sector, are fortunately already moving in this direction, but such efforts must be multiplied, because the successful outcome of the challenge to the economic crisis we are facing largely depends on the quality of the administrative managerial class and their ability to plan, monitor and verify use of the Recovery Fund.

As part of the continuing education to be provided by the *Scuola Nazionale dell'Amministrazione*, it will also be a matter of ensuring **as close a dialogue as possible between public and private bodies**: those working in public administration must become more aware that they are working not to maximise the interest and power of the sector that they belong to, but to offer essential services to private entities – whether individuals or companies – which have their own particular characteristics and which require frequent exchanges of ideas and information in order to meet the expectations and needs of the public sector. In the same vein, one might think, for example, of ways of facilitating programmes whereby public administrators could spend a sabbatical in the private sector, and vice versa (subject to selection and an assessment of each particular situation).

The model would be that of the programmes which currently enable career diplomats (usually at counsellor level) to be seconded as “diplomatic counsellors” to the country's strategic companies. Similarly, albeit this time with the goal of creating more interaction with international organisations, it would be possible to strengthen the structured programmes of sabbaticals by our public administrators with other organisations in the sphere of public administration. In this regard, one should not underestimate the “Seconded National Expert” programme, nor the long-running and ongoing experience of the Bank of Italy's Study Service, whose members work for long periods at the IMF, ECB and World Bank. These strategies would undoubtedly broaden the cultural and professional background of our public administrators, while also enhancing their role and image beyond their usual area of work, thus preventing circumstances that have led some of them – owing to occasional excessive



rigidity in career progression – to choose to permanently leave the civil service, depriving it of valuable human capital.

As far as middle and junior managers in public administration are concerned, **new selection criteria** will have to be devised **for future recruitment**. Not only would it be extremely important to recruit young people with digital programming skills to support process of transforming public administration but it is necessary to draw inspiration from cutting-edge hi-tech for increasingly radical innovation, which means favouring those with skills in problem-solving rather than in merely reciting notions.

One such example comes, once again, from France, where a revolutionary school called **École 42** has been operating for some years now. It is revolutionary because it does not have professors but young people who learn by working together, solving problems with a peer-to-peer approach to the spread of knowledge, and it chooses its students from among those who demonstrate, through innovative tests of logic and motivation, a particular ability in using IT, in programming new functions and work areas. Similarly, the Italian civil service, in its future recruitment rounds, should reward – even more than it has started to do on occasion – this ability to become innovative problem-solvers, reducing the importance placed on factual knowledge, which is nonetheless still needed.

A dynamic role for universities. Prime Minister Giuseppe Conte, speaking on 9 November 2020 at the inauguration of the academic year of Luiss Guido Carli, rightly stressed that universities and research will be priority recipients of the resources from the Recovery Fund. Moreover, he added that “in terms of higher education” it will be necessary to work, once again by virtue of these new resources, on three overarching guidelines: multidisciplinary, integrated and complex research; the enhancement of basic and mission-oriented research; finally, closer ties between universities and the world of business and work in general.

As for this last point, may I add – paraphrasing one of the most beloved presidents of the United States – that Italian universities should not ask only what the Recovery Fund can do for them but what they can do for it so that the Recovery Fund fuels a long-lasting recovery and focuses on the young generations. Above all, it is a question of conceiving training projects, at graduate and post-graduate level, aimed at both public and private managers or, better still, joint training programmes. In this way, the European resources currently earmarked for universities will contribute right away to imbuing public administration in Italy with a problem-solving culture of innovation. As urged by Prime Minister Conte, and as is inherent in the DNA of Luiss, universities will thus have to be even more committed to “devising lifelong learning paths, strengthening the link between universities, the **Scuola Nazionale dell’Amministrazione**, professional associations, companies and industry”. In this way, our universities can become real growth multipliers, in the interests of future generations and therefore in the true spirit of a programme that the Commission President, Ursula Von der Leyen, has not by chance dubbed – let us never forget – “Next Generation EU”.