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STRATEGIC PLANNING FOR CITY ATTRACTIVENESS IN SICILY

REGIONAL GOVERNMENT
POLICIES AND ROLE OF
MUNICIPALITIES

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POLICY DESIGN”

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Summary

This research attempts to build a model to evaluate the impact of strategic planning for city attractiveness, using a set of factors associated to the concepts of urban heritage, culture, tourism development and role of Municipality linked to supporting regional policies in Sicily.

Traditionally attractiveness is connected to stages of economic growth to provide a broader framework to analyze the process in which cities are immersed to reach a higher standards of quality of life for their inhabitants. At the same time, the concept of attractiveness is gaining more attention from economists who now define it in terms of competition for capital, people and government resources.

By the effect of increasing inter-urban competition, many local governments are forced to establish efficient strategies in order to adapt to their new competitive environment. And in this context, many local key actors consider that culture and tourism are the best assets for improving their city's attractiveness.

The scientific literature review (in the first chapter) highlights the concept of attractiveness within the urban context, in consideration of the role of cultural and tourism development in the strategic planning, intended for raising city's attractiveness. As well this chapter introduces the concept of urban heritage as strategic resource for attractiveness.

Local governments capacity, mission, institutional cooperation, boundaries and legal framework are analyzed in the second chapter. In details, relationships between Region and Municipality are taken in consideration with reference to the State regulation and with reference to Sicilian context, as self governing Region by the so called "autonomous statute law". In addition, a specific focus clarifies the current federalist reform that gives to municipalities a financial autonomy of collection and expenses. By moving quota of decisional power from the State to the

Regions, Municipalities are not considered as a bureaucratic bodies anymore, but communities bodies expressing interests of society. Therefore the government of cities becomes the preferential actor to satisfy the citizen's needs. That means ability to plan and put into effect sustainable municipal policies in accordance with a self financing capacity, available funds by State and regional planning.

The third chapter explains quantity and quality of policies designed by regional government in Sicily in order to support attractiveness, urban heritage, tourism development and culture of Sicilian municipalities. The regional attractiveness strategy is defined after a conceptual analysis of the basic conditions, criticalities and key challenges for attraction in the urban areas.

Preferential strategic action axes are described with reference to some action plans of various governmental departments (at regional level) involved in the same broad spectrum goal achievement.

From an operational point of view, all this will lead to the identification and classification of limited clear and defined operative objectives, which can be measured progressively over time. Then specific policies and action axes will be associated to these objectives and differentiated for each specific action framework.

Municipalities may produce a "Strategic Plan" (or Master plan) in order to reach their purposes. For it the city's "vision" is identify by a preliminary analysis and by contribution of all private and public stakeholder with strategic role in local development. A municipal planning tools review (in the chapter four) makes clear capability and potential of local government to use financial resource (by regional policies) in order to improve their urban heritage and attractiveness.

At the end part (in the chapter five) is more operational in modeling and will tackle the issues related to the translation of strategic action axes into specific actions to be implemented.

With reference to a pattern behavior detected in a case study (the Metropolitan Area of Palermo), strategic actions put into effect for tourism development will be evaluate by a system dynamics approach in order to

understand results, feedbacks and structure of attractiveness policy by this local government engaged in urban heritage and culture promotion.

Palermo is an important trading and business centre and the seat of a important University. Located on one of the most beautiful promontories of the Mediterranean, the city is connected to the mainland through an international airport and an increasing number of maritime links. However, land connections remain poor. This and a bad city image around the world have until now thwarted the development of tourism even if (since the end of 1990's, by the introduction of a modern urban Strategic Plan) tourism has been identified as the main resource to exploit for the city's recovery by the enormous heritage of three millennia of history and folklore.

Regional policies and planning ability of Municipalities may produce interesting result in urban attractiveness and tourism development in Sicily. By a system dynamics approach planners may turn out a model to understand (*ex-ante* and *ex post*) the effectiveness of specific policies by key actor involved in public decisions, governance and strategies at local government level, analyzing specific correctives to improve a desired behavior.

Introduction

The Sicilian region has an extraordinary and very significant urban heritage and environmental assets, although not yet fully exploited until now. This singular capacity of attractiveness has been negatively counterbalanced by critical delays in the sectors of the infrastructures, building conservation and restoration, cultural promotion, safety perception, institutional transparency and efficiency.

As far as infrastructures are concerned, we should highlight a significant gap between Sicily and the rest of Italy. The road and railway networks suffer from the most marked development delay, while the existing ports and airports certainly need to be strengthened, as well as their related services. The recent growth in the motorway connection system and in the three airports of the island (Palermo, Catania and Trapani) did not resolve the problems of external accessibility due to the specific (insular) nature of the region. In addition, the capacity of penetration of the road and railway network in hill and mountain areas is still insufficient, as well as the level of essential services available to travelers.

As far as the artistic cities, cultural and environmental offer is concerned, Sicily has a rich heritage that is potentially capable of attracting a very high tourist flow toward the region, both from the other Italian regions and from abroad.

The continuous enlargement of the natural protected territory (over 748,000 hectares among Sites of Community Importance, i.e. SIC, and Special Protection Zones, i.e. SPZ) that took place over the last few years is one of the indicators of the high potential existing in terms of environmental attractiveness around urban areas. In particular, Sicily has seven Regional Parks (covering over 185,000 hectares) and five Marine Protected Areas (over 75,000 hectares), whose potential is even more significant if we consider the availability of cultural, historical and archaeological assets of

international significance disseminated throughout the entire territory. Five Sicilian sites obtained the UNESCO recognition as “World’s Heritage”: the archeological area of Agrigento, the Roman Villa of Casale (**Piazza Armerina**), the baroque cities of Val di Noto and Palazzolo Acreide, the Aeolian Islands, Syracuse (**Siracusa**) and the cliff top Necropolis of Pantalica. But many other sites and local identities have yet to be recognized and highlighted both at regional and provincial level. Since 2500 years ago, Phoenicians, Greeks, Romans, Arabs, Normans, and after French and Spanish conquerors each made their mark, leaving important testimony of their presence through artistic and architectural works of the highest level. Monumental buildings, aristocratic residences artistic churches, ancient convents, cloisters, monasteries, villas, theatres and art galleries makes cities and towns of Sicily a peerless melting pot of history and art able to satisfy the taste of the most experienced visitor. Municipalities may benefit a lot (in terms of local economic growth and income from taxes) by a consistent strategic planning based on urban heritage protection, considering building conservation and restoration actions, increasing the city attractiveness.

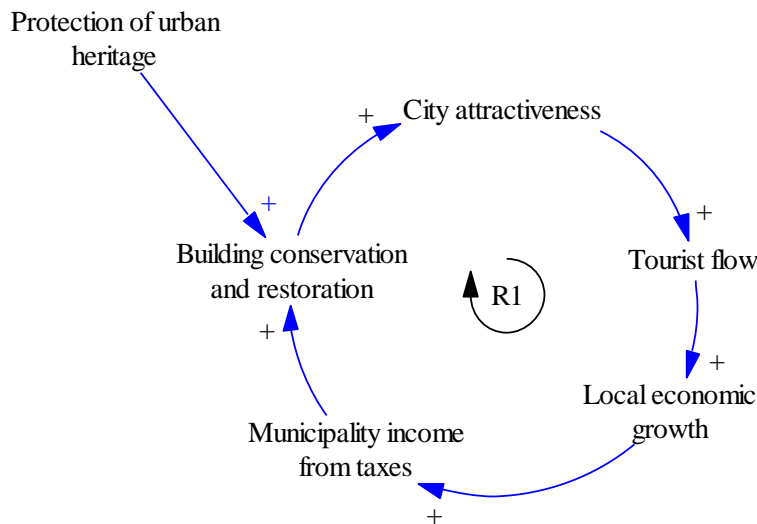


Fig.1 City attractiveness by a consistent strategic planning including building conservation an restoration actions.

Indeed a major city attractiveness means a growth of tourist flow that effects (in a positive way) the local economic growth and the level of municipality income from taxes as consequence of this growth. More income for municipality means more possibility to finance several actions of building conservation and restoration, reinforcing city attractiveness in an exponential way in the time.

In spite of all this, the value of the local cultural resources still awaits appropriate maximization, particularly due to the relative state of abandonment of many historical and cultural assets and historical town centers in many inland areas, to the poor services provided to enjoy these assets, to an inadequate response from the Local Governments in identifying and implementing appropriate policies, and to the lack of a private sector that be fully involved in the conservation, restoration and management processes regarding the sites. These management-related criticalities does not favor an appeal for tourists to come to Sicily and in addition no action has been taken to promote mafia repugnance, honesty and charm of majority of Sicilian inhabitants, against stereotypes of criminal behavior (boosted by novel, TV series and movies popular at international level¹).

Nevertheless in some towns flow of tourist is increasing the stock of tourist presence per year. This because some local strategic actions - designed by municipalities - are put into effect in coordination with objectives of strategic planning, designed at regional government level.

Sicily is the one of the so-called “Convergence regions” of European Union. Overall objective of the regional plan (from 2007 to 2013) is to contribute to increasing and stabilizing the rate of growth of the regional economy by creating conditions in the region which are more attractive to productive enterprises. Competitiveness will thus be thereby promoted. The total cost of the program amounts to 6.54 billion euro and Sicily receives Community funding of 3.27 billion euro.

¹ George De Stefano (in the “Mafia in the mind of Americans”. New York: Faber & Faber, 2006) analyzes how the Americanized image of the “mobster” has transformed and how this image has influenced Americans’ views of Italian Americans. He refers to films such as *The Godfather* and TV series *The Sopranos*.

The regional strategic program for Sicily is designed in 7 priorities, as follows:

Priority 1. Mobility networks

Priority 2. Efficient use of natural resources

Priority 3. Exploiting cultural and environmental resources to attract tourism and promote development

Priority 4. Dissemination of research and innovation and Information Society

Priority 5. Development of enterprises and competitiveness of local production systems

Priority 6. Sustainable urban development

Priority 7. Governance, institutional capacity-building and technical assistance

In particular priority 3 aims at the promotion of sustainable tourism by the enhancement of the cultural and natural potential of the region. The preservation of historical premises and the support to small and medium enterprise linked to the management of the cultural heritage and the environmental networks are envisaged.

Also, on 17 August 2007, the European Commission approved the multiregional operational program 'Security for development' for the regions of Calabria, Campania, Apulia and Sicily in Italy covering the period 2007-2013.

The overall aim of this program is to:

- improve the conditions of security, justice and equality for citizens and businesses, and thus contribute to the development of areas characterized by a high degree of criminality;
- raise confidence levels among the population and economic operators.

By the end the program aims to strengthen security in the four regions of Southern Italy concerned in order to make them more attractive. The two linked themes of security and promoting adherence to the law are at the heart of development policy for the less favored regions.

Unfortunately any public action has been planned to promote honesty and charm of majority of Sicilian inhabitants abroad by novels, TV series and or movies at international level, against stereotypes of ethnic criminal behavior.

“The human mind is not adapted to interpreting how social systems behave. Social systems belong to the class called multi-loop nonlinear feedback systems. In the long history of evolution it has not been necessary until very recent historical times for people to understand complex feedback systems” (Jay W Forrester, 1995) .

Analyzing (*ex ante*) the current regional strategic planning (from 2007 to 2013), by a system dynamics approach (integrating a public policy analysis) it is possible to identify the multi-loop non linear feedback system on city attractiveness in Sicily as expected results of some strategic objectives of the plan in the time. In practice it is possible to notice some reinforcing loops on city attractiveness if some actions are put into effect.

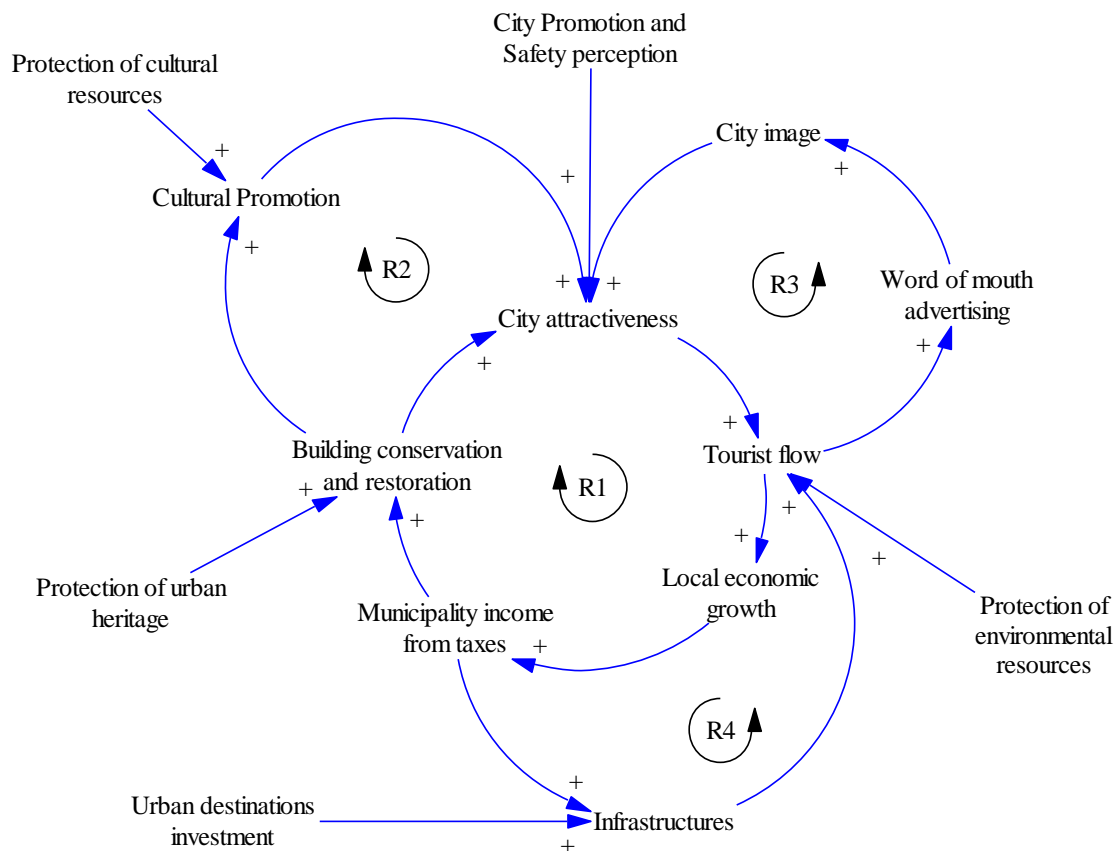


Fig.2 Dynamic hypothesis concerning city attractiveness growth by specific public policies put into effect.

Research questions

The research is developed in order to understand dynamics to enhance city attractiveness by a set of factors associated to the concepts of urban heritage, culture, tourism development and role of Municipality linked to supporting regional policies. The issue is related to strategic planning for Sicilian cities' economy growth on the base of available assets (until now under estimated).

Questions:

- What resources are key to achieve successful strategies with considerable impact on local economic growth and succeeded in achieving the long-term goal of modernizing cities' economies in Sicily?
- How city attractiveness is related to urban heritage, culture and tourism development?
- What factors (and actors) are key to achieve public successful strategies that have a considerable impact on urban heritage, culture and tourism development?
- How policies are effective in promoting linkages between different levels of local government (Regions and Municipalities) to disseminate growth processes to Sicilian urban areas?
- How would regional government of Sicily improve attractiveness of its cities?

- How could municipalities plan for city attractiveness?

- What is the quantity and the quality of the multi-loop non linear feedback system on city attractiveness in Sicily in the time, as effect of the adopted program of investments?

- What measures are necessary to complement centre-pillar projects of Region and Municipalities to enhance city attractiveness?

Goals

The end purpose of the research is to build a model able to evaluate (*ex ante* and *ex post*) the impact of strategic planning for city attractiveness in Sicily. Strategic objectives (as steps of the research) and operational objectives (as short term goals whose attainment moves the research towards achievement its strategic objectives) are accomplished in order to reach the end expected result.

Steps of the research and operational objectives:

1. Problem understanding

- Identification of resources to achieve successful strategies with considerable impact on local economic growth and succeeded in achieving the long-term goal of modernizing cities' economies in Sicily
- City attractiveness explanation
- Identification of factors (and institutional actors) to achieve public successful strategies for city attractiveness

2. Analysis of policy

- Identification, classification and evaluation of policies that are effective in promoting linkages between different levels of local government (Regions and Municipalities) to disseminate growth processes to Sicilian urban areas

- Identification, classification and evaluation of regional policies for city attractiveness in Sicily
- Identification, classification and evaluation of municipal tools to make strategic planning for attractiveness

3. Analysis for policy

- Detection of measures that are necessary to complement centre-pillar projects of Region and Municipalities to enhance city attractiveness.

Methodologies

The scientific literature review is used to focus the issue (strategic planning for cities' economy growth with reference to the concepts of urban heritage, culture and tourism development) at same time as the legislative analysis clarify:

- Relationship between regional government and city government
- Regional policies for city attractiveness
- Master plan of Municipalities

In any institutional system, governmental bodies enact laws, make policies, and allocate resources. This is true at all levels. Public policy can be generally defined as a system of laws, regulatory measures, courses of action, and funding priorities concerning a given topic promulgated by a governmental entity or its representatives. Analysis may discover limits and boundaries of such actions whose have effect in a specific social system.

“Legislation is debated and passed with great hope, but many programs prove to be ineffective. Results are often far short of expectations. Because dynamic behavior of social systems is not understood, government programs often cause exactly the reverse of desired results” (Jay.W. Forrester, 1995).

Therefore this research adopts a system dynamics approach in the policy analysis (analysis of policy and analysis for policy), in order to understand multi-loop nonlinear feedback of actions, defined as priority in the strategic planning of cities and Sicilian region. The system dynamics methodology was applied to public sector issues, beginning with Forrester's (1969) model of economic growth and decline in large American cities.

Analysis of policy means analysis of current policies, whereas analysis for policy means analysis for possible/future policies. (David Wheat, 2010). In *Urban Dynamics* (1969, 113), Forrester lays bare the two essential stages of the system dynamics modeling process: “First ... generate a model that creates the problem. [Next] ...restructure the system so that the internal processes lead in a different direction.” (David Wheat, Lili Shi, 2011).

The thinking process for research output (a model to evaluate the impact of strategic planning for city attractiveness) may be represented by this workflow diagram:

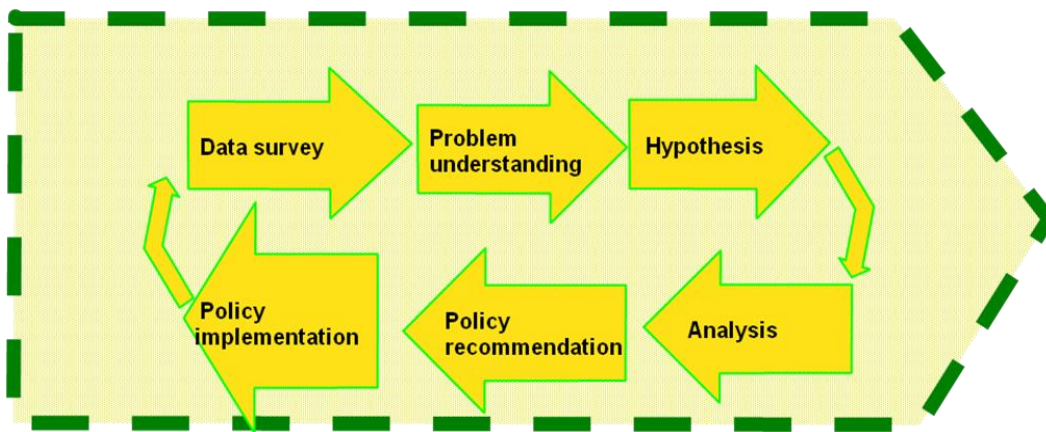


Fig. 3 Research’s work process

The output doesn’t want to show a predictive model (or forecasting model) as device to predict the value of a variable at some point in the future, but a way to understanding patterns of development by actions designed in the strategic planning object of the research. To avoid misinterpretation no conclusions from simple simulation.

Mathematical model are able to capture the key interrelationships in the system, but computer model require a tightly disciplined approach (Andrew Ford, 1999). Therefore in this work all assumptions are clarified by scientific literature, previous observations and interviews to making policies and planners.

Problems and opportunities

First problem: to collect data and making interviews in the Sicilian public administration is a big issue and a great challenge for an “independent researcher”, thus a researcher without connections, or “friendship”, in the institutions and political organizations of the Sicilian society.

The analysis of friendship in Sicily is further complicated by the fact that the term friend is applied indiscriminately not only to all social equals with whom a person is in contact, but also to patrons by their clients, and to clients by patrons (Boissevain, 1966).

“The system of patronage is seen to be an essential part of the political system in Sicily, for through it individuals and groups influence the outcome of decisions which concern them. It provides a system of communication which is parallel to the official channels of the government. (...) For in such a society the lines of communication through the formal system are tenuous and difficult to follow because of the social distance between those who wish to make their voices heard on high, and those who control the channels through which such messages necessarily must pass. Those desiring to communicate are faced by the rigid apparatus of a ponderous bureaucratic system. The system of patronage permits a person to contact officials on a personal basis. (..). Beyond the individual and family levels, patronage can be seen to link entire villages to the structure of government, for the personal networks of village leaders, while manipulated primarily for personal ends, also provide the lines of communication along which village business moves upward, and provincial, regional and national funds flow downward into the village for public works and other development projects. At this level the patronage system is linked with the structure and operation of political parties” (cf. Boissevain 1965: 120-33; 1966).

Second problem: Simona Piattoni ²- analyzing relationships between politics and local development in Sicily - speaks of vicious political clientelism. Subsequently, what space for structural policies, strategic planning and use of public resources for investments and local development? Are they possible policies that don't share only financial resources between political supporters?

Richard Graham (1997) characterized clientelism as an action-set built upon the principle of “take there, give here”, enabling clients and patrons to benefit from each other's support as they play in parallel at different levels of political, social and administrative articulation.

By client oriented politics policy makers are able to satisfy their electors (clients) whose give them more power and then more possibility to pursue their political actions upon the principle of “take there, give here” in the time. The so-called clients are expected to return their benefactors' help, politically and otherwise, by working for the patron at election times or boosting the patron's prestige and reputation for electoral consensus.

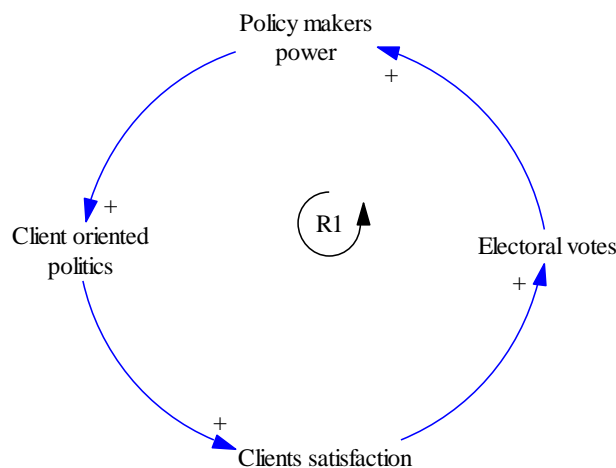


Fig.4 Reinforcing loop of client oriented politics by clients satisfaction

² Associate Professor of Political Sciences at University of Trento, Italy. Her doctoral dissertation studied the impact of local politics in economic development in southern Italian regions. She has published articles and essays on regional development

Daily current affairs in Sicily (and Italy) show up that clientelism is associated with the particularistic use of public resources and with the electoral arena, and entails votes and support given in exchange for jobs and other benefits handed over by incumbent and contesting power-holders as favors. It is a useful strategy for winning elections and building political support, through the selective release of public funds to supporting politicians and associates or the acceptance of political nominees as personnel in public-related agencies. Policy makers in power are attempted to get more deficit and a major national debt, in order to reinforce this system by a major public expenditure.

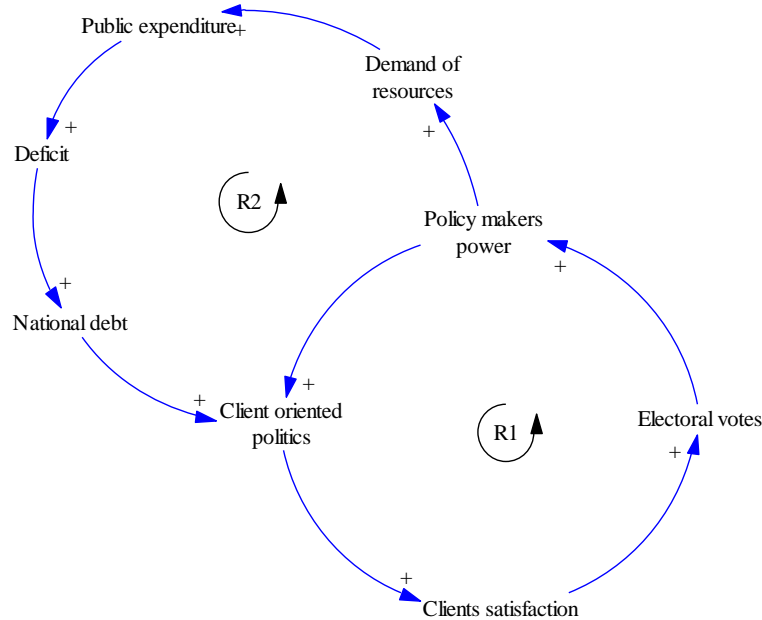


Fig.5 Reinforcing loops of client oriented politics by clients satisfaction and public expenditure growth

Clientelistic practices and patronage-ridden politics are widely found in many contemporary societies (Roniger 2004). However, in a democratic system (with freedom of political competition) some counteracting processes are put into effect by the demand of representation of population's fraction not included in the selective release of public funds and the fraction of business class suffering structural deficit and corruption. Indeed, clients oriented politics reduces transfer of financial funds for

structural policies (thus policies oriented to economic growth) and favors corruption's practices between business and political classes³. Because (historically) during economic depressions companies looking for public commitment and grants.

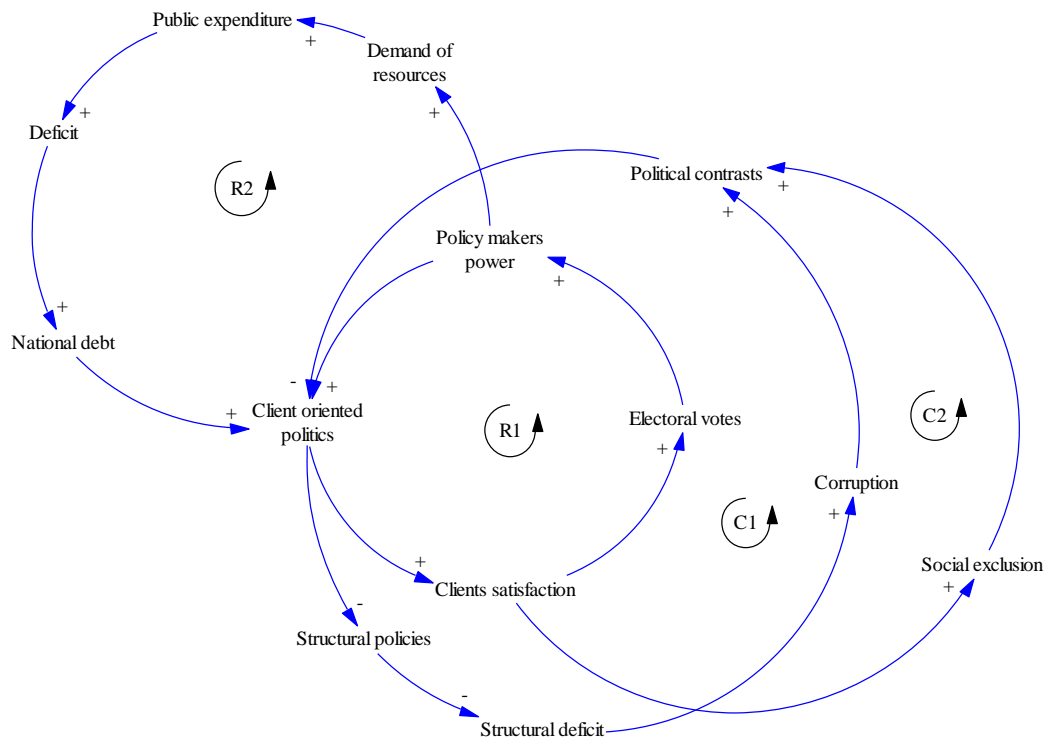


Fig.6 Counteracting loops (C1, C2) of client oriented politics system by political contrasts (in a democratic system) effect of social exclusion, structural deficit and corruption

Also in a democratic system, political contrasts are effect of allocation resource fight between “patrons”(in competition) whose want to extend influence and base of satisfied clients, getting more power. Economic depression (an effect of internal structural deficit farther than international crisis) offers more opportunity to “patrons” by demand of unemployed people. International economic crisis (with negative impact in local economies) makes this scenario worst. “Patronage suggests the transgression of real or perceived boundaries of legitimate political

³ See Emilio Fucillo in “La Casta delle Regioni” (2010) about use of public expenditure by Regional governments and effect on local development in Italy

influence, the violation of principles of merit and competition in civil service recruitment and promotion”⁴

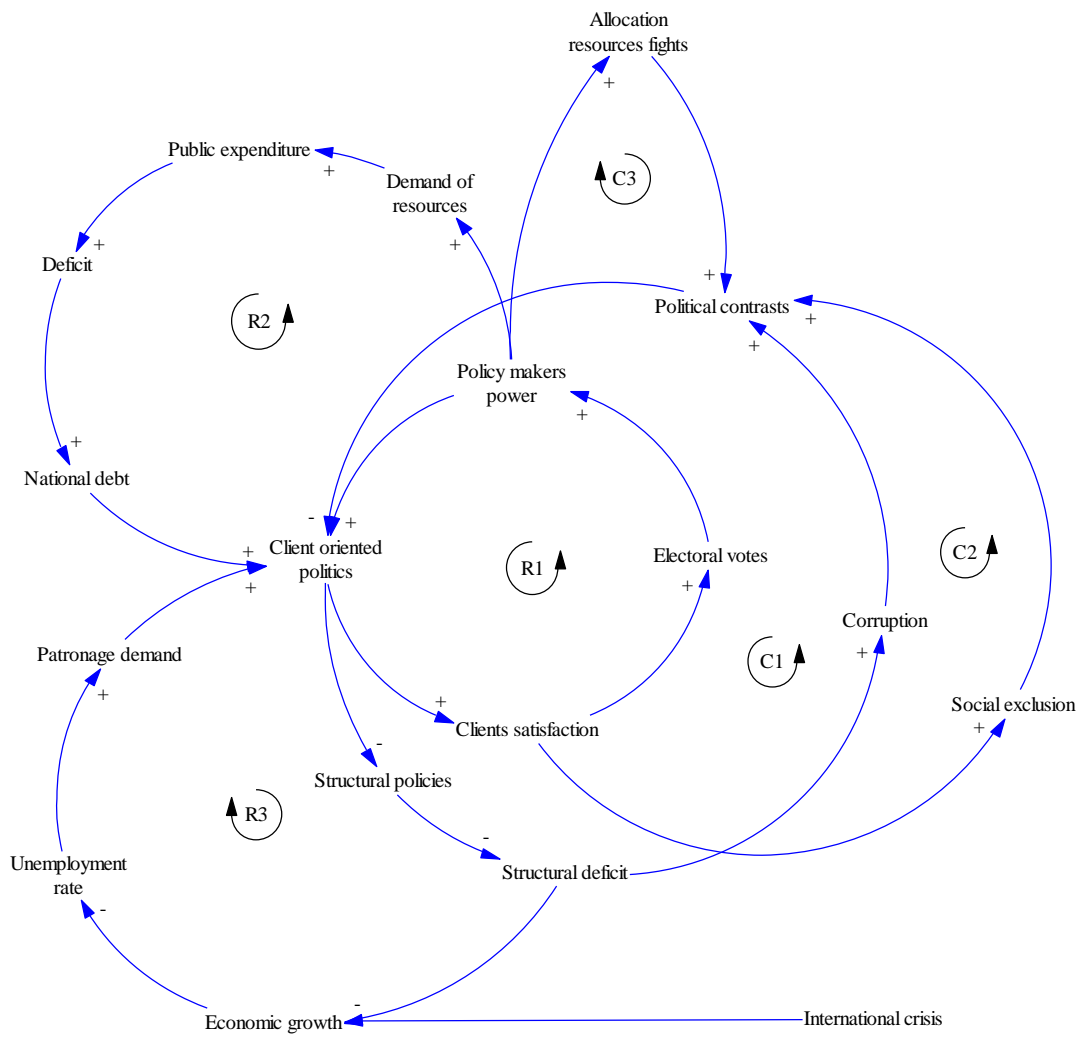


Fig.7 Unemployed rate and patronage demand (loop R3) reinforcing clients oriented politics system and counteracting loop (C3) by allocation resources fights

Robin Theobald observed that in post-industrial societies, patronage becomes more “classified”, that is, it tends to proliferate among those with professional and business qualifications in the upper strata, rather than

⁴ Jana Orac and Jeffrey Rinne, “Patronage”, The World Bank Group, Governance and Public Sector Reform Sites, 24 July 2000 (www1.worldbank.org/publicsector/civilservice/patronage.htm)

At a certain point, when risk of default imply corrective actions on public deficit there is space for structural policies, strategic planning and use of public resources for investments and local development. Nowadays this is the case of Sicily in the Italian and European context.

The main aim of structural policies is to decrease the regional disparities within the European Union (EU). For this reason the distribution of financial support by structural policies needs drastic changes in the political system of Sicilian Region. In other words they are possible policies that don't share only financial resources between political supporters.

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Special thanks to Enzo Bivona (System dynamics group of Palermo's university) for introducing me in the fascinating world of systems simulation, and to Erling Moxness and David Wheat (System dynamics group of Bergen's university) for teaching me the system thinking approach in public issues.

Chapter 1

A city attractiveness perspective: urban heritage and culture for tourism development

1.1 Concepts and definitions

A basic and clear definition of city attractiveness is provided by Portnov and Evyatar (2001) arguing that attractiveness of urban places is the capacity to attract resources (human or economic) and to hold on to existing assets. The appeal depends on a multitude of factors and differs by target group: business companies, inhabitants and visitors (Van den Berg, 1987).

Business companies choose their location – among other criteria – by availability of space, land prices, tax rates and other legal regulations, the quality and quantity of the work force available, the presence of other establishments (suppliers and customers), the market demand, the status of a location, the quality of the living environment and the presence and quality of services in the close area.

Inhabitants are attracted by good, affordable place in a clean and safe environment, availability and diversity of employment and a various supply of high-grade services related to education, culture, health care, relaxation, shopping, religion and social security.

An attractive city draws not only residents and companies, but also tourists and visitors. A city's attraction as tourist destination relies on the presence of an access to primary as well as complementary tourist products (Van den Berg, Van der Borg and Van der Meer, 1995). Such primary tourist products as attractions, museums, events, the climate and the landscape are the elements that draw the tourists in the first place, while the

complementary products, such as hotels, restaurants, shops and convention centers, just add to the appeal.

In the scientific literature there are two traditional approaches to study and evaluate city attractiveness. The former is the marketing of cities (Kotler et al, 1993) or selling places as other authors call it, for the reason that so many cities in the world are involved in a process of "reinventing themselves" in order to be attractive places for both people and companies (Philo and Kearns, 1993). The latter is given by the theory of industry location, which considered more formal than the marketing approach due to its set of mathematical tools to assess and compare places between each other.

The decision of where to locate a new company or to expand an existing plant is carried out by comparing results (numbers) emerging most of the time from a process of maximization or minimization according to the case (Hayter, 1997). However by the existing "Information Society" physical nearness is no longer necessary to maintain certain relationships (Castells, 1996). That is not to say that face-to face contacts are no longer needed. On the contrary, the increasing import of high-grade information, especially in creative, innovative and complex production processes (such as research & development, marketing and management), and the fact that economic activities are organized more and more in networks, make face-to-face contact all the more essential.

Business companies increasingly rely on access to information and on employees educated and trained to provide it. Therefore, the quality of life has become a prominent location factor. As in earlier days the workers moved to the factories, things are now reversed. Now, high-grade activities preferably settle in zones that satisfy the high requirements of employees as to the level of services and a pleasant living environment.

In their strategies governments of cities cannot limit themselves to simply investing in the quality of urban services. To communicate the (acquired) attractiveness to people and business in and outside the city is also important (Funck, 1995). To create a distinguishing image is one of the

greatest challenges which cities are facing. Communication and image building are prominent elements of a strategic city-marketing policy (Van den Berg, Klaassen and Van der Meer, 1990). A poor image can keep tourists away (Van den Berg, Van der Borg and Van der Meer, 1995) or businesses from establishing in the city.

With reference to the marketing of cities approach, the concept of “selling places” has been in the urban policy agenda since the 30's when the Americans began to market the cities of Chicago and New York as financial centers of the new world (Philo and Kearns, 1993).

Marketing the city is an urban policy strategy aiming to remake the city image in those places affected by negative perceptions either in people or investors. First of all number of crimes, use of drugs, a high unemployment rate, alcoholism, vandalism, amongst others, are considered as undesirable conditions to create or to expand companies, while low crime rates, availability of infrastructure and a government keen on business activities are considered positive attributes. Safety perception (in people or investors) increases the city attractiveness.

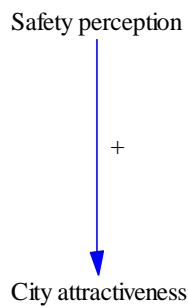


Fig.9 Effect of safety perception on city attractiveness

Local and regional authorities willing to change the image of their areas require “manipulating” the perception of people about their city because they are the greatest promoters not just about the advantages of the place but also the economic advantages of it in relation to quality of life

conditions⁶ (Wong, 2000). However, the issue is not easy to solve due to the position of those that do not want to manipulate the population's perception.

Selling just images has risk of worsening the place in case the "sold image" is not the one expected by the public. Places publicized in one way and not responding to the expectations amongst population and investors might have a devastating negative promotion. For some local governments, the remaking of the "image" needs a change in terms of infrastructure and commitment by other local institutions first of all.

City marketing is more than the simple promotion of place, being used in some cities to rebuild and redefine their image, allied to which has been a strategy. Paddison (1993) presents a good example of city attractiveness in his paper about the city of Glasgow and its problems to "sell" its image as a cultural city.

The appeal of a place also depends on the quality of other (proximate) locations; the travel costs to bridge the distance between two places decides how much they affect each other's appeal (Van den Berg, 1987). Improved access can enhance a given location. For an attractive city, internal accessibility is, therefore, vital. An excellent public-transport system and an adequate road network are indispensable elements in a region that take care of its cities

Modern societies are founded upon the mobility of subjects and goods, so that it becomes essential to guarantee the efficiency of the transportations' system, agreement like accessibility and mobility in a certain area, punctuality and safety in transfer. Transport plays a primary role in the tourist sector, both in reference to the attainment of the destination for tourists, and relatively to the moves that he will effect.

A system dynamic approach (by a feedback thought for a system analysis) makes more clear the strategic role of infrastructures. The positive effect of

⁶ Wong, C. The relationship between quality of life and local economic development: An empirical study of local authority areas in England, *Cities*, 18,1, pp. 25-32

infrastructure's availability has a feedback on itself and on the whole system of city attractiveness, reinforcing the local economic growth and (for consequence) the Municipality income from taxes which let investments in new infrastructures by the time.

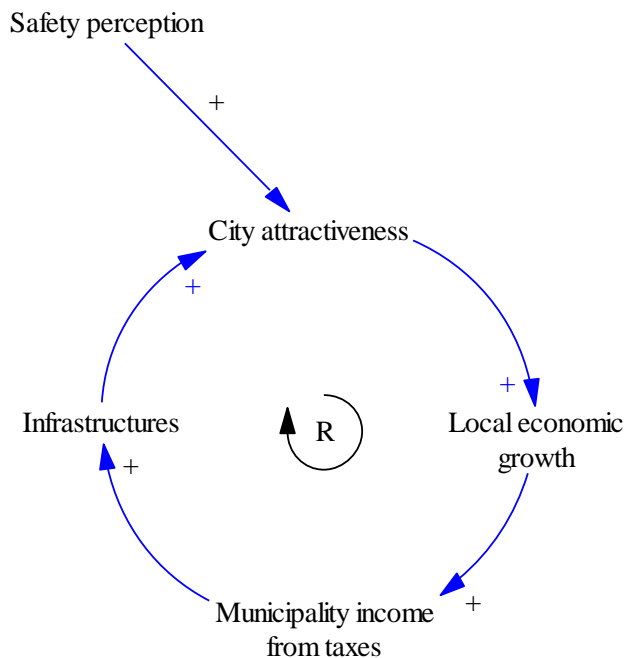


Fig.10 Dynamic effect of infrastructures on city attractiveness and local economic system

A single infrastructure of transport does not produce development; on the contrary the existence of a whole combined infrastructures and services of transport constitute the potential offer of mobility.

Philo and Kearns (1993) considers amenities as the core element for city attractiveness and how this is relevant for the economic development process in modern cities. The central point for making the city more attractive is the construction of amenities-related infrastructure like bicycle paths, museums, and stadiums, to name but few. They also argue that festivals and other cultural activities help to improve the good perception amongst people about a city. Moreover, the city is perceived as a place for something else than just a place for working, as in the case of the

traditional industrial city. For instance, every day more people select their city of residence often before or simultaneously with their job selection.

According to Knight (1995), culture should be regarded as another factor to attract both people and capital. His assertion is that cities have a particular culture appreciated by many people who are now looking for amenities related to the city and not the traditional amusement park that has become a commodity in the global paradigm. Successful cities in Europe are those able to keep their local traditions and own culture without the pollution of the globalization for travelers tired of the cities crowded of the standardized culture.⁷

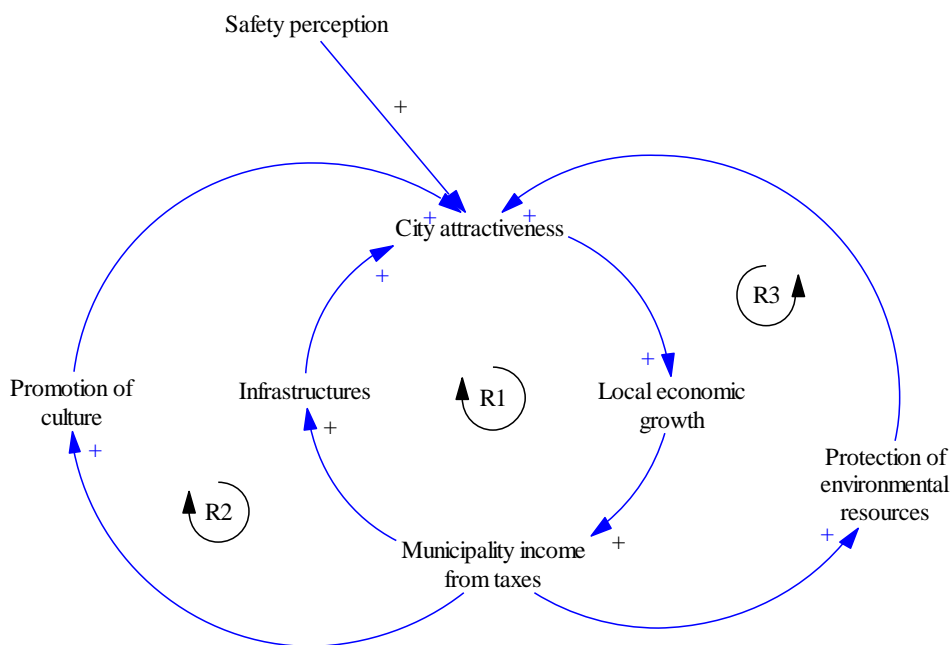


Fig.11 Dynamics of city attractiveness growth by recent theories (marketing of cities or selling places)

In a recent world research, Clark (2000) describes the need for making the cities more attractive but not only for companies, but also for people since human resources are an important input for companies. He complements

⁷ Knight, R. (1995). Knowledge-Based Development: Policy and Planning Implications for Cities, *Urban Studies*, 32,2, pp. 225-260.

his argument saying that to encourage growth it is necessary for local and regional governments to have a more market-sensitive management to seek the expansion of the tax base by either augmenting the number of firms or by helping them to grow. This is a good strategy for generating more opportunities for inhabitants.

In addition, Clark places special emphasis on amenities as the driving force to make cities not just more attractive but more prone to achieve a higher economic development level. He argues that city attractiveness strategies must be related to policies aimed to enhance the quality of life of inhabitants by improving the local economy.

1.2 Urban heritage and local economy

Cities have been the forum for civilization throughout history. The dense accumulation of cultural and historical heritage in cities characterizes each city as a unique existence and serves as the historical and cultural identity of a people. Their power to attract people and activities is what makes a city a city. The economic advantage of cities, which is called agglomeration economies in urban economics, has its basis in their ability to attract people and activities⁸.

The World Bank recognizes that “physical cultural resources are important as sources of valuable scientific and historical information, as assets for economic and social development, and as integral parts of a people’s cultural identity and practice. Physical cultural resources are: “Movable or immovable objects, sites, structures, groups of structures, and natural

⁸ OECD. International symposium. Enhancing City Attractiveness for the Future. 2-3 June, 2005 Nagoya Congress Centre, Japan

features and landscapes that have archeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance.”⁹

Buildings are the physical manifestation of a specific historical experience. Historic preservation has moved from being an end in itself — save old buildings in order to save old buildings — to becoming a vehicle for achieving broader ends: center city revitalization, job creation, cultural stewardship, small business incubation, housing, tourism, and others. Successful strategies utilizing historic preservation as a tool of economic development have several common denominators (Donovan D. Ripkema, 2005):

1. Major landmarks and monuments need to be identified and protected.
2. Historic resources are far more than monuments, and often are vernacular buildings
3. Groups of buildings rather than individual structures are often what are most important.
4. The vast majority of buildings of “historic importance” are defined by their local significance, not national or international recognition.
5. Adaptive reuse of functionally obsolete buildings is central to effective heritage conservation as an economic development strategy.
6. Authenticity is an important element in sustainable historic preservation-based success.

By understanding these six common denominators, historic preservation-based urban economic development strategies generate numerous measurable benefits:

⁹ World Bank, 2006, “Operational Policy 4.11, Physical Cultural Resources,” <http://go.worldbank.org/IHM9G1FOO0>.

- Job creation. The labor intensity of renovating buildings generally means that there is a greater local economic impact in jobs and income than with the same amount spent on new construction.
- Job training and skills transfer. Local craftsmanship skills in the building process, which can become lost and forgotten over several generations due to lack of use, instead can be passed on through historic preservation, which both creates new jobs and enhances old skills.
- Import substitution. A central strategy in building a sustainable local economy is import substitution — creating locally what otherwise would have to be purchased elsewhere. Almost by definition historic preservation is locally based, using expertise, labor, and materials from the local market. New construction is often the opposite, requiring the importation of expertise, materials, and sometimes even labor from elsewhere.
- Compatibility with modernization. There are certainly many historic buildings that don't currently meet today's standards for comfort, convenience, and safety. But during the last two decades great strides have been made around the world in the methods of bringing historic buildings into compliance with modern demands, without harming their physical structure or their architectural character. Most components for modernization — water and sewer lines, telephone cables, electric wires, even high speed computer data transmission lines — can be put in place almost invisibly (e.g., underground) without jeopardizing the individual historic resources or their important context and interrelationships.
- Compatibility with evolution. Once there is an acknowledgement that effective historic preservation isn't just museums, and the policy of adaptive reuse is adopted, historic buildings will prove themselves to be remarkably versatile in responding to the demands of the widest imaginable range of uses.

- Product differentiation. In economics, it is the differentiated product that commands a monetary value premium. If in the long run a city wants to attract capital investment, it must differentiate itself from anywhere else. It is the built environment that expresses, perhaps better than anything else, a city's diversity, identity, and individuality — in short, its differentiation.
- Most effective venue for cultural goods and services. For communities that have cultural assets and crafts products that represent economic opportunity, historic buildings often constitute the most appropriate physical locations for the manufacture, sale, and display of goods and the presentation of products. The physical context of the historic building adds to the sense of authenticity, originality, and indigenoussness of the art.
- Natural business incubator for small enterprises. Regardless of a nation's overall economic or social system, entrepreneurship nearly always begins on a small scale — a one- or two-person operation. The size, location, character, and often pricing of historic buildings means that they frequently serve as natural incubators of emerging enterprises.
- Opportunity for tourism. While tourism will be one of the fastest growing segments of the world's economy in the 21st century, not every city can or should look to tourism as a major portion of its economic base. There are cultural, economic, logistical, and sometimes even religious reasons why tourism isn't appropriate for every community. Further, it would be a mistake to only connect historic buildings with tourism — there are many more ways that historic buildings can be used as a local resource. In the US, for example, 99% of all of the historic resources in productive use have nothing whatsoever to do with tourism. At the same time, when tourism is identified locally as a component of an overall economic development strategy, the identification, protection, and

enhancement of the city’s historic resources will be vital for any successful tourism effort.

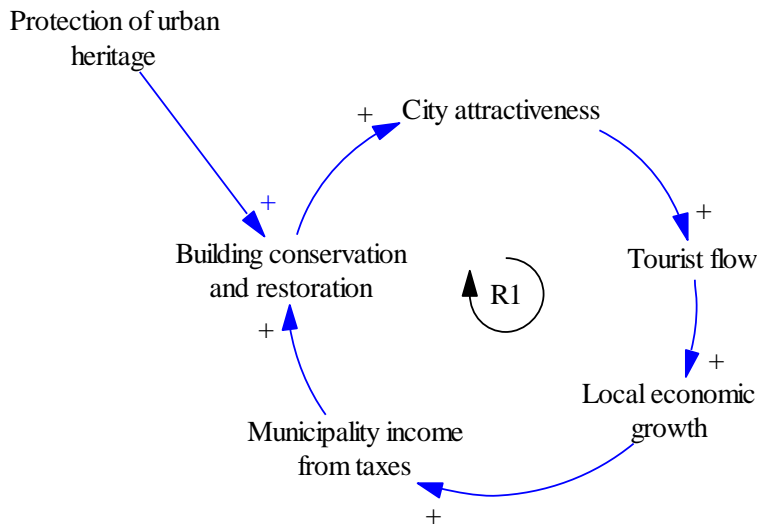


Fig.12 Tourism as component of a economic development strategy by protection of urban heritage (considered as strategic resource)

The protection of urban heritage – safeguarding monuments and historic buildings by actions of conservation and restoration – has an impact on city attractiveness in terms of jobs, business companies and visitors. It increases image, quality of life and cultural identity in a physical conglomerate with roots in the past.

Heritage is the most modern phase of conservation. It is the concept that provides “the link between the preservation of the past for its intrinsic value, and as a resource for the modern community as a commercial activity” (Ashworth and Tunbridge, 1990).

Ashworth (1992) argues that heritage is the product of a “commodification” process in which selection is central: heritage conservation is creation and not preservation of what already exists. The nature of the final product (as heritage) is not determined by the resources

endowment, nor can it reflect any supposedly accurate factual record of the past. In some cases, this approach has been referred to as “exploitation” where “there is an apparent shift to a market orientation that focuses upon the relics of history as a product, selected according to criteria of consumer demand and managed through the intervention in the market” (Ashworth and Larkham 1994, 16).

In Europe, historic rehabilitation creates 16.5% more jobs than new construction, and every direct job in the cultural heritage sector creates 26.7 indirect jobs. Compare this to the auto industry, where the factor is only 6.3 to 1.¹⁰

1.3 Culture from heritage

It is generally agreed that heritage is part of the broader concept of culture which has proved even more difficult to define than heritage, given that is all-encompassing concept representing everything that relates to immeasurable variety in way of life (Richards, 1996). Heritage is everything that people want to save (Howard, 2003). It is not limited to material manifestations, such as monuments and objects that have been preserved over time.

Historic urban environment sustains social structures of human societies and ensures their continuity to some extent. Every culture ensures its continuity through a mechanism of tradition. Tradition is a specific phenomenon – members of a society or a community commit to it without

¹⁰ Terje Nypan, “Cultural Heritage Monuments and Historic Buildings as Generators in a Post-Industrial Economy”, in Culture: New Jobs and Working Conditions through New Information Technology, proceedings of the vertikult workshop at the annual MEDICI conference. 13-14 November, 2003, Milan, Italy

any specific discussion on its sense and values – they just take their ancestors path, hoping that their children will follow the same way.

Culture from heritage includes all living expressions and the traditions that countless groups and communities worldwide have inherited from their ancestors and transmit to their descendants, in most cases orally. Nuryanti (1996) analyzes heritage as “part of the cultural tradition of a society and carrier of historical values of the past”.

The process of inheritance, preservation, maintenance, and transference to next generations is the core of any culture. Historic settlements may be considered as cultural resources (often irreplaceable), that are necessary for particular societies and communities in order to ensure their cultural and social continuity.

From the anthropological perspective culture often is identified not only with human activities, but also with an environment as well. Environment plays a significant role in socialization: from the very babyhood, individuals experience an impact of the native settings. Specific environmental characteristics – geomorphologic features, spatial structures, scale, rhythms, textures, light, colors and similar – are gradually imprinted in human mind, creating a sense of sympathy with the native environment, as well as preferences for specific spatial and other physical patterns. This way environment transfers culture of a community, a nation, a class, or a similar social group from generation to generation. Historic urban environment plays a significant part in cultural development. It acts as a carrier, a sustainer, and a transferor of traditions.

Many sociologists in general identified culture as heritage. Therefore we may see historic towns – urban environment – from two connected perspectives: as urban heritage and as cultural resources. To protect the urban heritage means to promote the cultural identity of a city, reinforcing its attractiveness. Activities in places and cultural facilities (theatres, museum, concert halls etc.) are included in actions to protect cultural resources).

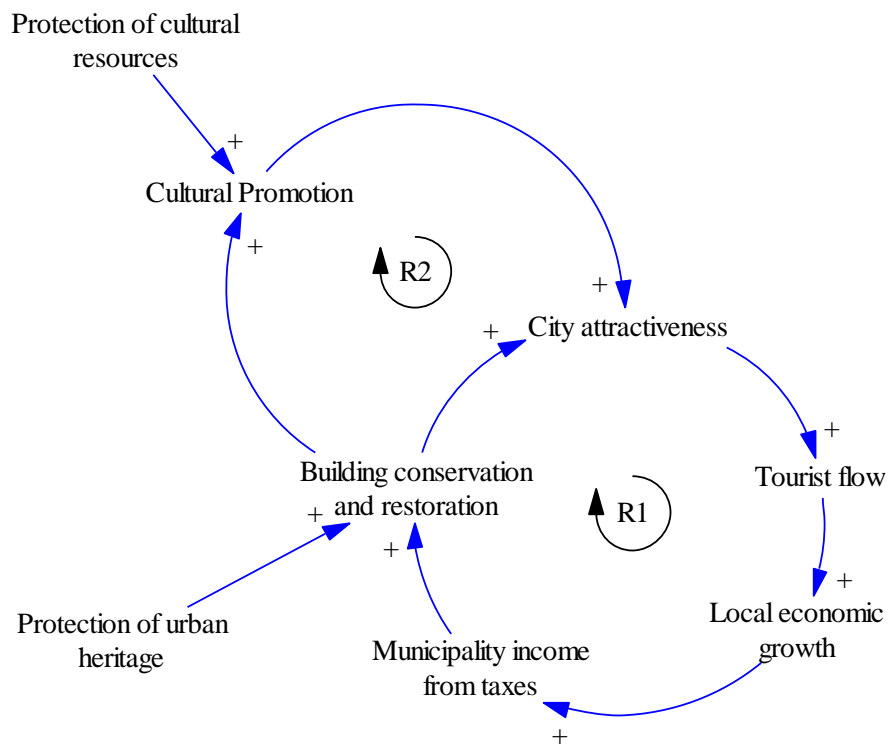


Fig.13 Protection of urban heritage and effect on cultural promotion

Cultural resources include both physical assets such as sculptures, paintings, architecture and archaeology and also intangible culture such as folklore, traditions, crafts and interpretative arts. In a strategic plan the protection of urban heritage and cultural resources are strategic goals, while building conservation and cultural promotion (of arts, crafts traditions etc) are actions put into effect.

In the 1970s, archaeologists created the term "cultural resource management" as a parallel to natural resource management to address the following resources¹¹:

- Historic properties
- Older properties that may have cultural value

¹¹ Thomas F. King, *Cultural Resource Laws & Practice: An Introductory Guide*

- Historic properties that have cultural value beyond their historicity
- Museum collections
- Historical documents
- Religious sites
- Religious practices
- Cultural use of natural resources
- Folklife, tradition, and other social institutions
- Theater groups, orchestras, and other community cultural amenities

Cultural and educational institutions, such as theatres, libraries and universities, can attract young minds and competent professionals to concerned areas (Topfer, 2004). We can say that an attractive local image is in fact created in various fields: history, culture, sightseeing, landscape, environment, industry, custom, etc. Specifically, an enhanced cultural and artistic image for a city is very useful in building a prestigious label and can strengthen local identity (Kunzmann, 2004). Historic attributes of buildings, streetscapes, neighborhoods, and special landmarks emphasize the local character of an area.

Historic districts are generally very pedestrian friendly with a mix of attractions and amenities that are easily accessible. Beyond their educational component, they also generate a sense of place and provide the urban visitor with memorable experiences. Thus, cities blessed with heritage as a selling point are advantaged when looking to develop their tourism product.

The increasing desire for cultural consumption in recent years reflects the changes in the world economy system. We are living in a society "which spends less time in production and much more time in consumption" (Davezies, 2004). Increasingly, we observe the growth of cultural economy and leisure sectors (both for-profit culture industries and not-for-profit

cultural institutions). Sophisticated cultural image and tourist attraction can raise the attractiveness and competitiveness of cities (Park, 2005).

The meaning of contemporary consumption is not only confined to the act of purchasing, but also includes culture, leisure and even tourism sectors. Now, the economy based on "virtual" and "service" sectors is more powerful than that of real products and material exchange (Ascher, 2002). The expansion of culture, leisure and tourism sectors increasingly influences traditional city planning, above all, in many urban regeneration operations and town center renewal programs. For example, several ex-industrial towns, such as Bilbao, Barcelona and Turin, mobilize a series of "urban projects" which emphasize the cultural dimension as well as tourist promotion.

Festivals and events have become an increasingly popular means for cities to boost tourism. They range in size and scale from one time events like the World Exhibition or the Olympics to annual events like Folk Music Festivals or Gallery Nights. Spectacles like that are important, however, their impact upon the city's tourist industry depends on the attendance, and the type and number of outside visitors.

The cities are no longer seen as landscapes of production, but as landscapes of consumption. In older cities (for example, former industrial cities), such strategies emerge in the absence of specialized alternative business developments. In many parts of the world, special visitor districts have been the anchor for regenerated dockland zones. In Baltimore, for instance, the Inner Harbor was planned with three such attractions: an aquarium, a science museum and a viewing platform at the top of the World Trade Center. According to the Baltimore Area Convention and Visitors Association, the total number of out-of-town visitors was almost 12 million. These guests spent an estimated \$2.9 billion¹².

¹² 2006 Baltimore Area Convention and Visitors Association (BACVA):
http://www.baltimore.org/media/media_pr_092205.html

Special visitor districts are places where a combination of visitor attractions such as cultural, amusements, or sports facilities are clustered in one location. These districts are not merely a strategy to attract tourists and provide better amenities for local residents, but one that can be used to facilitate urban renewal.

In cities with growing economies, consumption spaces grow along with new offices and homes (Zukin, 1998). Cities understand consumers (including both inhabitants and tourists) as a new economic resource to raise local income.

1.4 Tourism and city attractiveness growth

In the eighties and in the nineties heritage tourism has been entitled as a important new area in consumer demand. Planning authorities considered heritage tourism as a key area and opportunity to develop. It could be employed to promote local culture and resolve typical mayor problems as unequal season and geographic dispersion (Richards, 1996).

Hewison (1987) motivated the raise of the heritage industry by an increased exploitation of cultural resources in attempt to compensate for a perceived state of economic decline. An attempt of no avail the author argues, since an improved or altered reproduction of the past would undermine all capacity for creative progress. During the 1990's Waitt (2000) and Urry (1990) have focused on the changing conditions of the tourism industry matured within the movements of global socio-economic and political change, from modernism to post-modernism.

Apostolakis (2002) indicates that the boom of heritage tourism springs from the shift from a production-driven to a consumption drive tourism industry with induces a human demand for differentiations and unique

experiences. Development of tourism heritage industry has been an effect of the increasingly sensitive customer tastes.

In his book *Urban Tourism: The Visitor Economy and the Growth of Large Cities*, Christopher Law examines the relationship between tourism and urban areas. He distinguishes between primary, secondary, and additional elements of a city's tourism resources.

Primary elements provide the main reasons why tourists visit cities. Secondary elements such as accommodation and shopping as well as additional elements like transportation or tourist information are also very important for the success of urban tourism, but are not the main attractor of visitors.

PRIMARY ELEMENTS

Activity Place	Leisure Setting
<p><i>Cultural Facilities</i></p> <ul style="list-style-type: none"> • Museums and Art Galleries • Theaters and Cinemas • Concert Halls • Convention Centers • Other Visitor Attractions <p><i>Sport Facilities</i></p> <ul style="list-style-type: none"> • Indoor and Outdoor <p><i>Amusement Facilities</i></p> <ul style="list-style-type: none"> • Night Clubs • Casinos and Bingo Halls • Organized Events • Festivals 	<p><i>Physical Characteristics</i></p> <ul style="list-style-type: none"> • Historical Street Pattern • Interesting Buildings • Ancients Monuments and Statues • Parks and Green Areas • Waterfronts (Harbor, Canal, River) <p><i>Socio-Cultural Features</i></p> <ul style="list-style-type: none"> • Liveliness of the Place • Language • Local Customs and Costumes • Cultural Heritage • Friendliness • Security

Fig.14 Primary elements attracting tourist in cities

As said at beginning of the chapter, “an attractive city draws not only residents and companies, but also tourists and visitors. A city’s attraction as tourist destination relies on the presence of an access to primary as well as complementary tourist products (Van den Berg, Van der Borg and Van der Meer, 1995).

COMPLEMENTARY ELEMENTS

Secondary elements	Additional elements
<ul style="list-style-type: none"> • Accommodation • Catering Facilities • Shopping • Markets 	<ul style="list-style-type: none"> • Accessibility • Transportation and Parking • Tourist Information (maps, signs, guides)

Fig.15 Secondary and additional elements attracting tourist in cities

Law (1996) outlines a number of key attributes that urban areas possess as tourist destinations. They have naturally large populations which in turn attract visiting friends and relatives. They draw tourists to their attractions because these are often much better developed than in other types of destinations. They are easily accessible through airports and scheduled services. There is a large stock of accommodation built to serve the business traveller and finally, urban destinations appeal to a number of different tourist markets as they offer the communications, transport, services and facilities which meet tourist needs.

These markets include: a more educated population, which is attracted to the cultural heritage of cities and towns; seniors, who undertake more sightseeing and are more likely to appreciate cultural and historic heritage; young people, who are attracted by the excitement of the urban environment along with entertainment, night life and sporting events; business travelers; and the meetings, incentives, conventions and exhibition market.

Tourists are the most adequate testimonials and marketer of city attractiveness by word of mouth advertising. (Alberti, 2011). This advertising is put into effect when people share information about products or promotions with friends. Therefore a mayor city attractiveness increases its flow of visitors and these will enhance the city image over time if they had a satisfactory stay (feedback system behavior).

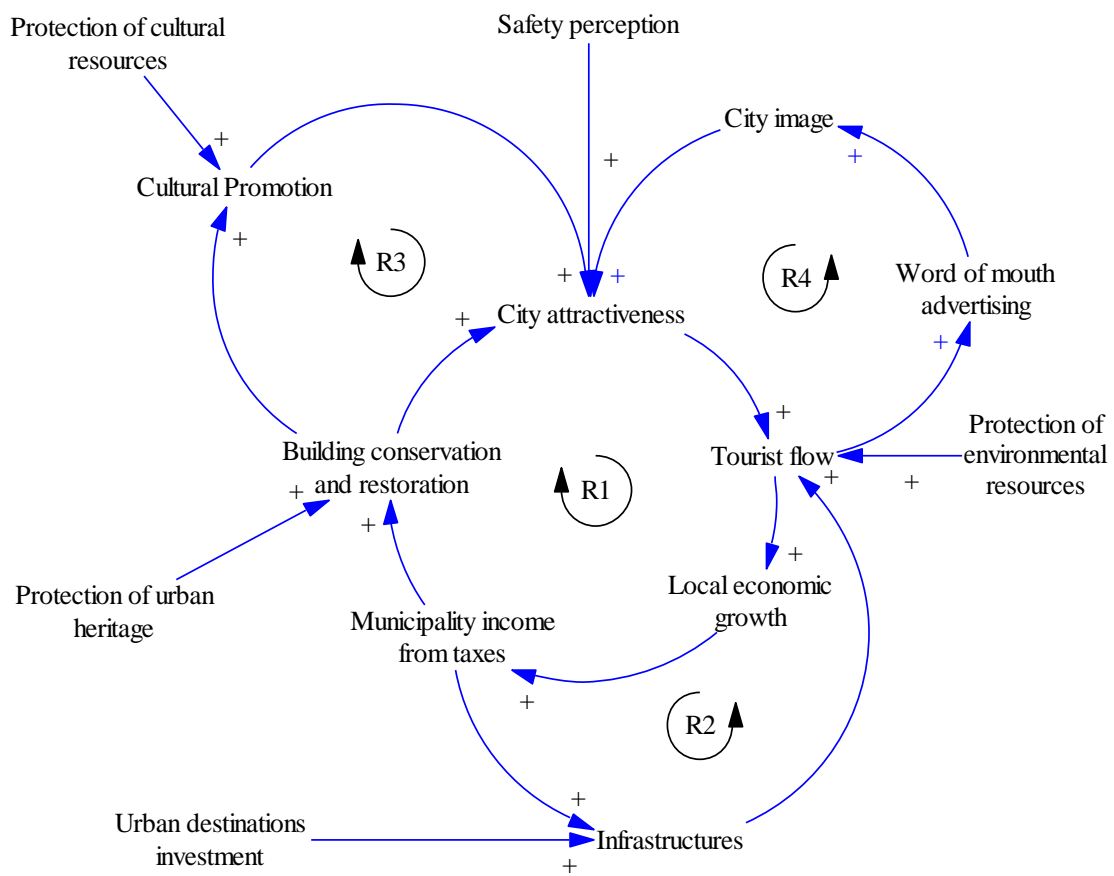


Fig.16 Urban attractiveness by heritage and culture: feedback and circular causality of system behavior

Word of mouth may play a more important role when the product in question is more risky (in our case a urban destination) or uncertain and when consumer's involvement with it is higher, and thus word of mouth has been found to be especially effective in driving the diffusion of new products (Rogers 1995) and in decision making regarding services (Murray

1991). The positive relationship between customer satisfaction and word of mouth have been demonstrated by several studies: Bolton and Drew, 1992; Holmes and Lett, 1977; Reiche and Sasser, 1990; Schlesinger and Heskett, 1991; Swan and Oliver 1989).

The issue is: what are the products that may satisfy heritage tourists?

Millar (1989) orders the distinctive generic resources of heritage visitors attractions in a overall classification model. It moves from the macro to the micro within three main heritage categories: Built heritage, Natural heritage and Living heritage.

Built heritage (cities):

1. Historic towns
2. Seaside resorts
3. Conservations area
4. Museum
5. Arts galleries
6. Historic buildings
7. Historic sites and monuments
8. Heritage centers
9. Heritage theme parks
10. Transport

Natural heritage (landscape/sea):

1. National Parks
2. Heritage coastline
3. Town and country parks
4. Botanic gardens

5. Nature reserves
6. Countryside centers
7. Country parks
8. Forest

Living heritage (people):

1. Traditional food
2. Festivals
3. Market
4. Public houses/cafes
5. Craft centers
6. Farms

Ashword and Tunbridge (1996) argue that heritage consumption is demand-driven (the focus should lie on the users and not on the object) and that the commercial heritage ensues from a “commodification” process. The authors suggest that the actual mercantile heritage product exists in its interpretation rather in its resources. Various products may be created through different interpretations of same resources.

All visitors impact on the heritage (Millar, 1995). It is the experience of satisfaction level of all visitors, including those without personal heritage relation and recognition that matters to attraction managers.

On the basis of the data provided by the World Tourism Organization (WTO) in 2003 international tourist arrivals worldwide were 703 million - approximately ten per cent of the world population and more than in the previous years. In 1950 international tourist arrivals were just 25 million; in 1990 they were already more than 450 million. If this trend with an average year growth rate of approximately three per cent consolidates, the

international tourist arrivals are expected to be more than 900 million in 2010 and 1.5 million in 2020.

A few years ago a survey on European holiday-makers ranked first seaside (63 %) followed by mountains (25%), towns of art (25%) and countryside (23%). This may help us realize the reason for the success of tourism in the Mediterranean Area, where both seaside resorts and history are present and which accounts for almost one third of all the international arrivals earning about a quarter of the total income. This flow of tourists is expected to escalate from 260 million arrivals in 1990 - 135 million of which in coast areas - to over 400 million units in 2025 – coast areas will score over 235 million arrivals¹³.

After settings, climate and costs, cultural interest and environment belong to the criteria justifying tourists' preference for those destinations¹⁴.

The economic impact of tourism is not less significant than the flows it creates. In 2001 the tourist trade was approximately 5% of the European Union's GDP. However this record can be higher than 12% if the industries allied to the tourist trade are included in it.

Just the "hotels & restaurants" sector contribution exceeds 3% of the GDP, which is higher than the overland transport industry and lower than the chemical industry. In 2000 the added value achieved by travel agencies, TO's, hotels, restaurants, bars, and cafeterias throughout Europe was estimated at 163.3 billion euros – more than a half of this amount was achieved by the latter business group¹⁵.

In Italy, where tourism industry has a turnover of approximately 83 billion euros - 6.6% of the GDP – and directly as well as indirectly employs over 2

¹³ CE, Defining, Measuring and Evaluating Carrying Capacity in European Tourism Destinations, 2002

¹⁴ European Commission, The Europeans on holidays 1997-1998, Eurobarometer survey, 1998

¹⁵ EC, European Business, Facts and figures, 2003, pag.321. Europa Inform (Italy) 2004

million people, there are 256 thousand enterprises - 99% of them have less than 19 workers - in the hotel & restaurant branch, which all in all involves 905 thousand workers. All those workers accounted for 6% of all the enterprises and produced a little more than 3% of the total added value in 2001. Enterprises and employees are on the increase with regards to previous years.

Experts of the Italian old town centers say that 2,684 populated areas out of 8,145 municipalities are of Roman and pre-Roman origin and 4.164 ones were founded from the 18th and to the 13th Century. Latium (457), Campania (250), Sardinia (236) and Sicily (167) are in order of importance the regions with the largest number of archaeological site.

Cultural tourism (that WTO defines as a flow of people mainly pursuing cultural goals) involves the participation in several events and activities, such as: festivals, music, theatre, events, visits to old countryside farms, food and sampling typically local products, tours, visits to historical and religious monuments, archaeological sites, museums, classes, conferences, etc. According to a survey of the European Commission, 20% of the tourists visiting Europe mainly meet their needs for culture and 60% of the European tourists are however interested in cultural discoveries during their trips.

On the basis of the new tourism industry demands, which are expected to be one fifth of the trips over the next twenty years because of their growth rate, the tourism industry experts of the European Commission had already pinpointed in 1998 that one of the limits preventing tour operators and local communities from completely taking advantage of new opportunities and offering new products and destinations currently made available was a lack of appreciation and optimization of the wealth and the variety of the historical and cultural heritage available in Europe, where UNESCO acknowledged over 200 places as historical heritage of mankind. Promoting cultural heritage, which helps develop cultural tourism, in a better way will surely improve all these conditions.

1.5 Enhancing city image

Cities are in competition with each other in the same way that private companies do, in order to attract tourists, capitals, business company and visitors. Consequently many cities enter the era of transition from traditional urban planning to a new urban management that is inspired by the model of private economic sector (P. Ingallina, 2001), applying similar marketing and management strategies to be more competitive. These strategies are part of the so called city management or “entrepreneurial city” (Harvey, 1989).

As private companies, cities needs to promote more prominent and positive images to attract their potential investors. This is the reason such expressions as “urban attractiveness”, “strategic urban management” or “urban marketing” rapidly emerge to the center of urban planning. A competitive city owes its success to the improvement of attractiveness, through the creation of a positive local image. A poor image can keep tourists away (Van den Berg, Van der Borg and Van der Meer, 1995) or businesses from establishing in the city.

As said before, an attractive local image is in fact created in various fields: history, culture, sightseeing, landscape, environment, industry, custom, etc. Specifically, an enhanced cultural and artistic image for a city is very useful in building a prestigious label and can strengthen local identity (Kunzmann, 2004). Even if several experiments show that to improve the image of cultural aspect in city development, it is not enough to conceive ambitious plans. It is also necessary to simultaneously develop strategies that are based on a global project, "a general and prospective vision" (De Courson, 2001) of a city, with partnerships between various actors in this process.

A vision considering the feedback system behavior by effect of actions put in to effect, understanding dynamics of city attractiveness growth, may be useful for strategic planning and city management in *ex ante* evaluation stage.

The term “ex ante evaluation” is used in official all documents of European Commission, including the Implementation rules for the Financial Regulation (EC 1687/2001, Art.1). However, other terms, such as appraisal, policy analysis, impact assessment and feasibility study are also widely used to refer to practices similar to that of ex ante evaluation

Ex ante evaluation is a tool for improving the quality of new or renewed programs and for providing information on the basis of which decision makers can judge the value of a proposal. Therefore it is important to start ex ante evaluation work early on in the process when options for program formulation are still open¹⁶. That means to validate in advance a plan (testing the coherence between goals, strategies and actions to reach expected results), against risk of default or unexpected results as effect of previous misperceptions.

Selling just images has risk of worsening the place in case the "sold image" is not the one expected by the public. Places publicized in one way and not responding to the expectations might have a devastating negative promotion. Example: perceptions and quality of services and city resources maybe seriously compromised by an high number of visitors. This because development policies have to deal with the so called carrying capacity of environment: thus, the maximum use of any place without causing negative effects on resources, the community, economy, culture, and environment, and the subsequent loss of visitor satisfaction (Wahab 1997).

The concept of carrying capacity has been used as a form of management for tourist destinations in several countries. In Britain, Chester City Council has adopted such an approach in bringing historical issues to the centre of the decision-making stage (Nasser, 2003). Visitor management should also include restricting tourist numbers in heritage sites by dispersing the tourist activity within the town to relieve pressures (Orbasli 2000).

¹⁶ Commission’s Communication (SEC(2001)1197/6&7) on the Activity Based Management (ABM) underlines the essential role of evaluation (including ex ante) as part of the management system

Feedback system behavior show up counteracting effect of tourist flow with impact on environment (with a certain carrying capacity) and the reinforcing effects on city attractiveness (over time) by some actions planned and put into effect at regional level (as “protection of environmental resources”) and at municipal level. Indeed some actions may be put into effect by either by Region and Municipality.

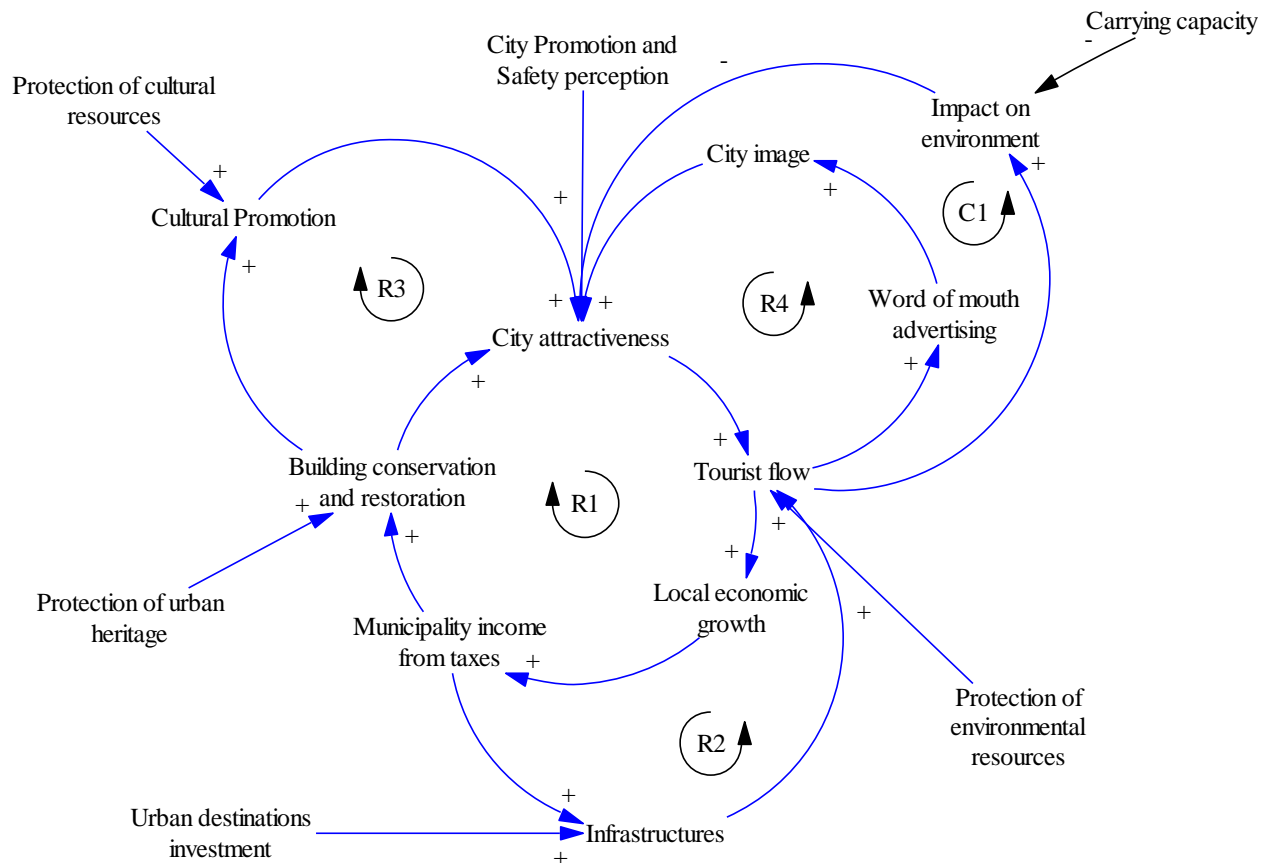


Fig.17 Carrying capacity and city attractiveness

The promotion of a city - according the Millar’s classification model. (1989) on the distinctive generic resources of heritage visitors attractions - should deals within three main heritage categories (Built heritage, Natural heritage and Living heritage) and safety perception by media, advertising, literature and fiction representations. The last one against stereotypes of criminal behavior often boosted by novel, TV series and movies popular at international level, with negative effect on “living heritage” and places of some peoples.

With reference to perception of Italy (and Sicily in particular), George De Stefano (in the “Mafia in the mind of Americans”, New York: Faber & Faber, 2006) analyzes how the Americanized image of the “mobster” has transformed and how this image has influenced Americans’ views of Italian Americans. He refers to films such as *The Godfather* and TV series *The Sopranos*. Movie as *The Godfather* is popular not only in America. In fact such bias does not help city attractiveness and tourism development in Sicily, in competition with other Mediterranean regions¹⁷.

1.6 Security in urban planning

Numerous local authorities of European cities invest in the attractiveness of their urban areas in the hope of attracting new inhabitants and economic activities. Perceived safety is a major factor in a city's attractiveness. Fear of crime can have a large impact on location decisions, with ensuing economic consequences.

Leo van de Berg, Peter Pol, Giuliano Mingardo and Carolien Speller (2006) identify and discuss factors influencing this fear, including:

- the role of the media
- the quality and maintenance of the built environment
- socio-economic inequality
- calamities
- terrorism

¹⁷ See “Tourist Report of Unioncamere, 2011

This group of researchers¹⁸ demonstrate that fear of crime is influenced by more factors than actual crime alone. The following factors are considered most relevant to safety perceptions:

- quality and maintenance of the built environment
- unbalanced socio-economic structures
- role of the media in reporting on crime

The research is embedded within the European URBACT Secur City network. This network concentrates on the improvement and effectiveness of policies to combat (perceived) insecurity in the participating cities. By the end the researchers make the following recommendations:

- Focus on fear of crime – fear of crime seems to have a larger influence on spatial behavior than actual crime does.
- Adopt a multi-agency approach – sustainable safety policies have to focus on a relatively broad range of policy topics.
- Strike a good balance between repressive, preventive and proactive safety policies, taking into account the current local situation.
- Policy makers should possess good information and statistics – it appears there is a lack of specific knowledge about the actual problems in declining districts.

¹⁸ See: The safe city – safety and urban development in European cities, Ashgate: Aldershot, 2006

- Develop a sound and consistent communications strategy, contributing to less biased reporting on crime in the (local) media

European strategic planning for local development take in consideration the issue of safety perception. On 17 August 2007 the European Commission approved the multiregional operational program 'Security for development' (covering the period 2007-2013) for the regions of Calabria, Campania, Apulia and Sicily in Italy, in order to make the more attractive.

The overall aim of this program is to:

- improve the conditions of security, justice and equality for citizens and businesses, and thus contribute to the development of areas characterized by a high degree of criminality;
- raise confidence levels among the population and economic operators.

One of priority of this program is the *Security for economic freedom and the freedom to conduct business* (around 49.5% of total investment). Measures under this priority are aimed at protecting the fundamental rights of citizens, in particular by removing obstacles to the free competition of enterprises that stem from the activities of organized crime, in order to improve the quality of life and overcome the barriers to development in the regions concerned.

The particular areas addressed are:

1. controlling the territory and ensuring the free use of communication routes;
2. protecting the environment;
3. combating the various forms of unfair competition;
4. giving training to operators in the area of security.

1.7 Role of local governments

The creation of an attractive city requires strategic planning and “organizing capacity”. Urban planning needs analysis and integration: that means an integral vision of metropolitan development, translated into strategies and concrete objectives safeguards integrality and helps to prevent inconsistencies in policy-making.

Analysis of interdependency between all aspects of urban attractiveness (heritage, culture, security, environment, city image and transports) is a prerequisite to integrate different aspects and to prevent inconsistencies. A broad vision and a related strategy are helpful to get the parties aligned also. Vision and strategy determine in what direction a city will develop, and that implies making choices, not only by the government but also by other actors in the city. A market-oriented approach is preferable. In view of the city’s strengths and weaknesses and the opportunities and threats in the surroundings, development potentialities can be identified. City marketing (Van den Berg, Klaassen and Van der Meer, 1990] and region marketing (Van ‘t Verlaat, 1997; De Kruijk, Otgaar and Renssen, 1998) are current management theories about developing an attractive city.

Investments need to follow logically from the vision and strategy. The composition of such vision and strategy in consultation with relevant public and private actors (to get the necessary support) is to be regarded as presenting the city’s profile.

The divergent interests and the various functional and spatial relations among actors make investing in the attractive city an organizational challenge. Van den Berg, Braun and Van der Meer [1997] point out that organizing capacity is the foundation of modern urban management. They define ‘organizing capacity’ as the ability to bring all actors together for the purpose of together generating new ideas and develop and implementing a policy that responds to fundamental developments and creates conditions for sustainable economic growth. The organizing capacity depends among other things on vision and strategy, public-private networks, political and

social support and leadership. The first pillar of organizing capacity is the formal institutional framework (the administrative organization) and the role of the various public actors within this framework. Support, either from 'higher' government levels (supranational, national or regional authorities) or from local politicians within the local or regional council(s) is another condition for the creation of organizing capacity. This support helps to bring about positive collaboration at the local level (Leo van den Berg and Erik Braun, 1999). It is not simple resource's distribution.

The idea of authority just distributing central government's resources is now out of date. With reference to strategies for city attractiveness Kresl (2002) remarks the importance of local governments in generating opportunities for the population.. The new paradigm forces cities firstly to be in the world scene (Sassen, 1991) and secondly to generate their own resources. In this way places will become more attractive for people and companies. It is evident, Clark (2000) argues, cities need to be more creative since the simple strategy of providing incentives is not useful anymore because "competing localities offer similar incentives". Wong (2000) and Clark share the notion' of a new and more active role for local governments, not just as administrators but also as promoters of their cities to beat the intense competition for resources either public or private.

The aim for local authorities is to deliver to their citizens the maximum benefit with the available resources (Hood, 1991). Strategies to make cities more attractive will be based on factors oriented towards the maximization of economic return and the evaluation of assets (Peck, 1995).

The lack of economic resources, classic of declining economies, pushes local governments to select attractiveness factors not needing cash investment in the short term (Figlio and Blonigen, 2000). To attract investment cities have to compete with other cities in the global arena (Sassen, 1994). Competition between cities is nowadays a common practice to obtain financial resources from the private and public sector. Even resource allocation by Central Government, Regions or European

Commission, is often carried out under competitive basis, where the supposed best projects obtain the grant.

Without political support, investment plans for an attractive city have little chance of success. Support from the regional government and/or the European Commission is often a decisive factor for getting the necessary funds together. Besides, public investments depend on political decision making on various levels (from Europe down to the borough). Political support is also influenced by the social support. The support of the population and the private sector for certain investments is indeed essential to the level of services and the friendly welcome and attitude given to visitors of the city (Leo van den Berg and Erik Braun, 1999).

Chapter 2

Local Governments capacity and State regulation

2.1 Regionalism and Municipalities in Italy

The Italian State is a republic with several and significant elements of federalism. Since January 1948 the Italian Constitution (Fundamental Law of the State) designed three main categories of governmental bodies at local level: Regions, Provinces and Municipalities (a term including metropolitan cities and towns also). The Constitution dedicates all of Title V (Articles 114-133) to them, as well as the first phrase of Article 5, which recognizes and promotes local autonomy. Article 114 considers these territorial bodies together with the State as the constitutive elements of the Republic.

Five regions (Valle D'Aosta, Friuli Venezia Giulia, Trentino Alto Adige, Sicily and Sardinia) together with two autonomous provinces (Trento and Bolzano) are granted of a special legal status of autonomy and all the others had legislative powers over a number of problems: from local transports to urban planning, to agriculture, to health. The five regions (out of 20) were given extensive powers from the very beginning by the way of special statutes. This “decentralization” of government to regional level with rather large autonomy was a reaction to the previous quite rigid and centralist structure based on the French system.

The terms autonomy and decentralization reflect a long history of transforming forms of State in Italy. In general, ‘autonomy’ refers to something wider and deeper than ‘decentralization’. There are different

kinds of autonomy, and therefore various levels of powers related to the kind of autonomy that is recognized and guaranteed. For example, a single body or level of government may possess political or administrative autonomy; it may have autonomy in spending, fundraising or taxation (P.Bilancia, 2005).

In 1999 and 2001, two important constitutional laws modify the Title V of the Constitution: namely Constitutional Law 1/1999 of 22 November and Constitutional Law 3/2001 of 18 October. Constitutional Law 1/1999 introduced the direct election of the presidents of the regions and gave the Italian regions the power to approve autonomously their own statutes, within the framework of the Italian Constitution. Under Constitutional Law 2/2001 of 31 January 2001, regions with special status will be able to organize their own forms of government.

Regions, Provinces and Municipalities are political entities, empowered therefore to protect the interests of their respective communities. They all have a very similar governmental structure, consisting of three main bodies: the *Consiglio* (Council), the *Giunta* and its President (or the Mayor in the Municipalities).

The Council is the representative body; it exercises law- and policy-making powers; its members are elected by universal suffrage for a five-year term. The *Giunta* is the executive body; it is made up of a number of *assessors* which may vary (for the local bodies) depending on demographic density. Each of them is assigned to a specific administrative branch as chosen by the chief executive. The President (or Mayor) is the chief executive and policy leader. He or she is elected by universal direct suffrage and can exercise a number of powers, such as representation, nomination, designation and administration.

Until now the legislative trends on the relations between Central government and Local governments have proposed a new relation model between State and Regions. Such model is based on a collaboration principle (so called *co-operative regionalism*, which is the opposite of the

dual vision of the institutional system), i.e. on the assumption that activities - thought in terms of exclusive competence of one governmental level - are now bounded. The latest constitutional reform has established a new constitutional order based on a State–Regions–Local government trilogy, rather than on a dualistic State–Regions approach.

The composition of the Republic is now seen from a ‘bottom-up’ view with respect to the corresponding, repealed constitutional provision, since the new rule starts from the smallest local government body (Municipality) closest to the citizen and moves upwards towards the biggest one (the State).

The assertion of co-operative regionalism (i.e. *federalism*) generated a network of relations between different levels of government and is characterized by a variety of involved actors and procedures. It is possible, particularly in relation to different government levels, to identify a subject playing a *dominant role*. Such role depends on the type of existing relation between the State, Regions and local communities. The same role can be envisaged in the relations between the Region and the local communities. If a *supremacy position* of one actor is identified (e.g. for the State towards the other institutions or for a Region towards Municipalities and Provinces) we are facing a *coordination relation*. If an *equalitarian position* of one actor is identified, then we would have a *cooperation relation*. The latter represent a joined competence exercise (e.g. owed both by the State and the territorial bodies for the same matters) and leads to a co-responsibility for the performed activities.

Regions now have ample statutory autonomy and “shared legislative competence” with the State for a list of significant matters: a list that is much wider than the one originally attributed to them by the 1948 Constitution. The list of “concurring competences” between the State and the Regions is very long. It comprehends twenty areas, including large infrastructure projects, job protection and safety, harmonization of public accounts and the coordination of public finance and the tax system, communications, public safety, food safety and health protection.

The Regions also have some ‘residual’, or exclusive, legislative powers on matters that are not defined in a specific catalogue, but could be identified *a posteriori* since they are not included in the catalogue of matters under the exclusive competence of state legislative power, nor in the one of matters under the “shared competencies” of both the State and Regions. Moreover, both the State and Regions are obliged to respect European Community law, international obligations and the Constitution.

An important Law, regarding the devolution process on many functions delegated by the State to the Regions, is the **Constitutional Law n. 3/2001**. Such law (in the art. 34) defines the legislative functions that are only attributed to Regions, i.e.: health care system, school system, and local police.

There are two main principles for determining the areas of exclusive State competence: one principle assigns exclusive State competence for areas in which are implicated the basic functions of the State (as Foreign affairs, Currency, Defense, Justice, Citizenship, etc.); the other principle assigns this exclusive competence over areas that are otherwise subjected to regional competence (for example, the determination of the basic levels of civil rights protection and social services that ought to be guaranteed throughout the land, antitrust, the *protection of the cultural heritage*, general educational rules, etc.).

The State determines the general educational goals and the standards that the central institutions are requested to meet; it reviews performance and evaluates the results obtained in the school system; it allocates financial and human resources to educational institutions. The regions are in charge for building activities, educational assistance and permanent assistance, planning for the integrated offering between academic and professional training and the school system, the subdivision of the regional territory and the determination of the academic calendar. The main functions assigned to the local governments regard the establishment, merger and closure of schools, planning the organization of the school systems, planning for the use of buildings and materials.

The State has a large number of responsibilities in area public transportation, (such as planning, setting standards and technical rules, security controls, policy-making, construction, expansion and management of the national infrastructure) in addition to the provision of public services (like planning, construction and management of the infrastructure, concession of state property, classification of ports, oversight of private operators).

Regions have the duty of regulating, planning, policy-making and carrying out *projects affecting the regional infrastructure*; the Provinces may authorize, oversee and update professional registers and hold examinations. The legislative power of the regions is limited to regulating administrative relationships and extends to the main economic sectors (for example, industry, commerce, agriculture), a vast area of personal services (social assistance, academic assistance, professional training, employment policy, etc.), and fundamental parts of land use regulation (for example, *transportation, roads, urban planning*). Regulatory powers are also granted to Municipalities, in order to let them regulate the organization and exercise of their own functions. Moreover, Legislative decree n. 112/1998 charged the Municipalities with all of the administrative functions concerning the realization, expansion, cessation and location of productive plants, which had been previously dispersed among many different public administrations.

Regions are responsible for planning, policy-making, regulating and financing the entire system of regional and local public transportation. Depending on the case, this involves both projects aimed at implementing or enhancing state projects as well as those requiring further participation of the local governments; this also includes autonomous regional decisions or decisions for which consultations are required, or even joint decisions with local governments and their representatives.

Turning to administrative and management responsibilities, Regions have the power to “require the unitary exercise at the regional level” (for example, with regard to important road services). All other functions of this type are conferred upon the Provinces and Municipalities, and must be

exercised in conformity with state and regional legislation, and planning and policy decisions: the administrative functions related to road services are generally assigned exclusively to the Provinces, and not to the Municipalities. Municipalities are responsible for the public transportation services that are wholly carried out in their respective territories.

2.2 Financial autonomy of local governments

Since 1948 Italian Regions have a financial autonomy of tax collecting and determination of expenditures. This prerogative was extended to Municipalities, Provinces and Metropolitan Cities by the **Law n. 3 of 2001** that introduced this evolution in the **article 119 of Italian Constitution**.

The reforms implemented in past years changed the structure of the Italian system of public finance substantially. Until the beginning of the '90s the local governments were responsible for important sectors of public expenditure (e.g. health) but they were financially dependent on grants from the central government. The system suffered serious inefficiencies (Arachi and Zanardi, 2002):

- a) the local governments had low incentives to control expenditure as they could rely on ex-post financing of their deficits from the central government;
- b) the local governments could not adjust the mix of taxes and services to the preferences of the local communities;
- c) citizens could not judge their local politicians by comparing the policies carried out in different communities due to the low degree of autonomy enjoyed by local governments.

In 1999, a new source of tax autonomy for Italian Municipalities and Regions, given by a local surtax on income (*Addizionale IRPEF*), was introduced: the municipalities can discretionally choose both whether to levy it or not and the local tax rate into a given band decided by the state

law. Starting from 1999, the main sources of own revenues for Italian municipality have been the Property tax rate and a surcharge on the national personal income tax. The local property tax rate, named ICI (*Imposta Comunale sugli Immobili*), was introduced together with a reform of the municipal electoral system, in order to increase the administrative power and the accountability of city governments. ICI applies to both domestic and business properties.

The amount of the tax is calculated by reference to the "rendita catastale" (*official value of the property*) registered in respect of all properties in Italy. The official values were, until recently, quite low. It is now rapidly rising, pursuant to a policy of the central authority that will result in the official values approaching the real value of the property. It is approximately 0.4% - 0.7% of the official value of the property. The actual rate being decided by the local authority depending on the size of the property, location, class and category.

The residual third component of Municipalities own source revenue is represented by fees and user charge. Local government usually raise additional taxation in relation to the services that they supply to people in the area. These may include rubbish collection, cleaning of the streets and beaches etc. Occupations by individuals or entities of public areas is subject to "Municipal tax for the occupations of public areas. The tax rate are provided by the competent Municipalities or Regions and vary according to the:

- Specific category of public area (street, square, etc;)
- Number of inhabitants of the involved cities

Other main indirect municipal taxes are:

1. Advertising tax, such as boards, outdoor electric signs, bill-posting, advertisement on public transport etc;
2. Municipal tax on electric power usage;
3. Regional tax on aircraft sound emission
4. Regional tax on car ownership

In March 2000 a Central governmental Act¹⁹ brought to an end almost all existing grants State-Regions and replaced them through the sharing of national VAT and the increase of the base rate of some other minor surcharges (personal income tax, excise on gasoline). The VAT sharing rate is fixed at 38,55% in order to leave unchanged the total amount of resources in regional budgets.

The VAT is apportioned to Regions in proportion of the estimated consumption of their residents. Clearly, the distribution of the abolished grants is different from that of consumption. Therefore the substitution of the grants with the VAT sharing generates large fiscal imbalances in almost every Region. To correct these imbalances the reform draws a new system of equalization transfers. In the first year (2001) the transfers simply redistribute regional resource in order to guarantee at each single Region the same resources it would have received from the old grants.

After a long transition period, which will end in 2013, the new system of transfers should equalize resource across Regions according to a formula that takes into account fiscal capacity and standard costs. In theory, the equalizing transfers are horizontal: “rich” Regions give up some of their revenue to finance “poor” Regions.

Overall, the new system of regional finance should guarantee a hard budget constraint, as the central government does not finance anymore the Regions through discretionary transfers. Furthermore, in order to strengthen the incentives to autonomous tax effort, the reform abolished every constraint to the use of revenue: the additional yield generated by an autonomous tax increase can be spent freely to finance any regional expenditure programs.

The first sub-section of Article 119 of the Constitution, as amended with the reform of Title V in 2001, provides that local governments should have revenue and expenditure autonomy. This is the key element on which fiscal federalism is founded, the implementation of which is geared not only to guaranteeing effective autonomy in expenditure, with no restrictions in

¹⁹ Legislative Decree 56/2000

term of the use resources are put to, but also, and even before that, autonomy in terms of the revenue sources of Regions, Provinces and Municipalities. Indeed, guaranteeing decentralized authorities greater independence in deciding how to manage local resources, necessarily implies allowing them some degree of autonomy in controlling such resources.

Article 119 also defines the revenue sources through which local government autonomy should be achieved. In addition to autonomous revenues of non-tax origin, such as tariffs, proceeds from the management of government assets, or the sale of goods and services, the second subsection of the article distinguishes between own tax receipts available directly to the local governments, and shares of the fiscal revenues related to their respective territories. The distinction made between the two sources of tax revenues highlights the different nature of own revenues and shared revenues. Indirectly, it also underlines the different effect they may have on the revenue autonomy of a government.

Own tax revenues, according to the Constitution, are set and collected by the local government. In other words, own taxes are defined as taxes of which the local authority has the power to determine all components: collector and payer, taxed item, and rates.

The implementation of the financial autonomy of Regions and Local Authorities envisaged by art. 119 Constitution forms one of the crucial nodes along the road of the federalist process underway in Italy (Scuto, 2010). The entry into force of Law no. 42 on fiscal federalism on 5 May 2009, (“Delegation to the Government on the matter of fiscal federalism, in accordance with article 119 of the Constitution”) represents a significant step in the process to adapt the Italian order to the Reform of Title V of the Constitution of 2001. The law sets up a special Bicameral Commission, known as the Parliamentary Commission for the implementation of fiscal federalism (hereinafter Parliamentary Commission) (art.3), which will be responsible for expressing opinions on the layouts of the legislative decrees drawn up by the Executive and checking the state of implementation of the provisions contained in the proxy law. In order to favor the link between

the Parliamentary Commission and the territorial autonomies, a special “Committee” made up of the representatives of the Regions and Local Authorities is also created, and will meet at the Parliamentary Assemblies: every time it sees fit, the Parliamentary Commission may consult this Committee and hear its opinions.

The text contains principles, some which contribute to providing a clearer representation of the overall reform designed by the legislator. They are :

- I. the structural principle which refers to the link between autonomy of income and the creation of administrative, financial and accounting responsibility at all levels of government is stated (art. 2, par. 2, lett. a));
- II. the “principle of territory” based upon the territorial nature of the regional and local taxes;
- III. the ban on double taxation (state and regional) of the same taxable amount is established (art. 2, par. 2, lett. o)). This is a fundamental principle of the federal orders which aims to prevent an increase in the fiscal weight placed upon the same asset;
- IV. the principle of relationship between tax levy and benefit connected to the functions exercised on the territory is introduced, in order to encourage the correspondence between financial and administrative responsibility (art. 2, par. 2, lett. p));
- V. regional tax autonomy is acknowledged (this guarantee was already contained in art. 119 Const.) and it is envisaged that the regional law can create regional and local taxes and determine changes in the rates and subsidies that the Local Authorities can apply in the of their autonomy (art. 2, par. 2, lett. q));

- VI. margins of regional tax autonomy are acknowledged, also in the sense that it is possible to introduce exemptions, deductions, deductions and special subsidies (art. 7);
- VII. the Regions are given the chance to set up co-participations in tax revenue in favor of the Local Authorities as well as regional co-participations (art. 2, par. 2, lett. s));
- VIII. the principle of flexibility and fiscal capacity in the formation of combinations of taxes and co-participations is introduced (art. 2, par. 2, lett. bb)).

Nowadays all local governmental bodies can have autonomous resources and they can determinate their own taxes in coordination with the national fiscal system. The issue is how to link these autonomous levels of government between themselves in order to keep the territorial cohesion and a wide strategic-planning vision.

2.3 Coordination policies.

The regulation of the relations between Regions and Local Autonomies (Municipalities and Provinces) is not a recent one. The **presidential decree n. 616/77** disciplined the participation of Regions to the national and regional planning process (see, in particular, art. 11). Later, the **Law n. 59/97** provided the context for inter institutional collaboration between Regions and Local Autonomies (see, in particular, art. 4 on the functions delegated by the State to Regions and Local Autonomies and the principle of cooperation between State, Regions and Local Autonomies).

Such law attributed new competences to Regions by establishing:

1. New criteria for allocating competences (the law transferred functions belonging exclusively to the state competence to the system of Regions);
2. the identification of Municipalities as first holders of the administrative functions.

Along these lines the Municipality is not defined as a bureaucratic body but as a community body expressing the interests of the society. Consequently it becomes the preferential interlocutor and (only) if there are obstacles in exercising assigned duties, there will be a change of responsible government level.

Furthermore, the subsidiary principle was introduced to distribute competence between different institutional levels. Administrative functions were assigned to the Municipalities, Provinces and Mountain Communities. Planning functions were attributed to Regions.

A system of intergovernmental conferences was established by ordinary law in 1997. This is a network of boards mediating between the state and local government bodies. The Constitution also expressly states that each region should set up a council as a consultation board for the interests of local government bodies.

Even if the regions have not yet passed new statutes – and consequently no such councils have been established – each region has already introduced their own laws, such as ‘autonomy tables’ or consultation boards with other local government bodies in order to mediate the transfer of duties and administrative functions to the Municipalities and Provinces.

The art. 9 of the Law n. 59/97 delegated to the Italian Government to issue a decree to discipline the role of the Conference for the relationships between State and Regions, State-Cities and Local Governments. On this regard, the following important principles were remarked:

- a. strengthening the power and functions of such Conferences through its participation to all decision processes at regional, inter-regional, and infra-regional level. At least an advisory and mandatory role was prescribed in all cases;

- b. simplifying the procedures on the linkages between State and Regions through the use of such Conferences.

The **Legislative Decree n. 112/98** later enforced the previous principles. Furthermore the **Legislative decree n. 267/2000** restated with what the presidential decree n. 616/77 had previously disciplined on the participation of local autonomies in the planning process of Regions. To be more specific, it defined a regional system of local autonomies. The art. 4 of such decree states that Regions organize the fulfillment of local administrative functions through Municipalities and Provinces. It also states that Regions must provide tools and procedures to foster the linkages and the consensus-building processes between them and local autonomies. The art. 5 states that Regions define the general goals in the socio-economic and territorial planning process. Upon such goals, the Regions allocate available funds to local autonomies in accordance with their investment plans.

The art. 22 and 23 of Legislative decree n. 267 define the new concepts of metropolitan areas and also cities. The metropolitan city is defined as an alternative concept to Province. Art 24 defines that Regions may (in agreement with interested local governments) define a number of fields for the coordination and collaboration between local governments on issues like territorial planning, infrastructural and service networks, traffic plans, environmental, hydro-geological protection, water, garbage collection, trade organization and cultural policies. For them the art. 31 and 32 provide the opportunity of cooperation by consortia and associations of municipalities.

An ongoing difficulty in the Italian situation is the relationship between Regions and autonomous local government. It is a relationship of intense contrast and often conflict, with the local government continuously searching for dialogue and state protection. Unlike other countries, in Italy the Regions do not have organizational power over the local bodies (with the exception of special status Regions) since this has always been within the field of competence of the State. Organs such as the Council for Local Governments would like to find a solution to this situation since, by giving

a voice to the local governments of their regions, they are attempting to enhance dialogue and agreement between the regions and local government (Caravita Di Torrito, 2005).

The regulatory power of the Municipalities and Provinces over the organization, implementation and managing functions, now has its source in the Constitution. In general, one can make a distinction between the regulations concerning the organization and activities of the local government authorities – including the regulations of the municipal council, the regulations concerning the boards and the services, the participation bodies, as well as the regulations concerning the right of access – and those regarding local public utilities.

Examples of regulations concerning the activities of the various bodies include regulations concerning accounting, contracts and tenders, taxation, building, and setting up gasoline stations in the territory. Among the regulations concerning the local public utilities, some examples are management of waterworks and drinking water systems, chemists' shops, local police, mortuary police, hygiene and healthcare, waste management, and communal nurseries. The regulations need to be adopted in compliance with the Constitution and the Statute of the local government body, but as the reform implementation law stresses, “within the scope of the State and regional law, ensuring uniformity requirements within the scope of the respective competencies”⁽²⁰⁾.

The Constitutional Court granted the possibility for the regional law, when it rules in matters of its own competence, to define the exercise of the administrative functions for which the municipalities are competent. It is also meant to foresee the assignment of substituting powers to regional bodies for the performance of actions or compulsory activities, in case of inactivity or non-fulfillment on the part of the municipality, in order to safeguard the common interests that would otherwise be endangered by its inactivity or non-fulfillment (Constitutional Court 43/2004).

All institutional levels of the territory may be involved, so the State may co-ordinate Regions and local governments and Regions (with special

²⁰ Article 41, Law 131/2003

status, as Sicily) may do the same towards local governments. Co-ordination policies aim to pursue functionality of the whole system. This may imply the need to make the local system autonomy compatible with the system unity in order to avoid the territorial community inertia and the system paralysis. Concerning this, the Italian system comprises the following tools:

- a) *Substitutive intervention in case of inertia.* The State intervention may concern matters, which are among the delegated functions of State to the Regions. In this case, the Government can nominate an “*ad acta*” commissioner. The Region intervention may happen when Municipal administrations are too late to act or omit to perform compulsory acts according to law. In these case, according to the national **Law n. 127/97** (art. 16), an *ad acta* commissioner can be nominated by the regional ombudsman.
- b) *The need to preserve continuity of the system functionality.* This may happen in a case of dissolution of a Regional or Local Administration Council.
- c) *The need to preserve the system unity.* According to the art. 8 Law n. 59/97, the acts of orientation and coordination of regional administrative functions are adopted by the State with respect to previous agreement with the Permanent Conference “State-Regions” or with the specific involved region. However, the third paragraph of the same article also states that the Government may in a case of urgency skip the above-mentioned procedure. In any case, all measures must be submitted by the “State-Regions” Conference and the measures for which a negative advice has been given must be re-considered by the state.
- d) *The need to protect the act legitimacy function.* For instance, if the State considers that a Region adopted a law without having a competence for this action, then the Region can raise an issue of constitutional legitimacy at the constitutional court within 60 days since its publication (art. 127 Italian Constitution).

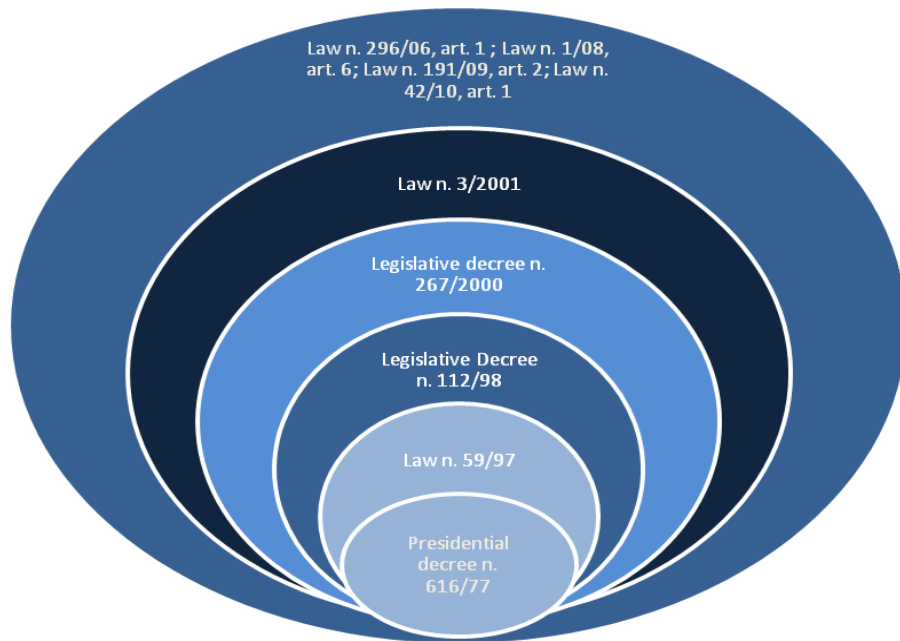


Fig. 18 National framework of laws coordinating local governments capacity

2.4 Institutional Co-operation.

The institutional co-operation imply a joined competence exercise (e.g. owed by the State and the territorial bodies for the same matters), leading to a co-responsibility for the performed activities. Possible settings for such kind of policies are:

- a) The “State-Regions” Conference. The **Prime Minister decree dated October 12, 1983** and the **Legislative Decree n. 281/97** systematically ruled the power of the Conference. This is a body having general competence (not a sectoral one). Such competence may converge over the following (most significant):
1. advisory role on government acts of regional interest;
 2. nomination of people responsible of bodies carrying out activities or services exploitable for exercising concurrent competences between Government, Regions and autonomous Provinces;

3. codetermination of the content of State direction and co-ordination acts;
4. assuring the exchange of data and information between Government and Regions;
5. definition of criteria for the distribution of financial resources for Regions and Provinces;
6. resolution for issues pointed out by the law.

The permanent Conference is more a tool helping a process of mediation over the choice (dealing with regional competence) made by the Executive; it aims to ease the participation of Regions in a process of defining political direction of the Government.

- b) The Conference State-Cities-local autonomies. Based on the **Legislative Decree n. 281/97** (art.9) such Conference must co-ordinate relations between State and local autonomies. It may influence the functions of municipalities and provinces. The Conference is indeed the seat for discussion and analysis of problems concerning the system of local body and their functioning with reference to legislative initiative of government general acts. Furthermore it has the duty to promote information and initiatives for improvement of public service's efficiency and for promotion of agreement or plan contracts.

The Conference State-Cities and local autonomies is headed by the Prime Minister and is composed of:

1. a number of Ministers (of Interior Affairs, of Regional Affairs, of Treasury and Budget, of Finance, of Public Work, of Health);
2. the Presidents of the associations representing Municipalities, Provinces and Mountain Communities;
3. 14 Mayors and 6 Provincial Presidents.

- c) The unified Conference (State- Regions- Cities- local autonomies). According to the **Legislative Decree n. 281/97** (art.9) such Conference adopts dispositions, makes agreements, provides advice, chooses representatives for the matters of its competence and duties of Regions, Provinces, Municipalities and Mountain Communities joined interests. Within the unified conference, beside the approval of Government, the

resolutions are adopted by the two consensus; one belonging to the Conference “State-Regions” and the other to the Conference “State – cities and local autonomies”. The approval is expressed with a unanimously vote of the two groups members.

d) The “Region–Local autonomies” Conference in the regional law. According the **Law n. 59/97** (art. 4) Regions may assign to Municipalities and to local bodies all functions regarding matters listed in the art. 117 of the Italian Constitution and require unified exercise at the regional level with respect to the point of view of representative organs of autonomies. It is possible to detect some common and characterizing elements in this body. Firstly, only members of the regional and municipal government can be part of this conference. Secondly, the competence is general and not sectoral (usually it provides advice about plans concerning a re-organization of local bodies functions and performs controls and recognition of the law enforcement referred to local interests). Thirdly, it performs coordination and connecting functions between region and the local autonomies, proposal, advisory and study duties included for issues of local interests.

e) The Conference of Services. Unlikely the previous ones, this is a body that is temporary and used for specific purposes (**Law n. 241/90**, art 14). It is a table where the local administrations can sit down and reach two different types of conclusions:

- 1) they may get information from bodies;
- 2) they may reach a formal agreement through an unanimous vote on the different subjects, which will be transferred to the deciding administrations.

As referred to the process streamlining and speeding function, the conference of services is a tool to collect agreements, shared opinions and permissions from other administrations. The use of such conferences, as a mechanism to reach an agreement and to tackle complex and slow administrative procedures, in order to obtain an

approval from other administrations without waiting for the beginning of the different sub-process, can be very productive.

This multi-level system, which entails various levels of government, from Municipalities to Provinces to Regions to State, needs new sophisticated methods governance to combine the necessity of uniform legislative rules established at the national and/or regional level, with the safeguard of the degree of autonomy, and with the respect of the amount of statutory and regulatory power that the 'new' Title V of the Constitution (as rewritten by the 2001 constitutional reform) has given to the Provinces and the Municipalities. Moreover, Municipalities play an important role in this renewed system as the level of government closest to the needs of citizens.

From these perspectives, Regions faces a complex exercise of its duties in providing minimum uniform legislation at the regional level while also engaging in coordinating and harmonizing local level policy-making. On the one hand, the regional legislatures cannot overthrow or repeal the autonomy of Provinces and Municipalities because it is guaranteed directly by the Constitution. On the other hand, however, the same regional legislature must ensure a proper and effective political response to the economic and social needs and requests that come from the communities and the socio-economic actors established in the regional territory (Bilancia, 2005).

2.5 Functional Co-operation

The issue of political response to the economic and social needs from the communities and the socio-economic actor (established in the regional territory) is the core of the so-called *negotiated planning*, which was ruled in Italy by the **Law n. 662/96**. Negotiated planning can be defined as an inter-institutional strategy aimed to encourage and harmonize the economic and social policies undertaken by different public and private actors (on the territory). Such planning is needed under the assumption that market forces

alone cannot achieve an economically and socially-balanced territorial development. To foster such development, a public program must:

- a. identify the strategic priorities of each territory;
- b. select interventions to implement them;
- c. provide the necessary financial resources and timetables to realize them.

Negotiated planning consists of the following instruments:

1. institutional and program agreements;
 2. territorial pacts;
 3. area contracts;
 4. program contracts.
-
1. In the framework of decentralization of government functions, an institutional agreement allows Italian State and Regions to collaborate and commit themselves on a multi-year program of initiatives. With this instrument regions can direct national resources for public investments towards their priority projects. Thus the institutional agreement is a document that serves as a framework for the program of public investments, through which Regions and central government identify the economic priorities of each territory. Such instrument designates the actions to be coordinated by the State, Regions or autonomous Provinces in order to avoid wasting resources and fragmenting interventions.
A program agreement is a consensual document through which the State, Regions, local corporate bodies and other public subjects commit themselves to implement an institutional agreement. It defines the mechanisms for co-operation among public administrations in the process of policy planning and implementation.
 2. A territorial pact is an agreement between locally working public and private actors to implement a program of economically integrated interventions. It aims to promote local development at sub-regional level and to encourage local institutions and private subjects to work

together, “for the implementation of public programs in the industrial, agro-industrial, services and tourism sectors” and the promotion of local, environmentally-sustainable, development in the sub-regional area.

Territorial pacts foster territorial development through a bottom-up approach, by means of infrastructure investments combined with incentives for companies that undertake integrated projects in the fields of industry, agro-industry, services and tourism.

Local governments may assume responsibility for the pact and the granting of the authorizations necessary for the location of the business initiative, the simplification of the formalities necessary for the implementation of the economic initiative and, more generally, the adoption of all of the measures that would be useful for promoting the development of new initiatives.

3. Area contracts aim to promote partnerships for local development. They differ from territorial pacts by taking a top-down approach (i.e. the central public administration plays a major role). They are implemented in a limited areas with serious economic emergencies selected by the central government (within depressed areas).

The “area contract” is legally defined as an “operative instrument executed between local and other administrations, representatives of workers and employers and other potentially interested subjects for the realization of actions aimed at accelerating the development and creation of new jobs” in crisis areas (determined by the government, with the input of Parliament) and areas of industrial development in the South of the country.

4. Program contracts allow the central administration to secure the implementation of large-scale industrial development projects in lagging areas promoting private investments. They provide an agreement between the central administration (i.e. the Ministry of the Economy) and private actors, implying financial incentives and infrastructure intervention. Large firms and consortia of SMEs (and

representatives of industrial districts) can use this instrument. The initiatives were designed specifically for high technology sectors or sectors of growing demand, but the agricultural and tourism sectors have been also addressed by program contracts recently.

Each tool has specific rules and goals but they are all considered as part of organic system aiming to coordinate the public territorial intervention of an institutionally decentralized system.

Local powers affecting the support of productive activities are essentially the powers to create infrastructure over vast areas for artisan and industrial installments. For the exercise of these powers, local governments set up consortia between themselves, or with other public and private bodies; they receive contributions from the region or the State. The region is in charge for the regulation and all other administrative functions. However, the regional laws implementing legislative decree n.112/1998 assign the functions of planning to the provinces and assign responsibility for the determination, realization, expansion, improvement and management of industrial and ecologically-equipped areas to the towns.

In all cases, negotiation is considered as a key factor in coordinating the problems of various 'actors' that have to play a role in a given territorial area. As an institutional system moves towards decentralizing competencies, the success or feasibility of many initiatives depends upon a commitment taken by each 'actor', the collaboration among public institutions and the involvement of private institutions.

Therefore, in many interventions, public administrations act like one party (of the contract) rather than the decision maker. In other words, negotiated planning implies that a public institution takes the role of the *facilitator* of a learning and decision-making process involving different institutions. Such process is often complex, also because of the diversity of goals and objectives of different actors. Managing such a diversity and achieving a common shared view of the system (based on which each actor will undertake a set of policies that are coherent with others) is an important role that public institutions (e.g. Regions, Provinces and Municipalities) are called to play.

2.6 The Municipal Federalism reform

For hundreds of years political modern history of Italy has been history of “Cities-State” (Jones Philip James, 1997). Local government practices are embedded in the deep soul of Italian people: so open to the whole world, considered as an unified entity in the name of human brotherhood, but so tied to the region of habitual abode or birth-place than usually hometown is the preferred locality where to develop feelings, network and to put into effect actions for political life. Indeed homeland identity is surrounded of an (often) exaggerated town identity and pride (the so called “*campanilismo*”)²¹ that lead to define the Italian nation as a country composed of “eight thousand bell towers”, that means Municipalities or City-Government, a general category also including villages, towns and metropolitan cities with a governmental body.

Municipalities are responsible for managing services such as local police, public hygiene, social welfare, solid waste collection, street cleaning, urban planning, urban public transportation, street maintenance, zoning and regulation of trade, supply of gas and electricity, parks and sports facilities, and the provision and maintenance of buildings for primary and secondary education.

The municipality governmental structure consists of three main bodies: the Council (Consiglio), the Giunta and the Mayor. The Council is the representative body; it exercises law- and policy-making powers; its members are elected by universal suffrage for a fiveve-year term. The Giunta is the executive body; it is made up of a number of assessors which may vary (for the local bodies) depending on demographic density. The mayor is the chief executive and holds for 4 year but in 2000 this interval was further extended to five years. Mayor can run only for two consecutive terms and to be reelected again he have to stay out for one or more legislatures.

²¹ This term refers to how - during the Renaissance- Italian City States such as Siena, San Gimignano and Florence vied with each other to build the most magnificent “campanile” (bell tower) and were reluctant to be involved with projects other than their own.

Municipalities in Italy has been historically characterized by a large share of the financial needs covered by grants from the central governments (Carozza, 2011). Up to the early nineties transfers resulted from yearly negotiations with central government; the aim of fund allocation was to compensate for individual differences between past expenditures and own revenues. The recursive link between State transfers and past expenditures created several inefficiencies and a deterioration of the overall fiscal framework weakening local administrators. budget constraints and generating overspending. The European monetary unification process, over the nineties, forced Italy to engage in budget consolidation. Decentralization was considered an important instrument to achieve fiscal discipline and Low-tiers financing system was substantially changed: the reforms introduced in this period renewed the intergovernmental transfers system and allowed Municipalities to levy own taxes.

The changes reflect a shift in federal models towards decentralization and the integration of governmental powers. This in turn reflects an international trend (at least within Europe) that places more power in the hands of local government (Caravita di Torrito, 2005).

Nowadays Municipalities can ask for loans only within purpose to finance investments. All other expenses must be funded through the revenues coming from their own autonomous resources and taxes.

The Law n. 3/2001 changed the art. 119 of the Italian Constitution. This article defines that Municipalities, Provinces and Metropolitan Cities (in addition to Regions) have a financial autonomy of tax collection and determination of expenditures. This extension of prerogatives introduced in the Italian systems the way to pursue the so called Municipal Federalism reform.

Fiscal federalism is built on the concept of financial independence, as sanctioned by the reformed Constitution in Title V, and reasserted in the recently approved fiscal federalism enactment law.

In fact, the **Law n.42 of 2009** gives delegation of power to Government in order to accomplish the objectives of constitutional art. 119 by a legislative

decrees, until the 5th of May 2011 (art.2). This bill delegating Government contains rules of coordination with the national fiscal system and the institutions of a equalizing fund to assess area with low fiscal capacity per resident (art.1.). The latter because the art. 8 of the Law 42 provides for the abolition of financial transfer from State to Regions (used to cover expenditures of Regions for activities comprised in the art. 117 of Italian Constitution) except fiscal contributions and specific funds (beside E.U funds) directed to finance actions in the field of:

1. Local economy growth;
2. Infrastructures deficit;
3. Human rights;
4. Artistic and cultural heritage protection;
5. Care of border area, mountains and small islands territories.

Modality of tax collection will be regulated by Legislative decrees (art.25 of law n.42) in according with principles of:

- A. Cooperation between Regions, Local autonomies and the fiscal Agency Revenue (Agenzia delle Entrate) in order to use regional Agency Revenue bodies
- B. Agreement between Ministry of Finance, Regions and Local Autonomies concerning operations for revenue purposes and contrast to taxes elusion.

Government Legislative decrees have to institute a permanent Conference to coordinate public finance, beside the unified Conference (State-Regions-Cities–local autonomies).

Such permanent Conference (art. 5 Law n.42/09) will be composed of members from all government levels with a task of:

- a) defining public finance objective for sector;
- b) proposing criteria about the effective use of equalizing fund;
- c) verifying financial resources adequacy in the various government levels, with references to their activities.

Standard costs, needs and quality indicators of services will be objects of a database to support Conference's activity.

The Legislative decree n.216 (dated 18th December 2010) gives the guidelines in order to define standard expense requirements of Municipalities in the field of local police, education, roads maintenance, public transport, environment and social sector (art.3): excluding public residential building and water supply and management. The methodology of expense requirements definition is referred to survey data by questionnaire and to statistical data processing (art.4). The data survey will start in 2011 by Sosa S.p.A, appointed by the same decree (art.5).

2.7 Municipalities in the Sicilian regional context

In 1946 Sicily (together with the Eolian, Egadi, Pelagie, Ustica and Pantelleria islands) was constituted as an autonomous Region, having a juridical personality, within the political unity of the Italian State. The bodies of the Region are: the Assembly, the Council, and the President of the Region. The President of the Region and the Council constitute the Government of the Region.

The initiative for regional laws belongs to the Government and to the regional Deputies. Legislation projects are developed by the Regional Assembly's Committees with the participation of representatives of professional interests and the Region's technical staff. The regulations for the execution of laws passed by the Regional Assembly are made public by the Regional Government.

The Assembly, in the context of the Region and within the limits of the Constitutional laws of the Nation, without prejudice against the agrarian and industrial reforms deliberated by the Constitutional Assembly of the Italian people, has exclusive legislative powers over the following matters:

- 1) Agriculture and forest;
- 2) Land reclamation;
- 3) Civilian uses;
- 4) Industry and commerce, excepting the discipline of private relations;

- 5) Increasing agricultural and industrial production;
- 6) Valuation, distribution, defense of agricultural and industrial products and of commercial activities;
- 7) Urban development;
- 8) Public works, except large public works a prevailing national interest;
- 9) Mining, caves, peat-bogs, salt beds;
- 10) Public water, unless they are part of public works in the national interest;
- 11) Fishing and hunting;
- 12) Public welfare and charities;
- 13) Tourism, hotel monitoring and landscape protection, preservation of antiquities and artistic works;
- 14) Governance of local agencies and their relative districts;
- 15) Structure of regional agencies and offices;
- 16) Juridical and economic status of the Region's employees and functionaries, in any case not to be inferior to the status of the State personnel;
- 17) Elementary education, museums, libraries and academies;
- 18) Expropriations for public use.

Within the limits of the principles and general interests informing State legislation, the Regional Assembly, in order to satisfy particular conditions and the Region's own interest, can promulgate laws, regarding the organization of services as well, on the following matters concerning the Region:

- a) Communications and regional transportation of any kind;
- b) Hygiene and public health;
- c) Medical assistance;
- d) Middle school education;
- e) Control of credit, insurance and savings institutions;
- f) Social legislation; labor relations, social security

- g) and assistance, in keeping with the minimum standards established by the State;
- h) Food-control agency;
- i) Inspection of public services;
- j) All other matters that imply services of a prevailing regional nature.

The maintenance of public order is the responsibility of the Regional President through the State police, which in the Region depends directly from the Regional Government for its displacement and utilization. The Regional President can call for the use of the State armed forces.

Within the Sicilian Region, provincial districts are hereby terminated. In the Sicilian Region there are 390 Municipalities, belonging to 9 Provinces. By municipalities number:

- 1) the Province of **Messina** consists of 108 Municipalities;
- 2) the Province of **Palermo** consists of 82 Municipalities;
- 3) the Province of **Catania** consists of 58 Municipalities;
- 4) the Province of **Agrigento** consists of 43 Municipalities;
- 5) the Province of **Trapani** consists of 24 Municipalities;
- 6) the Province of **Caltanissetta** consists of 22 Municipalities;
- 7) the Province of **Siracusa** consists of 21 Municipalities;
- 8) the Province of **Enna** consists of 20 Municipalities;
- 9) the province of **Ragusa** consists of 12 Municipalities.

In 2009, 24,7% of the island population resided on the Province of Palermo (1.246.094), 21,5% in Catania (1.087.682), and 13% in Messina (653.810), whereas considerably low figures were registered in the Province of Caltanissetta (5,4%, 272,052) and Enna (3,4%)²².

The Permanent Conference “**Region-Local Autonomies**” was instituted in Sicily through the **Regional Law n. 6/97**. Later, the **Law n. 2/2002** (art.

²² Regional Statistical Year book - Sicily 2010

100) stated that the Conference intervenes through its own decisions on general issues having relevance on a municipal, provincial or metropolitan level. The President of the Region nominates the Conference members. The Conference chair is the President of the Region or a delegated person by him or her. Other components are:

- 1) The Regional Councilor at “Local Autonomies” (Assessorato alle Autonomie Locali), who is usually also a chairman of the conference meetings, as a praxis;
- 2) The Regional Councilor at “Finance” (Assessorato all’Economia);
- 3) The President of the Association of Sicilian Municipalities (ANCI Sicilia);
- 4) The President of the Association of Sicilian Provinces (URPS);
- 5) 9 Mayors and 3 Presidents of Provinces, which are respectively nominated by ANCI and URPS;
- 6) a representative of the Sicilian Association of Local Autonomies (Lega delle Autonomie);
- 7) a representative of the Sicilian Association of Administrators of Communities and Local Autonomies (ASACEL);
- 8) a representative of the Sicilian Association of Local Autonomies Administrators (ASAEL);
- 9) any regional councilor whose competence is relevant to the subject on which the Conference has to discuss.

However, the discipline for the organization and functioning of the Conference was approved only later, i.e. through the **Presidential Decree dated 8 March 2004**.

Such decree has prescribed that the Director of the Regional Department of “Local Autonomies” must participate to each meeting of the Conference. Though this is not stated by the decree, the role of this manager is to support the councilor at “Local Autonomies” in the handling of every kind of documentation necessary to the good functioning of the meetings. In particular, the role of the director of Local Autonomies department is to prepare such documents (e.g. proposals of public tenders for the allocation

of funds), to support the politician in the communication to the board members, and to implement the decisions taken.

Specific deliberations taken by the Conference are about the:

- Local autonomies system rules and laws, the management, fulfillment and delivery of public services;
- Coordination of local policies in the regional territory (through information, advice and linkage between the Region and local autonomies);
- Undertaking and finalization of agreements between the Region and local autonomies.

The Conference also gives advises on the Regional Finance Act proposal, on the financial planning documents and on the guidelines on fiscal federalism.

The Conference is held at least once a month. It is regularly called by the President of the Region or (as a praxis) by the Regional Councilor at “Local Autonomies”. It can also be called on request of one of the Associations of local autonomies.

The rules on the functioning of the Conference have been later disciplined and partially changed by the **Presidential Decree dated 11 February, 2005**.

The purpose of such decree is to rule the cases of lack of components participating at the Conference. The risk for this is that important political decisions are postponed due to political gaming and boycott actions. A more organic discipline, which only marginally changes the previous one, was adopted through the **Presidential Decree dated October 30, 2008**.

Chapter 3

Regional policies for city attractiveness in Sicily

3.1 Local autonomies fund

Given the peculiarities of Sicilian autonomy²³, a significant issue related the regional policies for cities government is ordinary financial funding. Concerning this, the **Regional Law n. 2/2002** (art. 76) prescribes the rule of getting advice from the Conference Region-Local Autonomies, in order to distribute yearly funds to Municipalities.

The **Regional Law n. 15/2004** (art. 18) prescribes that funds must be transferred to Municipalities in 4 slots per year, with a three months period, at the end of each 3-month time. Each single year the total amount of this ordinary fund (so-called *Fondo pe le Autonomie in favore dei Comuni: Local Autonomies Fund*) is established by Decree of the Regional Councilor (at Local Autonomies) for all 390 Municipalities.

Furthermore the **Regional Law n. 1/2008** (Finance Act for the year 2008), at the art. 6 refers to the National Law (**Law n. 296/06**). It gives specifically criteria for the participation of Municipalities to the fiscal revenues collected by regions on national persons taxes. In particular (art. 7) it mentions that – starting from the year 2010 – the allocation of such collections to Municipalities is defined through a Decree of the Regional Councilor at “Local Autonomies”, in agreement with the regional councilor

²³ By Statute approved with R.D.L. n.455, the 15th may 1946

at Finance. It also needs to get advice from the Conference “Region-Local Autonomies”.

Also the **Law n. 6/09** (art. 11) defines the rules for allocating resources to Municipal administrations. In particular, it authorizes the director of the department of Finance to distribute (if enabled by the Regional Councilor at “Finance”) to Municipalities cash anticipations of the sums to be transferred (collected taxes). Such anticipations cannot be higher than 30% of the **Local Autonomies Fund**.

The same allocation process is followed by further Regional laws, like the **Law n. 11/2010** (financial act), art. 4. In 2011 the available local autonomies fund has been allocated by the councilor at “Local Autonomies”, based on the following criteria:

- 5% allocated by law (e.g., to cover the needs of Municipalities in condition of financial disease, to cover expenses caused by natural events, to reimburse collections from Tax on Value Added);
- a second pool of financial resources (in the last year about the triple of the above 5%) is again defined by law to finance specific projects. Among the most important allocations are:
 - a) funding to smaller islands to contribute to garbage transportation;
 - b) funding to the historic centre of Ibla – Ragusa, to restore and recover buildings;*
 - c) hospitalization of patients under psychiatric care;
 - d) custody of under aged criminals;
 - e) integrated management of garbage collection;
 - f) requalification of unemployed people;
 - g) funding to the Municipality of Palermo for various emergency reasons.
- a third pool (a bit less than 10% of the Fund) is deducted as a result of decisions of the “Region-Local Autonomies” Conference. Among the most important allocations of funds are:

- a) reimbursement to smaller Municipalities (i.e. those having less than 10,000 inhabitants) of costs related to nursery schools;
 - b) reimbursement to Municipalities for expenses of transportation of intermediate school students from a centre to another;
 - c) improvement of Municipal police services;
 - d) administrative expenses for the functioning of the Technical Secretary of the Conference “Region-Local Autonomies”;
 - e) incentive to good performing Municipalities (about 2% of the fund), based on financial indicators;
- the remaining sum (about the 17% of the Fund) is allocated by law to those Municipalities having major disadvantage and to smaller Municipalities (i.e. with less than 10,000 inhabitants);

Therefore, after this allocation, the remaining sum that the Regional Councilor at “Local Autonomies” can allocate to the remaining Municipalities (possibly based on strategic projects, and call for tenders) is about the 50% of the available Fund. This result comes from a policy-structure affected by the sluggish debate process in the “Region-Local autonomies” Conference also. It takes at least two months to the Conference to formulate an opinion (advice) for the allocation of the Fund. A crucial issue is related to the capability of the department of Local Autonomies (Management) to support the Councilor with a proper and prompt proposal about the allocation of such funds (this implies the pre analysis and development of alternative allocations through calls for tenders), within 15 days from the approval of the Regional Budget for the current year. It is also crucial the political ability of the councilor to lead the discussion with other Conference members and push them to skip political inertia. It is also crucial the prompt issue (by the Department of Local Autonomies) of financial transfers to Municipalities every 3 months, and (in case of delays in the conclusion of the debate in the Conference) of prompt anticipations of funds to Municipalities (equal to the 80% of the funds distributed in the previous year).

In addition, Region and Sicilian Municipalities have to deal with the reduction of the Fund for Local Autonomies over time, due to the sharp decrease of transfers from the State. To this phenomenon, it should be added the uncertainty about the actual structure and functioning of the future system of funding, based on the principle of federalism. In the 2010 stock of financial resources (constituting the Sicilian Fund for Local Autonomies) has been 889 millions of Euro. This stock represent an available fund for Municipalities. But in reality large majority of Sicilian Municipality may get financial transfers from a stock of 484 millions of Euro during the year, as showed in the graph below. This policy behavior is the result of a simulation, modeling such funding policy by a system dynamics approach, considering two months as the time necessary to formulate opinion for the Conference Region Local Autonomies.

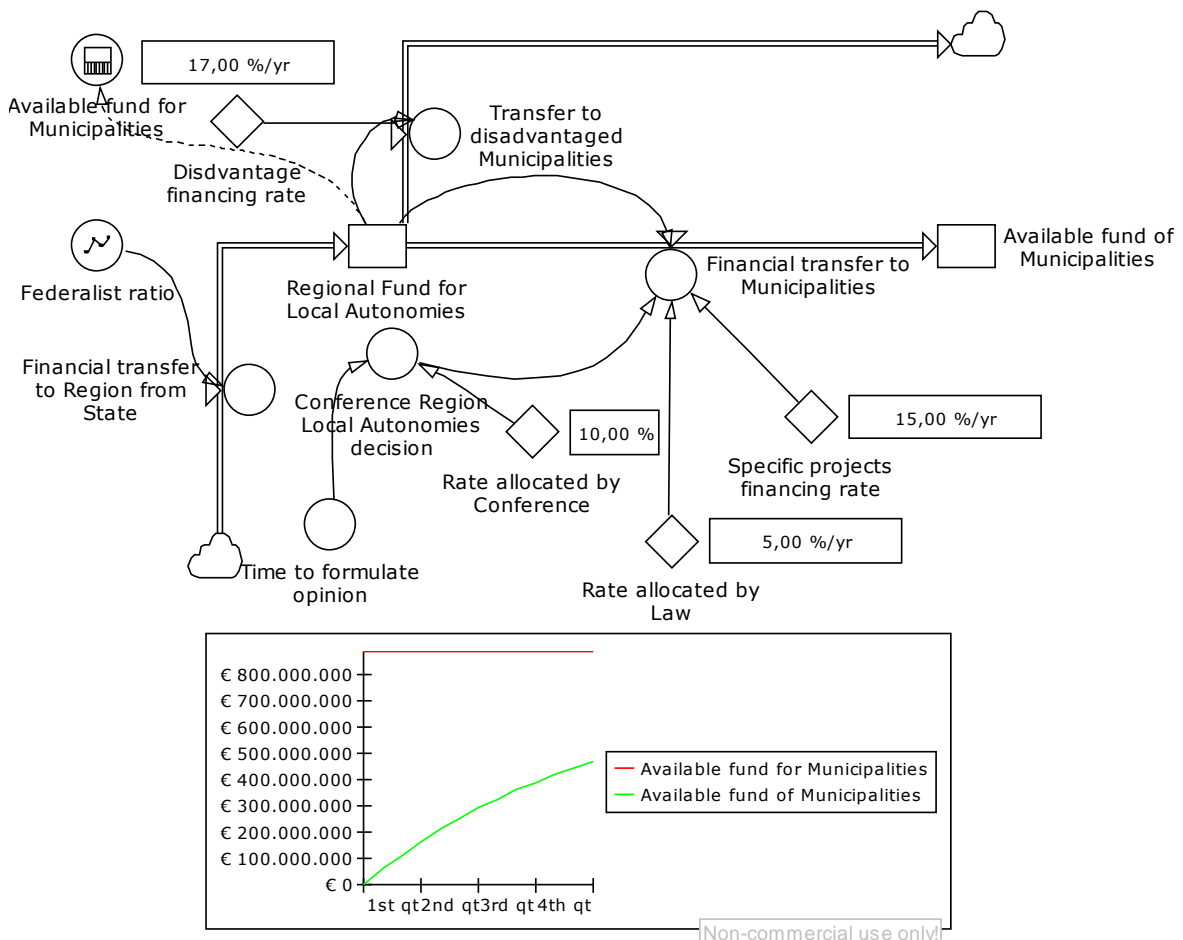


Fig. 19 Stock & Flow diagram and simulation: structure and behavior of regional funding policy for the Sicilian municipalities in 2010

The previous analysis shows how the allocation of funds from the Sicilian Region to Municipal administration and related policies aimed to support local development are dampened by a number of significant weaknesses. Among them:

- 1) An excessive use of the Fund to finance ineffective Municipalities or those which have highest unemployment levels in their areas (the so called disadvantages Municipalities);
- 2) An excessive exploitation of the Fund through the tool of Law, rather than through synergic policies coordinated by the Regional Councillorship at “Local Autonomies”. This means that a significant share of the fund is allocated based on a Parliamentarian debate (often based on ‘abuse of welfare’ principles or clients oriented policies), rather than on a pure public policy analysis and implementation principle.

Such funding policy doesn’t let to finance investments (or structural actions) for city attractiveness in Sicily, except special projects by Municipalities with strong political representativeness in the Conference Region-Local Autonomies and in the Regional Parliament.

In March 2011, collected data from Councilors at Finance of **Cefalù**²⁴ and **Valguarnera**²⁵ Municipalities confirm that Local Autonomies Fund resources, transferred by Region, can’t be used for investments in their cities, because they cover just a fraction of the yearly financial need for the ordinary administration (expenditures for garbage collection, primary schools, municipal police, personal, public lighting, local welfare for disadvantaged people, water management etc). Indeed in Cefalù such fund has covered only the 9,66% of total city government expenditures in 2010,

²⁴ Attractive touristic city, with an ancient artistic heritage and seaside resorts, located on the north cost of Sicily

²⁵ Small ancient industrial city, with textile factories, located in the middle-east of the island

while in Valguarnera it has covered only the 24% of total expenditures for the same year.

Therefore the 11th of may 2011, **Regional Law n.7/2011** allocates 75 millions of Euro as fraction of Local Autonomies Fund (750 millions of Euro for the same year) for investment expenditures in the municipalities. These resources may be used for city attractiveness strategies by local government with planning capacity and structural policies philosophy.

3.2 Program of investments

Inside the European Union, Sicily is one of the so-called "convergence" regions: where it is important to define sustainable policies to fix crisis and establish growth. These policies requires a deep change of culture al local level: from client oriented politics to structural policies. That means a shifting from strategies-set built upon the principle of “take there, give here” (enabling clients and patrons to benefit from each other’s support as they play in parallel at different levels of political, social and administrative articulation) towards regional strategies oriented to economic growth by investments and structural policies. In fact, client oriented politics strategies limit resources for structural policies (increasing independence of companies and workers from public commitment in the long term).

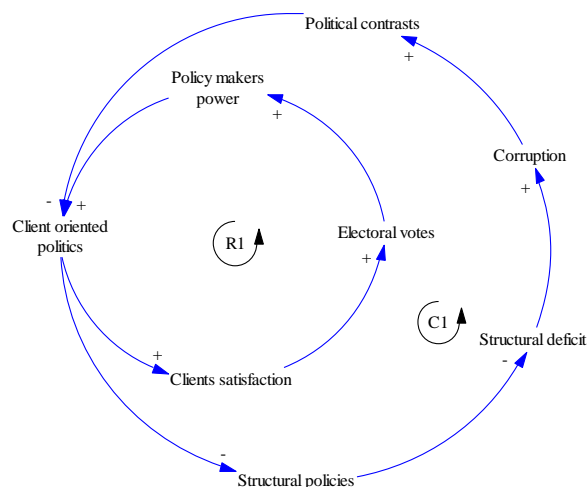


Fig.20 Dichotomy between client oriented politics and structural policies (counteracting loop)

The term "convergence regions" stems from the European Union's Regional Policy. The purpose of EU regional policy is to reduce the significant economic, social and territorial disparities that still exist between Europe's regions.

Structural Funds and Cohesion Funds are the main instruments for supporting social and economic restructuring across the EU tackling regional disparities and supporting regional development. In order to implement these funds, the European Union has, according to several criteria, divided the area into several categories (e.g. competitive regions, regions that are phasing out from the funds and the so-called convergence regions which are fully eligible for the funding).

The objective for "Convergence" is to reduce regional disparities in Europe by helping those regions whose per capita gross domestic product (GDP) is less than 75% of the EU to catch up with the ones which are better off.

For the period 2007-2013, European regions considered as Convergence objective²⁶ are:

- 1) **Bulgaria:** the whole country
- 2) **Czech Republic:** Střední Čechy, Jihozápad, Severozápad, Severovýchod, Jihovýchod, Střední Morava, Moravskoslezsko
- 3) **Germany:** Brandenburg-Nordost, Mecklenburg-Vorpommern, Chemnitz, Dresden, Dessau, Magdeburg, Thüringen
- 4) **Estonia:** the whole country
- 5) **Greece:** Anatoliki Makedonia, Thraki, Thessalia, Ipeiros, Ionia Nisia, Dytiki Ellada, Peloponnisos, Voreio Aigaio, Kriti
- 6) **Spain:** Andalucía, Castilla-La Mancha, Extremadura, Galicia
- 7) **France:** Guadeloupe, Guyane, Martinique, Réunion
- 8) **Hungary:** Közép-Dunántúl, Nyugat-Dunántúl, Dél-Dunántúl, Észak-Magyarország, Észak-Alföld, Dél-Alföld

²⁶ See: European Commission. Regional Policies- Info regio, <http://ec.europa.eu/>

- 9) **Italy:** Calabria, Campania, Puglia, *Sicilia*
- 10) **Latvia:** the whole country
- 11) **Lithuania:** the whole country
- 12) **Malta:** the whole country
- 13) **Poland:** the whole country
- 14) **Portugal:** Norte, Centro, Alentejo, Região Autónoma dos Açores
- 15) **Romania:** the whole country
- 16) **Slovenia:** the whole country
- 17) **Slovakia:** Západné Slovensko, Stredné Slovensko, Východné Slovensko
- 18) **United Kingdom:** Cornwall and Isles of Scilly, West Wales and the Valleys

Structural funds (European Regional Development Fund and European Social Fund) and Cohesion Fund support objective Convergence. The Cohesion Fund is aimed at Member States whose Gross National Income (GNI) per inhabitant is less than 90% of the Community average. It serves to reduce their economic and social shortfall, as well as to stabilize their economy. The European Social Fund (ESF) sets out to improve employment and job opportunities in the European Union. The European Regional Development Fund (ERDF) aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. In short, the ERDF finances:

- a) direct aid to investments in companies (in particular SMEs) to create sustainable jobs;
- b) *infrastructures linked notably to research and innovation, telecommunications, environment, energy and transport;*
- c) *financial instruments (capital risk funds, local development funds, etc.) to support regional and local development and to foster cooperation between towns and regions;*
- d) technical assistance measures.

The ERDF also gives particular attention to specific territorial characteristics. ERDF action is designed to reduce economic,

environmental and social problems in towns. Naturally disadvantaged areas geographically speaking (remote, mountainous or sparsely populated areas) benefit from special treatment.

Regional Operational Programs submitted to European Community (in order to be financed under the Convergence objective) shall be drawn up at the appropriate geographical level. According the art. 37 of Council Regulation (EC) No 1083/2006 of 11 July 2006²⁷, Operational Programs relating to the Convergence shall contain:

- a) an analysis of the situation of the eligible area or sector in terms of strengths and weaknesses and the strategy chosen in response;
- b) a justification of the priorities chosen having regard to the Community strategic guidelines on cohesion, the national strategic reference framework, as well as the results of the *ex ante evaluation*
- c) information on the priority axes and their specific targets. Those targets shall be quantified using a limited number of indicators for output and results, taking into account the proportionality principle. The indicators shall make it possible to measure the progress in relation to the baseline situation and the achievement of the targets of the priority axis;
- d) a financing plan.

Ex ante evaluations shall aim to optimize the allocation of budgetary resources under operational programs and *improve programming quality*. The *ex ante evaluations* shall be carried out under the responsibility of the authority responsible for the preparation of the programming documents.

²⁷ laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation

Operational programs identify and appraise the disparities, gaps and potential for development, the goals to be achieved, the results expected, the quantified targets, the coherence, if necessary, of the strategy proposed for the Region, the Community value-added, the extent to which the Community's priorities have been taken into account, the lessons drawn from previous programming and the quality of the procedures for implementation, monitoring, evaluation and financial management.

On 7th September 2007, the decision approving the ERDF regional operational program for Sicily 2007-2013 was adopted. The total cost of the program amounts to 6.54 billion of euro and Sicily receives Community funding of 3.27 billion of euro. The financial counterpart of Community assistance is provided by the central Italian administration, the region of Sicily and other public bodies. The rate of Community part-financing is 50% of eligible cost.

The overall objective of the program is to contribute to increasing and stabilizing the rate of growth of the regional economy (increase in annual GDP to 2%) by creating *conditions in the region which are more attractive* to productive enterprises. Many of the measures aim to improve the transport sector - transport equipment and accessibility in general, while paying due regard to the *environment*. Funding of *rail transport in urban and metropolitan* areas will be promoted. The program will also seek to establish a more balanced transport system by increasing the importance of rail networks and ports (which will represent 60% of financial resources allocated to transport infrastructure).

The regional operational program for Sicily is designed in 7 priorities, as follows:

- Priority 1.** Mobility networks
- Priority 2.** Efficient use of natural resources
- Priority 3.** Exploiting cultural and environmental resources to attract tourism and promote development
- Priority 4.** Dissemination of research and innovation and Information Society

Priority 5. Development of enterprises and competitiveness of local production systems

Priority 6. Sustainable urban development

Priority 7. Governance, institutional capacity-building and technical assistance

General managing authority is the Department of Planning under the President of the Region, even if an important issue is related to the highly fragmented distribution of roles between several regional councillorships that have competency on the policies affecting Priorities, with impact on strategic planning for city attractiveness by Municipalities.

For instance, actions of Priority 1 are managed by the regional councillorship for Infrastructures. Some of these actions may sustain various Municipal policies in the improvement of the urban infrastructures and equipment. While actions of other Priorities are managed by several other councillorships (e.g. Cultural Heritage, Production Activities, Environment, Local Autonomies etc).

A higher level of interaction has been implemented at Presidential level (based on a proper Strategic Planning process) by the mission of awareness on the impact of public policies. This mission shall be carried out under the responsibility of a technical structure of experts named NVVP (Nucleo di Valutazione e Verifica degli investimenti Pubblici). Also, the Planning Department” aims at coordinating different Regional Councillorships in their own transfer policies towards Municipalities, in order to implement effective strategies for city attractiveness and urban development.

3.3 Resources for tourism development

The strategic objective of Sicilian Operational Program (2007-2013) is “to raise the average growth rate of regional economy through the strengthening of attractiveness and competitiveness factors. Priority 3 of this program of investments aims at the promotion of sustainable tourism

by the enhancement of the cultural and natural potential of the region. The preservation of historical premises and the support to small and medium enterprises linked to the management of the cultural heritage and the environmental networks are envisaged.

Action lines of Priority 3 towards Local governments are managed by the following regional :

1. Cultural Heritage
2. Environment
3. Tourism
4. Transports

From Cultural Heritage Department, Local governments may benefit financial resources to realize projects of:

- Restoration, recovery and promotion of archeological and monumental sites. (action line 3.1.1.1)
- Recovery of historical and cultural heritage (action line 3.1.1.2)
- Use and innovatory management of cultural heritage (action line 3.1.1.3)
- Testing of new restoration techniques and innovatory management (action line 3.1.1.4)
- Sustaining centers of excellence and network of research in the field of cultural heritage sector (action line 3.1.1.5)
- Exploitation and to bring to fruition external spaces and itineraries of museums and others sites (action line 3.1.1.6)
- Production networks of centers and artistic labs, quality promotion of architectural and urban planning (action line 3.1.3.1)
- Architectural, city and landscape exploitation with artistic activities (action line 3.1.3.2)
- Cultural services, artistic and handcraft activities in the field of contemporary art and architecture (action line 3.1.3.3)
- Innovative management of multi services for heritage fruition (action line 3.1.3.4)
- Cultural infrastructures and exploitation of local traditions and customs (action line 3.1.4.1)

- Conservation and restoration of historic buildings and sites in undeveloped areas (action line 3.1.4.2)
- Promotion and exploitation of accommodation facilities in the mountains and internal landscapes (action line 3.1.4.3)
- Preservation of landscape with historic and cultural heritage (action line 3.1.4.4)
- Master plans on exploitation and management of heritage buildings services and cultural and artistic productions (action line 3.1.4.5)

During the period 2007-2013, altogether Heritage Department should provide local governments with more than 342 millions of euro, as showed in the figure below. The financial allotment is done by each single action line, in order to give opportunity to develop coherent projects with topics underlying action line's description.

Action lines	Assets in Euro
3.1.1.1	42.001.283,95
3.1.1.2	42.001.283,95
3.1.1.3	29.993.686,12
3.1.1.4	9.999.563,01
3.1.1.5	12.801.277,00
3.1.1.6	13.131.755,76
3.1.3.1	14.714.111,20
3.1.3.2	40.316.665,20
3.1.3.3	74.660.578,36
3.1.3.4	13.684.123,60
3.1.4.1	14.714.111,20
3.1.4.2	8.902.037,40
3.1.4.3	7.504.196,80
3.1.4.4	14.257.973,92
3.1.4.5	3.752.098,40
Total	342.434.745,87

Fig.21 Allocation of financial resources from Regional Heritage Department to Local Governments

Municipalities may benefit a lot (in terms of local economic growth and income from taxes) by a consistent strategic planning, aimed to develop actions underlying objectives (strategic and operative) of regional policies

related to action lines of Cultural Heritage Department. These policies aim to support urban heritage and cultural resources protection, with effect on city attractiveness. Definitely a major city attractiveness means a growth of tourist flow that effects (in a positive way) the local economic growth and the level of municipality income from taxes as consequence of this growth. More income for municipality means more possibility to finance several actions of building conservation and restoration, reinforcing city attractiveness in an exponential way in the time, as showed in the figure below.

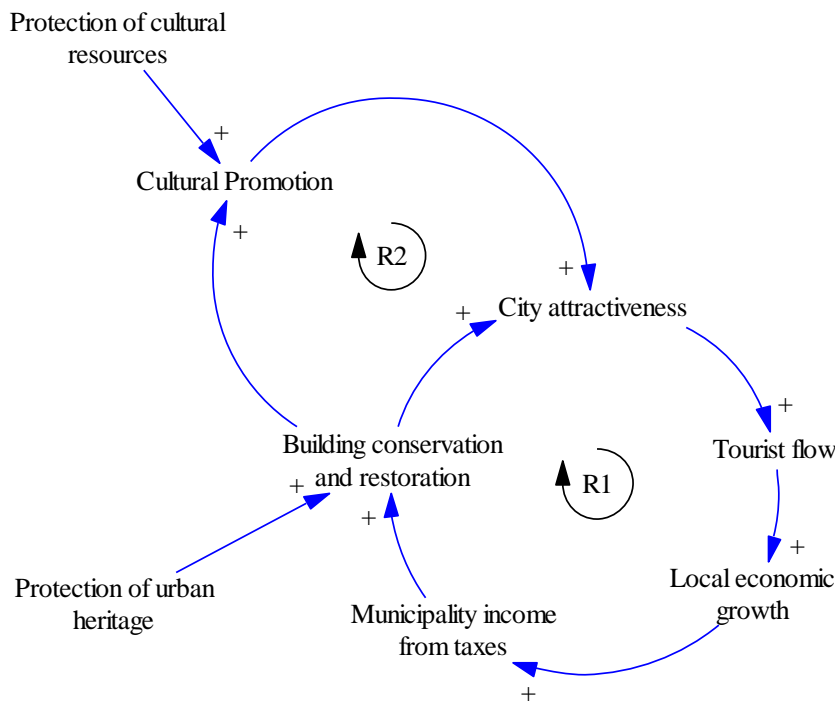


Fig.22 Reinforcing loops on Sicilian city attractiveness by actions of urban heritage and cultural resources protection (underlying objectives of regional strategy)

From Environment Department, Local governments may benefit financial resources to realize projects of:

- Supporting companies and associations in the field of environmental resources protection, exploitation and fruition o (action line 3.2.1.1)
- Infrastructures able to realize a regional network of ecology (action line 3.2.1.3)

The financial allotment is done by each single action line, as showed in the figure below

Action lines	Assets in Euro
3.2.1.1	19.422.627,80
3.2.1.3	39.065.966,00
Total	58.488.593,80

Fig. 23 Allocation of financial resources from Environment Department to Local Governments

City attractiveness benefit from policies aimed to improve quality and quantity of environmental resources for tourist fruition. By word of mouth advertising, satisfied tourists will increase the city image, that make more “attractive” the city not only for new visitors, but even for potential habitants and investors. In this vision tourism is an effective media (cause) of attractiveness, over effect of attractiveness also.

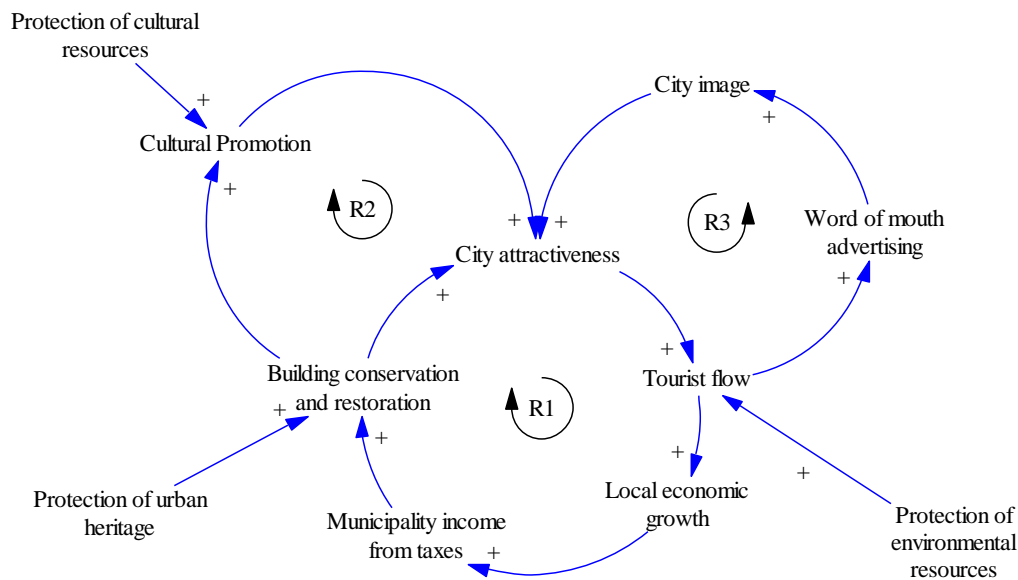


Fig. 24 Increasing tourism and city attractiveness by policies of exploitation and protection of environmental resources

Another key resource for tourism development is quality and quantity of infrastructures. For that reason, by the Priority 3 of the regional investment program (2007-2013), Transport Department offers to Local governments opportunity to realize projects of mobility for people using no motorized vehicles as bikers, riders, hikers etc (action line 3.3.2.4). Resource available are 23.542.578,70 euro.

More infrastructures (in quantity and quality) make more comfortable visitors experience whose improving city image and attractiveness by word of mouth advertising. More attractiveness means more local economic growth with increasing municipality income from taxes. That reinforcing loop (R1) make able city government to finance development policies of urban infrastructures in the time (R4), with positive effects in urban development as showed in the figure below.

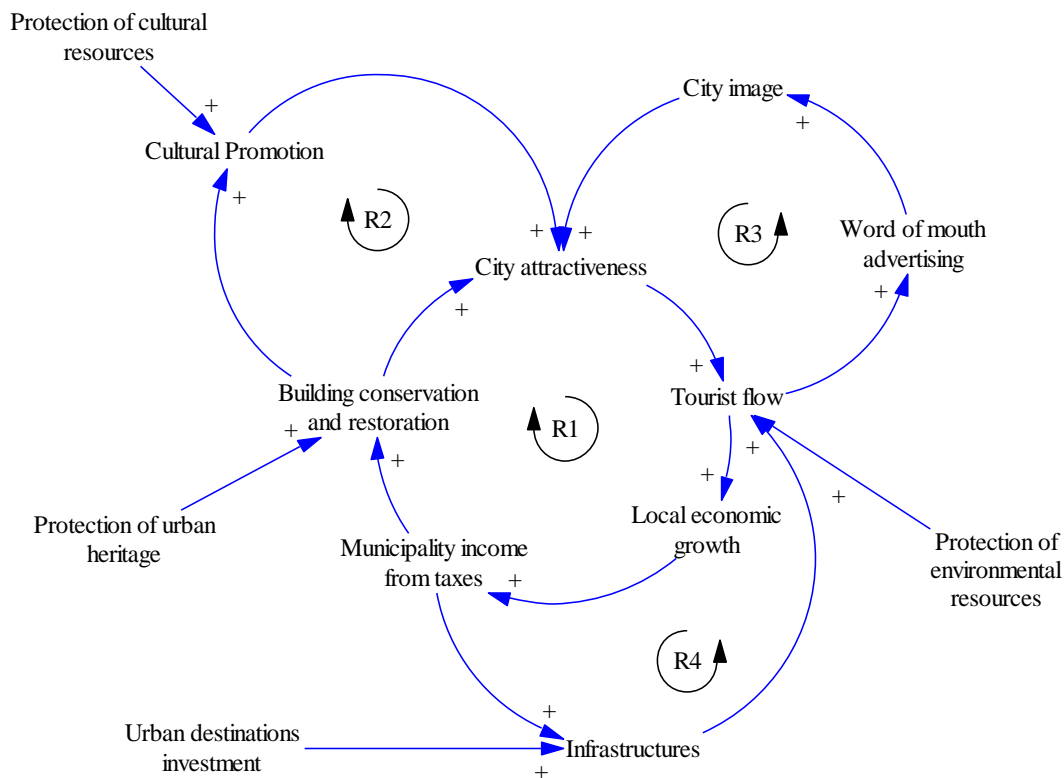


Fig. 25 Increasing tourism and city attractiveness by policies of infrastructures development (R4)

For investments, on the other hand, from Tourism Department, Local governments may benefit financial resources to realize projects of:

- Increasing of tourist attractions (action line 3.3.1.1)
- Marketing of territory image, advertising and sales promotion of tourist attractions (action line 3.3.1.2)
- Supporting and creation of area brand, quality end environmental certification and product clubs for internationalization (action line 3.3.1.3)
- Diversifying tourist attraction for all season (action line 3.3.2.1)
- Increasing quality of meeting, sport (action line 3.3.2.2)
- Centers of excellence for tourist attractions diversification and coordination (action line 3.3.2.3)
- Infrastructures and structures for marinas (action line 3.3.2.5)
- Reception camps by information technologies in the major tourist sites (action line 3.3.3.1)
- Increasing fruition quality in the major tourist sites (action line 3.3.3.3)
- Planning and management of resources for tourism in local systems associated (action line 3.3.3.4)

Action lines	Assets in Euro
3.3.1.1	47.294.615,55
3.3.1.2	55.282.612,39
3.3.1.3	25.662.517,00
3.3.2.1	88.950.736,18
3.3.2.2	66.768.447,66
3.3.2.3	18.750.416,36
3.3.2.5	208.106.905,15
3.3.3.1	29.503.489,01
3.3.3.3	47.550.823,93
3.3.3.4	23.660.291,24
Total	611.530.854,47

Fig. 26 Allocation of financial resources from Tourism Department to Local Governments

3.4 Strengthening the mobility network

The current condition of the Sicilian transportation's system is very critical. According to the *Istituto Tagliacarne*, Sicily is characterized by a lower level of infrastructures with reference to the Italian average. In fact Sicily show up a presence of infrastructures on the territory equal to 86,2 percent of the national middle level. The uneasy accessibility to all tourist destination including landscapes, the long time that occurs for trip and the ineffectiveness of the transport systems are all factors that determine a loss of competitiveness of the Sicilian territory, in terms of city attractiveness and tourism development.

Mobility network plays a primary role in the tourist sector, both in reference to the achievement of the tourist destinations and relatively to the travels that they may do inside the island. Also, considering the geographical marginality of Sicily within the European Union, transports are strategic resources in the demolition of the so called "geographical entrance barriers". For this purpose the regional program of investments (by Priority 3 of Operational Program 2007-2013) aims to improve accessibility for people and goods, with due regard for the environment also.

Intention is to increase rail and port infrastructure. However, there will also be funding for roads (for instance, missing sections of the Syracuse-Gela motorway will be completed), with a focus on improving mobility in the urban and metropolitan areas of Palermo (a railway going round the city and new tramway) and in Catania (the metropolitan line and new sections of the "Circumetnea" including a link to Catania airport). As well as having a positive effect for the environment; energy consumption should also be improved.

This regional policy is aimed to:

- to improve the conditions of the mobility of passengers and goods, planning the territorial distribution of relevant economic activities of the island;

- to assure the social function of public transport, guaranteeing the proper functions in the urbanized areas, favoring the mobility of travelers and inhabitants in connections with the terminal poles (port, airport and railway);
- to reach a greater environmental quality, and to raise the levels of life quality in the urban areas, allowing the use of reserved paths for bikers and pedestrians only, promoting collective public transport, reducing energetic consumptions, polluting issues and noise, protecting citizens' health and improving safe circulation in harmony with the principles enacted by national and community rules.

These objectives concern action lines for Local governments managed by three regional Departments. They are:

- 1) Public Works
- 2) Transports
- 3) Disaster Protection

Public Works Department is in charge of:

- Building and improving connection between mainly mobility networks and junctions (action line 1.1.3.1)
- Connection between intermodal infrastructures (action line 1.1.3.2)
- Secondary roads improving in the provinces (action line 1.1.4.1)
- Regional harbors system development (action line 1.2.2.1)

Action lines	Assets in Euro
<i>1.1.3.1</i>	97.832.491,80
<i>1.1.3.2</i>	21.580.696,68
<i>1.1.4.1</i>	103.587.344,00
<i>1.2.2.1</i>	143.871.312,00
Total	366.871.844,48

Fig. 27 Allocation of financial resources from Public Works Department to Local Governments

Transports Department is in charge of:

- Building parking for modal interchange (action line 1.3.2.1)
- Improving services of information, control and management of traffic and transports (action line 1.3.3.1)

Action lines	Assets in Euro
<i>1.3.2.1</i>	25.896.836,00
<i>1.3.3.1</i>	14.387.132,00
Total	40.283.968,00

Fig. 28 Allocation of financial resources from Transports Department to Local Governments

Disaster Protection Department is in charge of:

- Ways of escape improvement (action line 1.1.4.2)
- Regional heliports system development (action line 1.2.3.3)

Action lines	Assets in Euro
<i>1.1.4.2</i>	34.529.115,00
<i>1.2.3.3</i>	30.212.976,00
Total	64.742.091,00

Fig. 29 Allocation of financial resources from Disaster Protection Department to Local Governments

The correlation between transport and environment policies is a factor of added value for attractiveness growth. Environmental goods constitute a fundamental resource for leisure time, tourism, mobility not tightly tied up to the traditional models of industrial production. Indeed remarkable aspects of transportation's impact are the following:

- permanent damage to the landscape
- pollution
- energy consumption

3.5 Environment and safety

Actions aimed at reduce energy dependence on traditional resources are contained in the Priority 2 of regional program of investment 2007-2013. The production and use of renewable energy should be promoted as well as measures to promote energy efficiency.

Besides energy, interventions in the sectors of water infrastructures, risk prevention and waste treatment will also be supported within this priority. As for the waste treatment, productive investments in the recycling sector will be financed.

These objectives concern action lines for Local government managed by two regional Departments and one regional Agency They are:

- 1) Energy
- 2) Environment
- 3) ARRA

Energy Department is in charge of:

- Incentives to produce energy from renewable sources in productive districts (action line 2.1.1.2)
- Incentives to improve efficiency in building absorption of energy and reducing of Co2 emissions (action line 2.1.2.1)
- Local planning to shrink Co2 emissions (action line 2.1.2.2)

Action lines	Assets in Euro
2.1.1.2	129.778.464,00
2.1.2.1	96.933.297,00
2.1.2.2	46.784.335,00
Total	273.496.096,00

Fig. 30 Allocation of financial resources from Energy Department to Local Governments

Environment Department is in charge of:

- Infrastructure to improve ground hydro-geological stability (action line (2.3.1.1)
- Prevention of desertification and ground instability (action line 2.3.1.2)
- Forecasting and mitigation of earthquakes, volcanic eruptions, industrial and environmental disasters (action line 2.3.1.8)

Action lines	Assets in Euro
2.3.1.1	24.033.048,80
2.3.1.2	75.303.552,80
2.3.1.8	32.044.065,04
Total	131.380.666,64

Fig. 31 Allocation of financial resources from Environment Department to Local Governments

ARRA (regional water and waste management agency) is in charge of:

- Prevention, outstanding security and land reclaim of polluted sites (action line 2.4.4.1)

Action lines	Assets in Euro
2.4.4.1	124.971.854,00

Fig. 32 Allocation of financial resources from ARRA (regional water and waste management agency) to Local Governments

3.6 Security for attractiveness

On 17 August 2007, the European Commission approved the multiregional operational program “Security for development” for the regions of Calabria, Campania, Apulia and Sicily in Italy covering the period 2007-2013. This program aims to:

- strengthen security in the four regions of Southern Italy concerned in order to make them more *attractive*
- improve the conditions of security, justice and equality for citizens and businesses (and thus contribute to the development of areas characterized by a high degree of organized criminality as mafia)
- raise confidence levels among the population and economic operators.

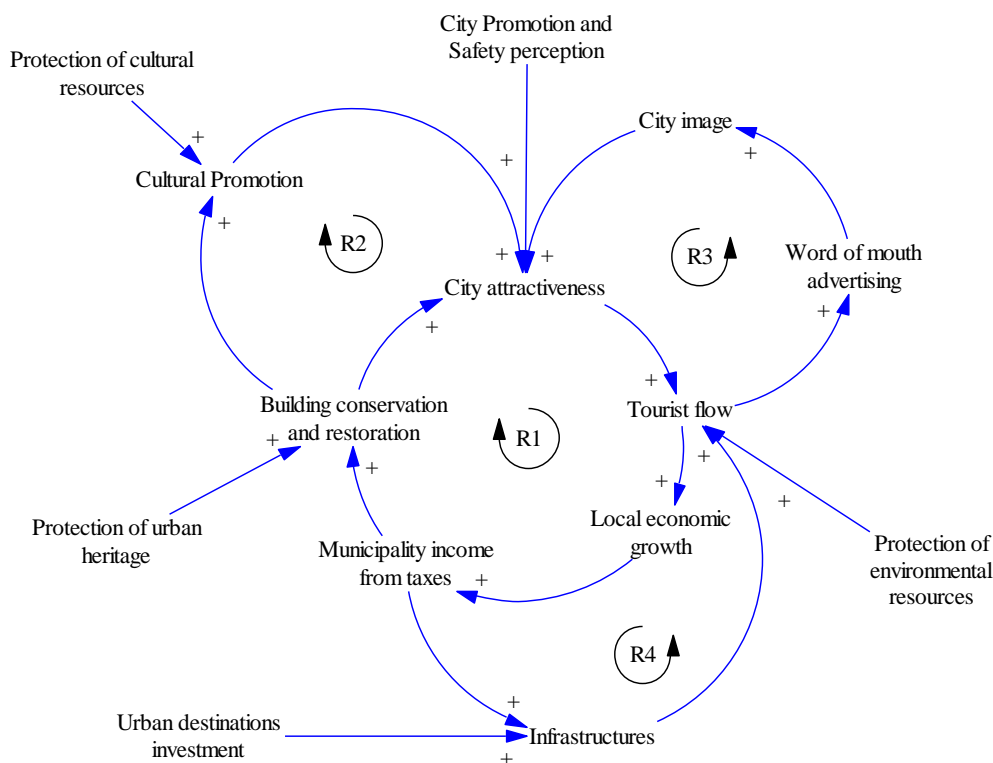


Fig. 33 Reinforcing effect on Sicilian city attractiveness by actions of security and city promotion, increasing safety perception (underlying objectives of multi regional operational program “Security for development”)

The two linked themes of security and promoting adherence to the law are at the heart of development policy for the less favored regions and their cities.

The overall objective of the program is linked with the quantified impact indicators reflecting the effects of the program:

- 1) reduction in the organized crime index (from 102 to 99%);
- 2) reduction in the population's perception of criminal risk (from 36 to 31 %);
- 3) creation of 13 500 jobs

The operational program “Security for development” has three priorities:

1. Security for economic freedom and the freedom to conduct business (around 49.5% of total investment);
2. Promoting adherence to the law (around 46.5% of total investment)
3. Technical assistance (around 4.0% of total investment)

Actions under priority 1 are aimed at protecting the fundamental rights of citizens, in particular by removing obstacles to the free competition of enterprises that stem from the activities of organized crime, in order to improve the quality of life and overcome the barriers to development in the regions concerned.

The particular areas addressed are:

- 1.1 controlling the territory and ensuring the free use of communication routes;
- 1.2 protecting the environment;
- 1.3 combating the various forms of unfair competition;

1.4 giving training to operators in the area of security.

Actions under priority 3 are aimed at promoting greater adherence to the law in order to improve the regions' ability to attract productive investment and tourists. Particular attention is given to the phenomenon of immigration. The particular areas addressed include:

2.1 combating the various forms of illegal work;

2.2 the transparency of public procurement;

2.3 combating usury;

2.4 integrating immigrants;

2.5 managing goods confiscated from criminal organizations;

2.6 improving technological equipment and giving training to operators in the area of security;

2.7 promoting a law-abiding culture

Actions under priority 3 are aimed at building the technical capacity of the authorities responsible for the program so that they can manage effectively the various stages of preparing, implementing, monitoring, following up, assessing, notifying and controlling the program's activities. The particular areas addressed include technical assistance to the program's managing authority and assessment, information and communication measures.

The operational program comes under the 'Convergence Objective' and has a total budget of around €1.16 billion. (50% by the Italian Government). The aid provided by the European Union (EU) from the European Regional Development Fund (ERDF) amounts to some €579 million, which represents around 2.0% of Community aid to Italy under the cohesion policy for 2007-2013.

3.7 Infrastructures for Information Society

The dissemination of information and communication technologies (ICT) across Sicily's economy represents a major lever for improving both productivity levels and the competitiveness of region. The dissemination of ICT (as infrastructures for Information Society) also encourages the re-organization of production methods and the emergence of new business and private services. The efficient and effective delivery of public services - in particular e-government and e-health – has a significant potential for economic growth and for enabling new services.

Actually the achievement of the so-called Information Society varies a lot in Sicilian urban area. Therefore, one of the main tasks of regional policies is to achieve equal communication standards all over the island.

The Priority 4. (Dissemination of research and innovation and Information Society) of regional program of investments (2007-20013) is intended to promote the diffusion of information and communication technologies (ICT) in order to increase the competitiveness of local small and medium enterprises, as well as to reduce the digital divide affecting mainly the interior rural areas.

Operative objectives of this policy are:

- 1) the improvement of the relation between citizens and administration/local government
- 2) the improvement of the relation between politics and administration
- 3) the improvement of the relation between economy and local administration (at regional and municipal level).

These objectives concern action lines for Local governments managed by the Regional Budgeting Department. They are:

- Spreading of interactive e-government services for citizen and companies (action line 4.2.2.1)
- Strengthening and spreading infrastructures and services of e-inclusion (action line 4.2.2.3)
- Interoperability between regional and local informative systems (action line 4.2.2.4)

Action lines	Assets in Euro
4.2.2.1	28.120.301,69
4.2.2.3	15.695.052,06
4.2.2.4	10.463.368,16
Total	54.278.721,91

Fig. 34 Allocation of financial resources from Regional Budgeting Department to Local Governments

These actions should increase productivity, promote an open and competitive digital economy and an inclusive society (for example, improving accessibility for disabled and elderly people), and thus boost growth and jobs. Also they have to ensure availability of ICT infrastructure where the market fails to provide it at an affordable cost and to an adequate level to support the required services, especially in remote and rural areas.

3.8 Development of local production systems

Sicily remains behind the growth of the rest of Italy. Although in 1998-2002 the island had an average growth of 2.0% as against a national average of 1.7%, the gap began to widen again with the difficult international situation and its effect on Italian economic growth.

After a seven-year cycle of moderate growth, the international crisis which originated in the United States of America (US) in 2008 has pushed Italy

into its deepest recession for 50 years. Italy was the first euro-zone country to record negative growth as early as 2008.

The structure of the Sicilian economy in relation to the national economy as well as that of the South overall and the Convergence regions, is the low presence of industry (in the strict sense) and the predominance of the service sector: 33.2% as against a national value of 20.6%, largely consisting of employment in the Public Administration.

As strategic goal, the Priority 5 of regional program of investment 2007-2013 aims to increase competitiveness of local production systems.

Operative objectives of this policy are:

1. the development of clusters of large and small and medium-sized enterprises;
2. the increase of the average size of local small and medium enterprises (SMEs);
3. the access of the SMEs to advanced services.

These objectives concern action lines for Local government managed by two regional Departments. They are:

- 1) Industry
- 2) Cooperation

Industry Department is in charge of:

- Making real productive areas in undeveloped territories (action line 5.1.2.3)

Action lines	Assets in Euro
5.1.2.3	24.768.025,38

Fig. 35 Allocation of financial resources from Industry Department to Local Governments

Cooperation Department is in charge of:

- Supporting the improvement logistic functionality of productive areas. (action line 5.1.2.1)
- Making real productive areas in undeveloped territories (action line 5.1.2.3) as does Industry Department
- Enhancement of areas interested in promotion of local products in natural shopping centers, supporting small and medium enterprises (action line 5.1.3.3)
- Incentives for the internationalization of local products (action line 5.2.1.1)

Action lines	Assets in Euro
<i>5.1.2.1</i>	33.375.723,24
<i>5.1.2.3</i>	57.792.059,22
<i>5.1.3.3</i>	27.565.611,00
<i>5.2.1.1</i>	4.040.097,86
Total	122.773.491,32

Fig. 36 Allocation of financial resources from Cooperation Department to Local Governments

3.9 Urban development by attractiveness

Cities make a critical contribution to sustainable development of Sicily. In 2008, the 54% of residents were living in 34 cities with more of 30.000 of inhabitants (except Enna with 28.000 inhabitants). Palermo is most the most populated city with its 663.173 of dwellers. Majority of Sicilian cities reveal trends of urban sprawl since 1960, that means with unplanned urban development.

The priority 6 of regional program of investments 2007-2013 promotes attractiveness in city areas, for sustainable urban development. The mix of

the measures to be implemented depends on the specificities of each city. In urban areas, the focus should be on improving competitiveness (through clustering and networking) and achieving more balanced development between the economically strongest cities and the rest of the urban network.

On the whole regional support the development of participative and integrated municipal strategies capable of tackling the high concentration of economic, environmental and social problems affecting urban agglomerations. Therefore, regional policies has defined the following priorities for integrated urban development plan (IUDP) in a strategic view:

- 1) research and technological development, innovation and entrepreneurship, including fostering of entrepreneurship;
- 2) information society, including improvement of secure access to on-line public services;
- 3) local development initiatives and aid for structures providing local services to create new jobs;
- 4) environment, including rehabilitation of the physical environment, especially contaminated and brown field sites and land;
- 5) tourism, including aid to improve the supply of tourism services through new higher added-value services;
- 6) investments in culture, including protection, promotion and preservation of the cultural heritage;
- 7) transport, including integrated strategies for clean transport;
- 8) energy, including the improvement of energy efficiency and the development of renewable energies;
- 9) health and social infrastructure.

Managing authority is the Regional Planning Department in cooperation with other Departments involved in urban development policies. Resources available are 719 millions of Euros and for each city (oriented to use this support for investments) the setting up of urban plan consists of three phases:

- 1) Establishment of Local Governments territorial alliances
- 2) Submission of IUDP proposals and lists of operations
- 3) The Evaluation Committee analyzes the drafts of projects, proposing, if appropriate, amendments or changes to improve the effectiveness of the operations

Integrated urban development plan needs to be full of:

- i. General information
- ii. Context analysis
- iii. Strategy
- iv. List of operations
- v. Core operations
- vi. Operations financed by other programs
- vii. Financial Plan
- viii. Table of functional interdependence
- ix. Organizational and business models

3.10 Criticality and policy recommendation

Analyzing the structure of the strategic perspective aimed to raise attractiveness in Sicilian cities by regional policies (designed for the program of investments 2007-2013) it has been possible to detect several reinforcing loops on city attractiveness. That means to evaluate (*ex ante*) the current regional strategic planning (from 2007 to 2013) by a system

dynamics approach, integrating a public policy analysis. This in order to identify the multi-loop non linear feedback system on city attractiveness in Sicily as expected impact of some strategic objectives.

As a result of this approach, reinforcing loops (increasing attractiveness in systemic way over time) are estimated as expected consequences if some choices (declined from the priorities of the regional program²⁸) are put into effect, as shown in the model below:

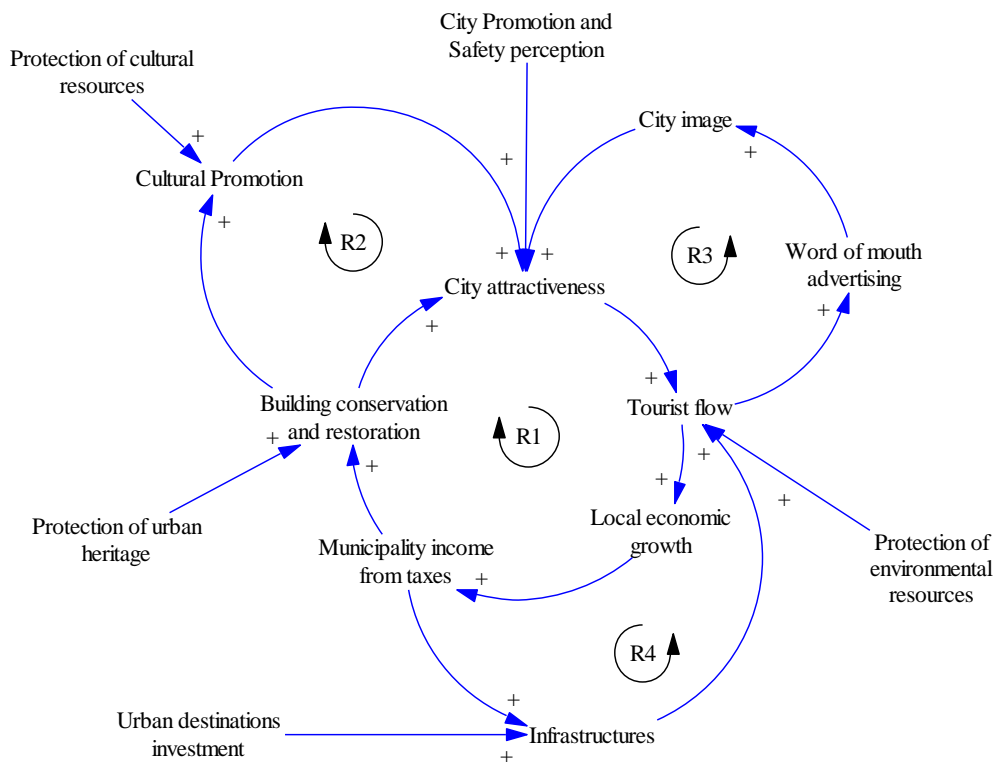


Fig. 37 Framework for an ex-ante evaluation model declined from regional policies analysis: dynamic hypothesis concerning city attractiveness growth by program’s priorities to put into effect.

But some choices might produce unexpected results or different impact by dynamics of unconsidered factors. Indeed, ex ante evaluation requires extrapolating from past experience to learn about effects of hypothetical programs (Petra I. Todd, 2007). By documented experiences of tourism

²⁸ Including priorities of the multi regional program “Security for development”

development we learn about carrying capacity as the maximum use of any place without causing negative effects on resources, the community, economy, culture, and environment, and the subsequent loss of visitor satisfaction (Wahab 1997). Therefore, the attractiveness of a city is limited by its carrying capacity as shown in the figure below:

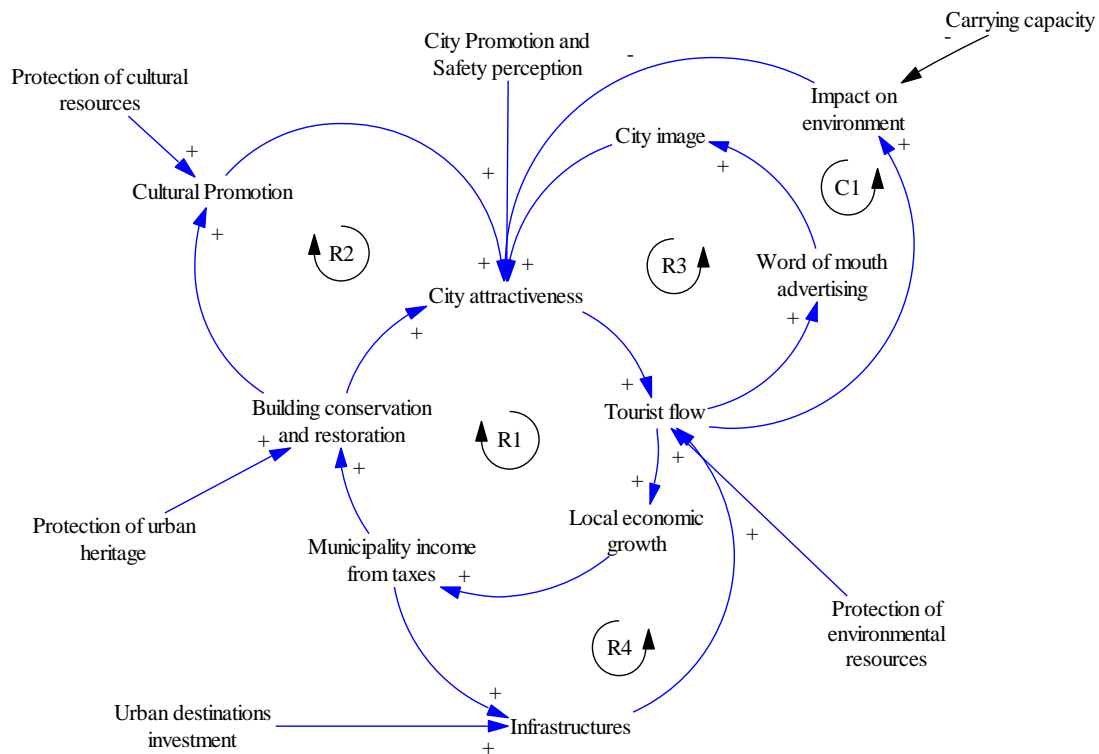


Fig. 38 Analysis of system complexity: dynamics of city attractiveness growth by tourism development.

The concept of carrying capacity has been used as a form of management for tourist destinations in several countries. In Britain, Chester City Council has adopted such an approach in bringing historical issues to the centre of the decision-making stage.

Increasing the number of city visitors (or dwellers) without control means to make a unsustainable impact on environment that decrease attractiveness. A major carrying capacity let a major city attractiveness.

Therefore Sicilian Region should take in consideration this issue in its Operational Program for investments 2007-2013, with reference to tourism

development and urban attractiveness policies. In priority 6 and 3, additional action lines should give incentives for

- 1) Researches and experiments aimed to quantify levels of carrying capacity in strategic sites
- 2) implementation of visitors management restrictions systems.

Ex-ante evaluation of visitors management restrictions show a reinforcing effect on city attractiveness, eroded by an excessive tourist flow with negative impact on environment. Restrictions are inversely related to carrying capacity. A major carrying capacity needs a minor restriction reducing rate of tourist visiting sites. In other words restriction have to be managed in order to reach the equilibrium between the maximum use of sites (that means carrying capacity defined by preliminary researches/experiments) and the tourist flow over time.

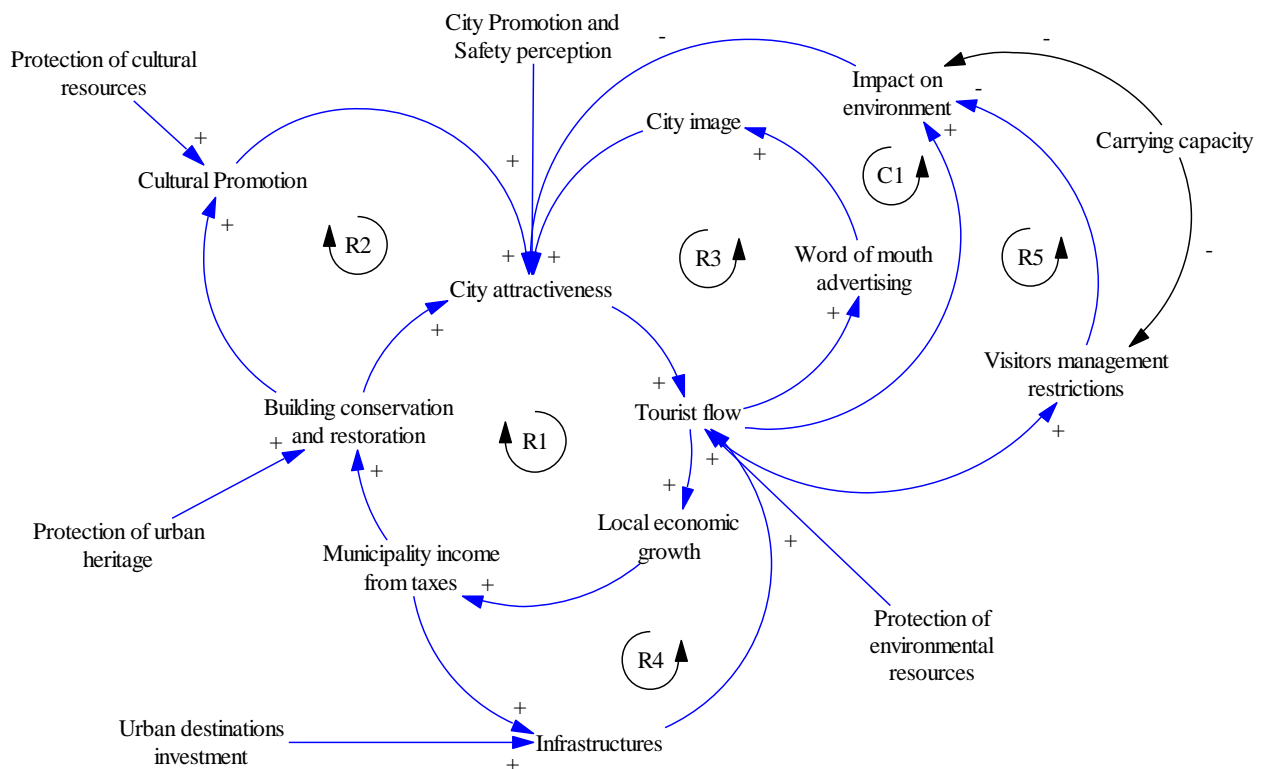


Fig. 39 Framework for an ex-ante evaluation model with policy recommendation, declined from a system complexity analysis

Chapter 4

City Government and Planning capacity

4.1 The integrated urban development approach

Since the end of the second world war, urban policies in Italy have been traditionally characterized by fragmented, sectorial, non coordinated and voluntary actions of some municipalities. For a long time they were mainly oriented towards improving housing conditions without paying attention to urban factors linked to attractiveness, environment and local development.

This model of expansion outlined above was strongly marked by both the concentration of the building of public housing in the period after the second world war and by the informal nature of housing development in the South. Conversely, recent decades have witnessed the lack of a real national policy for urban renewal and the implementation of local actions. When compared with North European urban policy, the Italian model looks like a patchwork of initiatives and actors that have produced multiple forms of urban actions in different sectors but lacking overall co-ordination (Padovani, 2000).

The lack of an integrated plan for interventions (based on a clearly defined program) was one of the consequences of the fragmentation of responsibility for intervention in urban areas among the various levels of government. Responsibility concerning policies and interventions in cities and urban areas is divided up between three horizontal political-institutional levels - State, Regions, Local governments (the latter subdivided into Provincial and Municipal) - and then among numerous

‘vertical’ sections on each of these levels, which it is not often possible to work in a cooperative way.

The problem of the fragmentation, overlapping or indeterminacy regarding governance is quite marked at the level of Regions and Local Government. It concerns both the relations between different hierarchical levels (e.g. in the case of the adoption of the General Urban Development Schemes, and other urban and territorial planning instruments, such as transport schemes, etc.)

However, in spite of these problems, Italy can offer a multitude of remarkable good practices: “as a result of the work of volunteer associations, municipalities, public agencies and various organizations, a vast store of knowledge has been built up and a wide range of operative possibilities has been tried out” (Tosi, 1994). After the decades of the enormous uncontrolled expansion in poor-quality housing, more recent years have witnessed a growing attention to the enhancement and safeguarding of the historic architectural and urban heritage. Regeneration was initially seen in terms of recuperating ancient urban settlements and the historic center of cities. Hence, following the European example, the last two decades have witnessed a revitalization in Italian urban policies in terms of more integrated actions and variety of interventions.

Since the 1980’s great number of European municipalities experimented strategic approaches to urban regeneration. According to Curti e Gibelli (1996), these were directed particularly to reach the following objectives:

- a) recovering disadvantages areas of those cities formerly involved in industrial activities;
- b) creating the spatial condition to localize service activities and attract new firms and foreign enterprise;
- c) creating better transportation links to improve competitiveness’.

This approach to strategic planning changes during the 1990s, when a growing attention is given to the creation of institutional conditions to promote complex policies of regeneration (Healey, 1997).

The concept of an “integrated approach” to urban issues developed at the beginning of the 1990s with urban renewal projects for disadvantaged areas. As certain urban areas - particularly large social housing projects - deteriorated, it became necessary to develop territorial initiatives that included not only physical investments in buildings and infrastructure, but also measures to promote economic development and social inclusion. The idea was to break away from a compartmentalized approach to territories, issues and policies, in order to promote a “holistic” approach that takes into consideration the physical, economic and social dimensions of urban development.

In Europe, the last two decades have proven a deep evolution in the more consolidated forms of action in the urban context. “The traditional *sequential* process of analysis, the identification of a potential approach and the evaluation, choice and implementation of the project to be adopted, has been substituted by a *recursive* process of defining the problem, gathering proposals, opening arenas for concert and negotiation, promoting reciprocal trust and confidence, and re-defining the program and its implementation. This model of an integrated multi-actorial, inter-institutional, participatory approach as a new form of local intervention in addressing problems of urban material decay, social polarization and exclusion, and lack of development has assumed an increasingly important role in the urban policies of most European countries, whereas in Italy the experimenting with forms of local action has not followed a linear path” (Padovani, 2000).

Urban policies in North Europe present nowadays specific features that seems to be significant also in the Italian context (Avarello 2002). For example:

- the convergence of specific sectors (like housing and social services) in a more integrated planning perspective;

- the predominance of a contextual-territorial approach over a functional one;
- the constitution of more autonomous decisional centre at the local level.

Strategic planning processes just experienced in Torino (Torino Internazionale, 2000) and Milano (Asnm, 2000), and the activity of planning commission in cities such as Genoa, Florence and Catania, demonstrate a changing approach to the issue of urban regeneration and a growing interest to the process of internationalization of local economies.

By this changing approach, general model of urban projects aimed to include all urban issues (transport, planning, environment, economic development, etc.) rather than only the renewal of disadvantaged neighborhoods. The development of integrated models became critical to provide useful inputs to urban growth management strategies. Also it became necessary to add vertical integration among the various levels of government and bodies involved in territorial governance (local, regional, national, private sector, civil society, etc.) to horizontal integration, among the various sectors of public action.

The activity of European Union in the field of regional policy after the Single European Act, have as well influenced local authorities in reference to the strategic orientation of local policies. The success of community initiatives directly addressed to urban areas (such as Urban and Urban Pilot Projects) or to promote interregional cooperation (e.g. Interreg), have produced positive effects with regards to the capacity of managing complex strategic practices in a growing set of cities (Vinci, 2002).

The cooperation between local authorities in different countries, which often is a condition to obtain financial support by the European Commission, have created a different culture in local governance. Several local authorities have never had international relation until the promotion of the EU initiative, especially in the southern of Italy.

During the last decade, European urban policies favored in the Italian context:

- 1) the diffusion of approaches which are oriented to the internationalization of cities and to promote local resources in a framework of market orientation;
- 2) the strengthening of the European perspective both from an operational point of view (best practices and financial support) and as framework for regional strategies;
- 3) the spreading of the notion of “local governance”, which is now used to designate the need of local authorities to share responsibilities’ providing complex solutions to local emerging problems.

Bagnasco and Le Galès (1997) describe urban governance as an organizational model that requires an institutionalization of a wide corpus of demands and players at the local level. They underline the importance of planning and implementation collective projects, as this can help to guide different actors to recognize their own role and to enhance local identity. Institutionalization of complex policies in a fragmented society has to deal with a variety of interests (often contrasting), including those of weakest players. This requires a robust institutional capacity for local authorities, which is asked to manage long standing processes of auditing and promoting forums involving every local player.

As suggested in some comparative studies (Bianchini, 1993), the results of the regeneration policies driven in old industrial cities such as Glasgow and Bilbao it has to be related in general with the institutional capacity of the local authorities, which is requested to design a convincing long term strategy. The effectiveness of an internationalization policy based on cultural projects is not in a direct effect of a wide cultural heritage in the city.

4.2 From a physical to a strategic planning

Urban planning in Italy mainly deals with urban space in the sense of actions intervening on the physical environment, with the focus of the local government very much on land-use, urban design and the management of property rights. One of the most evident feature of the Italian planning system is the important role covered by the local master plan (Piano Regolatore Generale) for the management and control of every spatial issue. Ordinary problems - as the specialization of city spaces depending on its use (residential, commercial, cultural, economic areas, etc.) - have been resolved in accordance with the Urban Planning Law legislated in 1942.

The urban master plans devised pursuant to the Urban Planning Law have been already been adopted by municipalities nationwide, which have recently been entering a period for review. Following the establishment of regions beginning in 1972, the authority to approve urban plans have been transferred completely to the regions.

The basic framework of Italy for statutory urban plans subsequent to the decentralization of authority in 1990 pursuant to the New Local Autonomy Law is as follows in the order of descending priority:

1. Regional territorial plans (Piano Territoriale Regionale)
2. Provincial territorial coordination plans (Piano Territoriale di Coordinamento Provinciale)
3. Metropolitan area plans (PRGI)
4. Municipal master plans (PRG),
5. District plans (PP).

A territorial plan (PTR) is devised by each of the 20 regional governments as the topmost plan. A territorial plan covers regulations on particular land

usage, the development of particular large land areas, and the planning of infrastructure such as road network and railways. The draft of a regional territorial plan is prepared with the participation of provinces, municipalities, private entities, and the like and are finalized by obtaining the approval of the regional assembly.

Plan	Authority
Regional Territorial Plan (PTR)	Region
Regional Territorial Landscape Plan (PTPR)	Region
Provincial Territorial Coordination Plan (PTCP)	Province or Metropolitan level
Metropolitan Area Plan (PRGI)	Province or Metropolitan level
Municipal Master Plan (PRG)	Municipality

Fig. 40 National framework of territorial spatial development by local governments

For the preservation of regional territorial landscape, each regional government is required to formulate a landscape plan, which is widely incorporated into the regional territorial plan (PTR). It is subject to review in accordance with the environmental protection requirements.

The process of innovation in urban policy in late 1990s – according with the need of accelerating the implementation of bottom-up public investments – have produced a growth of conflicts with the regulatory systems of planning at local level. In recent years there was clear evidences of crisis in the planning practices and a necessity to reform the legal system of planning is asked both at national and regional level.

The very unfastened process of reviewing the master plan in Italy have implied a difficult for municipalities to adapt strategies to the changing of social and economic context. Neither the model of a hierarchical framework of plans (from regional to local level) have worked with effectiveness to provide strategic and integrated vision. The need to adopt

strategic planning arises with the necessity to solve urban issues - related to local development and city attractiveness - in a global and competitive context changing overtime.

While a physical urban plan is a closed product in time and space, a strategic plan is a process in constant change that evolves according to circumstances. The urban planning is a process marked by the law, with systems and patterns of participation established by law. Strategic plans gain its value on consensus and in the fulfillment of commitments.

Ninety's reforms have introduced new forms of agreement between level of government and between institutional players and other actors (private or public agencies) involved in the projects. Instruments such the Conferenza di Servizi, the Accordo di Programma or the Contratto di Programma are different forms of agreement targeted on making faster implementation of public policies and investments. These administrative procedures allow local authorities (which is promoting a project of development) to obtain every permission trough a conference which involves all the institutional subjects responsible for the different policy fields and permits. This way of governance is having a significant impact on process of urban strategic planning and implementation.

In Italy nowadays procedures of acquiescence are simpler than in the past. Therefore, the use of urban strategic planning is testing city government's capability, after that the new regulations have conferred them more decisional autonomy, in order to run transformation processes and building specific identity by coherent and flexible projects negotiated with stakeholders and social organizations.

In actual fact, urban strategic planning is a specific instrument of management which promotes citizen participation in local policy decisions. This advanced form of planning is thought to involve both public and private participants in a fertile cooperation, to innovate and manage a governance meant as negotiation of different interests. It also affects local institutions' capability to image and lead territorial development and to generate income by its administrative action, in a broad-spectrum relationship between citizens and administration.

The partnerships which emerge from urban strategic planning are especially created for designing and managing sustainable projects for the city. But these processes of citizen involvement are not spontaneous: it is the local government which is primarily responsible for fostering opportunities for civil society organization participation.

The process of participation must include actors with a strong technical orientation who have the capacity for dealing with the needs and requirements of society. This kind of public-private partnerships requires clearly established rules so that collective and individual benefits are produced which in turn strengthen the actors' motivation for continuing to participate in a project.

Urban strategic planning allows local governments to acquire the participation of social actors, to achieve consensus about policies and projects and to support partnerships aimed at proposing, implementing and evaluating projects. However this is only possible if the government is willing to share the power and respect the decisions which emerge from the process of negotiation.

There are three basic sources of input in the urban strategic planning building process. They are the political decisions and the know-how of both professionals and social actors.

As far as possible, citizens participate both directly or indirectly (through representatives from civil society organizations) in the making of their own city. A large number of private actors are also invited to participate in the planning process. Private actors represent an important part of a city's economic, cultural or social activity, hence are vital to its development.

Such a process directly refers to a "reticular" model", as the most able to produce an integrated vision and analysis of problems: as preliminary phase for the consequential policies design process. In this way both main promoters and all actors are involved in planning and executing all necessary steps to achieve concrete results.

4.3 Organization and planning stages

Nowadays in Italy the organization of strategic plans follow the so called “reticular model”, which is based on the global view of problems, policies, and operators. On one hand, reticular plans are related to the previous approval of certain strategic issues and to general participation, on the other, to creation and management of a network among different operators (Camagni, Capello, 1997).

The most distinguishing features of a reticular model for strategic planning are:

- an integrated approach of the planning building process, which concerns not only territorial, but also functional issues;
- a vision of long-term scenarios
- the participation of local and external actors even from the initial planning steps
- the formulation of choices, decisions and operative actions concerning all different participators, both private and public, according to negotiation
- the implementation of a monitoring system
- the optimization of the planning processes by corrective actions
- the provision of ex-ante and ex post evaluation models

In accordance with the reticular model strategic plans are elaborated by the following stages:

1. Area identification
2. Networking and partnership building process.
3. Context analysis
4. Networking management
5. Strategies and policies definition
6. Implementation
7. Actions management
8. Monitoring and evaluation

Fig. 41 Stages of strategic plan’s elaboration

First of all it is necessary to identify the area in which to operate, including districts, urban or metropolitan area (this would be the case of big cities, in which urban renovation is considered as an absolutely necessary condition to permit the development of the whole area. In some cases neighbors small cities and town may consider the opportunity to make a union goals oriented, in order to solve common problems of the shared territory.

Secondly the coordinating authority (in the municipality or in the union of municipalities) has to deal with the involvement of all actors, public and private, able to bring planning and operating resource and competence, according to actively participated decisional processes in the territory. The networking of all those actors, who have got an effective decisional power and propose constructive suggestions, represents a very important player in the guiding principles for the future urban development.

Roles played by urban actors - as protagonists of local society and its economy - are significant for the preliminary analysis of context. This is based on researches on the most important economical, social, territorial, and cultural resources of the city, together with its related problems of sustainable development and quality of life. In other terms, this phase is intended:

- a) to analyze all dynamics of the urban system development
- b) to identify the role played by urban actors together with their strategies
- c) to identify factors and relevant variables for urban development, both internal and external (thus related to relational context of the city with other institutions, stakeholders, users etc.)
- d) to figure out the SWOT analysis, concerning strengths, weaknesses, opportunities and threats, which are the primary inputs to define planning guidelines.

The networking management of all those participants - who have got an effective decisional power and propose constructive suggestions - is the most difficult challenge for the planning authority.

In order to achieve and maintain a high degree of consensus amongst all of those who have decisional power it is of great importance the organization

of a permanent Forums and strategic conferences for the discussion of Strategic Planning's priority and actions.

The Forum is an institutional context where:

- political decisions are widely argued
- consultation forms have been planned for all citizens interested in urban projects
- representative organisms of different economical and social interests have been set up.

The primary Forum's objective is to reach an open dialogue between its participants in order to negotiate interests, develop partnerships and achieve effective cooperation, so that the "policy-makers" may decide some "priorities" together with "operators" and "technicians", (architects, geographers, engineers, city-planners, economists, sociologists, and lawyers) who are skilled in special planning subjects.

"Strategic objectives" identification directly comes from context analysis' and negotiation results expressing priorities. They represents the necessary preliminary guidelines definition for the "operative objectives", proposing a suitable solution for specific problems by a master plan.

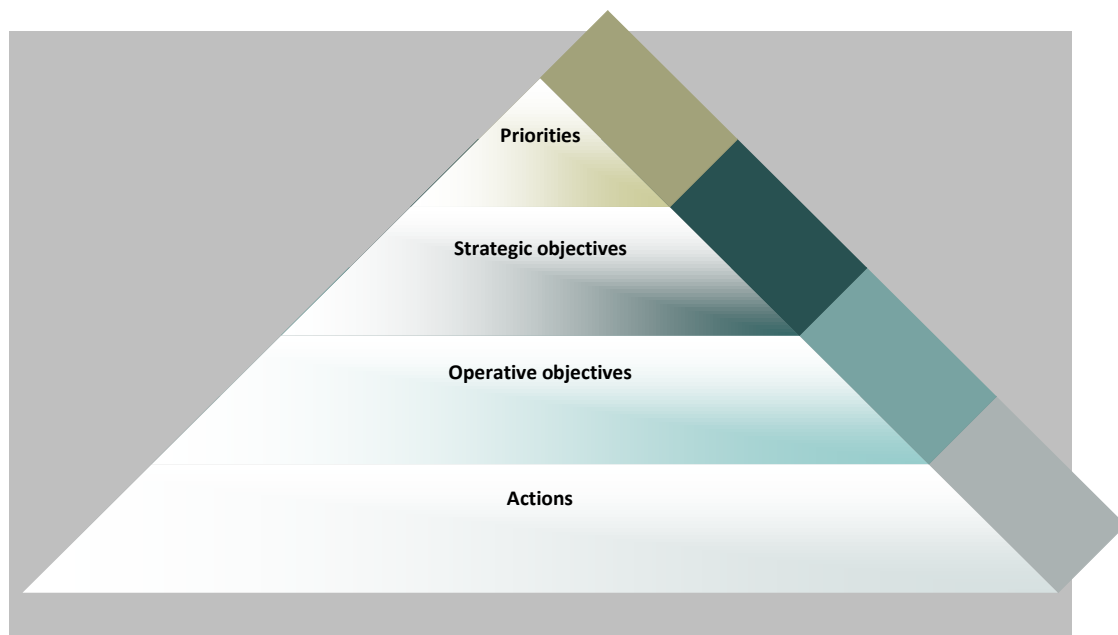


Fig. 42 Structure of a strategic plan

The master plan represents the framework of reference indicating the accomplishment of general strategies by operative programs. It implies the development of decisional issues for the achievement of strategic objectives (as declination of priorities designed by analysis and negotiation) organizing logically detailed information in order to design effective actions. These one are the way to reach operative and strategic objectives at the same time. Also action's description show a synthesis of the plan: aimed to pursue the most efficacious solutions for the sustainable development of the city over time.

Master plan contributes to clarify and reinforce all choices based on basic physical urban-planning tools, according to a wider framework concerning social and economical development of the city. In fact the master plan is a knowledge tool for the city itself also and give to the Local government the occasion to dialogue with internal and external actors, playing its fundamental role to promote, stimulate and coordinate local development processes. Such form of governance should improve local social awareness for common objectives, stimulating citizens' participation and improving local government capacity to think in long term perspectives. Negotiations prevents conflicts as consequence of contrasting interests also.

Actions plan implementation usually deals with solution of conflicts, when interests are in contrast, in addition to procedures and relations with financing channels of projects (Region, U.E, central authorities an private partnership). The most significant issues concern economical, social, cultural, transports and environmental policies on specifics area of the city: with effect on real estate value increasing.

Actions plan management has to deal with systems of controlling activities of planning contents and results monitoring, in order to evaluate efficiency and effectiveness of the whole process, even modifying and revising the Plan. A good system of monitoring let a direct check of results achieved by urban planning policy, able to activate a cyclical and everlasting processes of growth. Therefore this activity should needs indicators showing the effectiveness of all actions and their impact on the urban system in order to attain an effective evaluation of achieved results.

An indicator gives information that helps to monitor progress and to report on objectives. Indicators

- a) can be quantitative or qualitative
- b) should be easy to monitor and allow credible reporting
- c) should be reliable enough to trigger more detailed evaluation and decisions
- d) on follow-up when indicating that objectives cannot be met
- e) should highlight the most essential aspects of the changes that the plan is aiming to achieve
- f) should help to focus monitoring on those aspects of resource consumption,
- g) implementation, outputs and results that are most important to follow-up

By evaluation of information, decision and policy makers can judge the usefulness of a plan. This activity may be put in to effect *ex-ante* also, that means during stages of planning.

Ex ante evaluation is a process that supports the preparation of plan. Its purpose is to gather information and carry out analyses that help to define objectives.

Various amount of detail in the analysis is usually needed at different steps of the plan preparation. As some elements of the plan may change in the course of its development, if they don't prove the possibility to reach expected results of strategy. For these reason it is necessary to

- define the key aspects of the issues to be addressed by the plan
- identify factors that are likely to influence the key problem
- identify the main groups of player that influence or that are being influenced by the plan
- analyze the cause-effect relations between the factors identified and the interest and motivations of the players
- construct a visual presentation of these relationships, for example in the form of causal loops.

4.4 The case of Catania

Catania is the most important economic and industrial hub of Sicily. In 1960s the city's economic growth was so rapid and dynamic that it was often nicknamed the "Milan of the South". This prompt economic growth attracted a great amount of Sicilians (living in the more rural areas, or smaller towns such as Enna, Ragusa and Caltanissetta) in the city.

In data the urban agglomeration is a metropolitan area composed by the Municipality of Catania (with its 298,257 inhabitants) and others 26 surrounding Municipalities²⁹ developing an urban belt with 453,938 inhabitants. This belt form an integrated system with the centre of Catania, sharing its economical and social life and constituting an organic urban texture.

Altogether the inhabitants of the Metropolitan Area of Catania are 752,895. To notice that Metropolitan Area should not be confused with the Province of Catania: a far broader administrative area (with its local government) that includes 58 municipalities and 1,081,915 inhabitants, but does not form an urban system with the city.

According to CENSIS (national institute for social researches), in the year 2000 Catania was the 14th richest city in Italy, with a GDP of € 6.304 billion), which was 0.54% of the Italian GDP, a GDP per capita of € 20,100) and an average GDP per employee of € 66,100). Nowadays, despite several problems of crisis and competitiveness in the global market, Catania has one of the most dynamic economies in the whole of Southern Italy. It show up a strong industrial and agricultural sector, beside a growing tourist industry, with several international visitors coming to visit the city's attractions, resorts seaside and the nearby Etna volcano.

In Catania there are the headquarters or important offices of companies such as STMicroelectronics and also several chemical and pharmaceutical

²⁹ Aci Bonaccorsi, Aci Castello, Aci Catena, Aci Sant'Antonio, Acireale, Belpasso, Camorotondo Etneo, Gravina di Catania, Mascalucia, Misterbianco, Motta Sant'Anastasia, Nicolosi, Paternò, Pedara, Ragalna, San Giovanni la Punta, San Gregorio di Catania, San Pietro Clarenza, Sant'Agata li Battiati, Santa Maria di Licodia, Santa Venerina, Trecastagni, Tremestieri Etneo, Valverde, Viagrande, Zafferana Etnea.

businesses. In addition, during the last decade, there have been several new business developments to further boost Catania's economy, as: a) Etna Polis, b) Etna Valley and c) Etna Land.

- a) Etna polis is a huge and avant-garde commercial centre designed by Massimiliano Fuksas, the same architect who has designed the “Fiera di Milano” (the industrial fair in Milan).
- b) Etna Valley (often compared to being the Sicilian version of California's Silicon Valley) is the location where several companies, or transnational corporations set up important headquarters or offices, especially in the 1990s.
- c) Etna land ((just 12 kilometers far from the city), is a big theme park which contains a zoo, swimming pool, aquatic centre and several rides, which is the largest of its kind in Southern Italy and attracts thousands of tourists, not only from Sicily.

Concerning infrastructures and transports Catania has a commercial seaport (Catania seaport), an international airport (Catania Fontanarossa), a central train station (Catania Centrale) an underground railway line and the so called “Circumetnea” (that is a small-gauge railway that runs for 110 km from Catania round the base of Etna volcano). Also it is a main node of the Sicilian motorway system towards the three corners of the island: Messina in the north, Syracuse in the south and Palermo in the west.

As cultural heritage the city has long and eventful history, having been founded in the 8th century BC. by ancient Greeks. Urban heritage of ancient buildings includes:

- Greek Acropolis of Montevergine
- Greek-Roman Theatre of Catania (2nd century)
- Odeon (3rd century). It could house up to 1500 spectators
- Amphitheatre
- Roman Aqueduct
- Roman Forum
- Roman broken arcades
- Roman Colonnade

- Roman thermal structures (Achillean Bath and Baths of the Four Quoins)
- Christian basilicas, hypogea,
- Catacombs and burial monuments
- The Cathedral (1070–1093, rebuilt after the 1693 earthquake)
- Castello Ursino, built by emperor Frederick II in the 13th century.
- Palazzo degli Elefanti, designed by Giovan Battista Vaccarini. It now houses the Town Hall.
- Palazzo Biscari
- Palazzo Tezzano
- Uzeda Gate
- The Medieval Gothic-Catalan Arch of Saint John of Friars
- Ferdinandean Gate or Garibaldi Gate (Porta Ferdinanda or Porta Garibaldi), a triumphal arch erected in 1768 to celebrate the marriage of Ferdinand I of Two Sicilies and Marie Caroline of Austria
- Porta del Fortino ("Redoubt Gate")
- Villa Bellini
- Catania Botanical Garden
- Villa Pacini

In the 14th century and the Renaissance, Catania was one of Italy's most important and dynamic artistic and cultural center (including the opening of the first university in Sicily in 1434). With its squares, monuments and almost an hundred of historical churches, The Baroque city centre of Catania is a UNESCO World Heritage Site.

As effect of this heritage and cultural resources promotion, during the interval of the period 2000-2005, the touristic flow (as arrivals in the metropolitan area) has been enforced by an additional rate of 10% per year³⁰. This data show a pattern behavior of previous policies structures

³⁰ Context analysis for strategic planning of Catania city for the period 2007-2013, by Municipality (XVI Direzione- Politiche Comunitarie)

implemented in the end of nineties. These policies integrating various strategic projects (P.R.U.S.S.T. ‘Le economie del turismo’, P.I.T. ‘Catania città metropolitana dal sistema diffuso alla metropoli accogliente’, ‘Il patto per il Lavoro Città di Catania’ etc..) were designed with reference to culture and environment as primary resources to elevate quality of life and social cohesion and even to stimulate a high-quality tourism.

Therefore, first objective for the period 2007-2013 (taking in consideration opportunities by regional policies) is to reinforce the “growth” by two main strategic axes focused on tourism development. Identified axes (in the strategic line named LS5, cultural resources and tourism) are:

- City attractiveness for high-quality tourism by a variety of available services;
- Cultural resources promotion.

Variety of available services for tourists is related to infrastructures (as resorts, conference centers etc) in order to satisfy several requests, attracting visitors of the whole south east of Sicily. Incentives for private investors are taken in consideration.

1. Actions for cultural resources promotion are referred to
2. City marketing, promoting image of Catania as active, full of life, efficient, safe and cleaned city
3. New cultural events as Opera festivals and contemporary theatre
4. Historical buildings regeneration
5. New technologies for users and information technologies to spread knowledge of cultural resources
6. Involvement of private investors for cultural resources management

Catania as “metropolitan area” includes eight municipalities also:

1. Aci Bonaccorsi
2. Mascalucia
3. Misterbianco, San
4. Giovanni La Punta
5. San Pietro Clarenza
6. Sant’Agata li Battiati

7. Tremestieri Etneo.

For everyone of these cities and towns, the common general objective of strategic projects is the convergence in a sustainable urban development policy, which is based (on one hand) on quality of life work and on citizens' security. In addition on the empowerment of

- a) commercial, financial and directional activities
- b) infrastructures
- c) production of art and culture
- d) technological research and innovation,
- e) leisure activities and tourism.

Such infrastructures and activities play an relevant role in the contest of urban regeneration, enhancing the city image at national and international level, in order to increase consensus, participation, and social cohesion in the metropolitan area .

4.5 The case of Palermo

Palermo is the administrative and political capital of Sicily, that is a region with own parliament and an autonomous statute since 1947. The seat of the Regional Parliament is in the Palazzo dei Normanni: one of the most beautiful Italian palaces and a notable example of Norman architecture; probably built over an Arab fortress. It houses the famous Cappella Palatina.

The population of the Palermo urban area is estimated by Eurostat to be 855,285, while its metropolitan area is the fifth most populated in Italy with around 1.2 million people. In the central area, the city has a population of around 650,000 people.

At present time, Palermo is a city still struggling to recover from the desolating effect of uncontrolled urban growth. The historic city centre is still partly in ruins, crowded, and unemployment is widespread.

The so-called "Sack of Palermo" is one of the major visible faces of this urban degeneration. This term is used to indicate the heavy building speculations that filled the city with poor buildings since 1970. The reduced importance of agriculture in the Sicilian economy had led to a massive migration to the cities, especially Palermo, which developed in size. Instead of rebuilding the city centre the town was thrown into a frenetic expansion towards the north, where practically a new town was built. The physical regulatory plan for the urban development (master plan drawn up in 1962) was largely disregarded. As consequence new parts of town appeared almost out of nowhere, but without parks, schools, public buildings, transports, proper roads and the other amenities that characterize a functional and organized city.

The Mafia (in transition from a mostly rural phenomenon into a modern criminal organization) played a huge role in this building speculation process. It took advantage by corruption of politicians (a former mayor of Palermo, Vito Ciancimino, has been prosecuted for his bribery with criminal lobbies). Even if many civil servants lost their life in the struggle against the criminal organizations of Palermo and Sicily. These include the Carabinieri general Carlo Alberto Dalla Chiesa, the Region's president Piersanti Mattarella, the Police chief Boris Giuliano and brave magistrates as Giovanni Falcone and Paolo Borsellino.

Located on one of the most beautiful promontories of the Mediterranean, Palermo is however an important trading and business centre and the seat of a important University. The city is connected to the mainland through an international airport and an increasing number of maritime links. However, land connections remain poor. This and a bad city image around the world have until now thwarted the development of tourism.

Since the end of 1990's, by the introduction of a modern urban Strategic Plan, tourism has been identified as the main resource to exploit for the city's recovery by the enormous heritage of three millennia of history and folklore. Indeed the city was founded by the Phoenicians in the 734 B.C.

After it became part of the Roman Republic, the Roman Empire and eventually part of the Byzantine Empire, for over a thousand years. From 827 to 1071 A.D it was under Arab rule during the Emirate of Sicily when it first became a capital. Following the Norman conquest, Palermo became capital of a new Kingdom of Sicily (from 1130 to 1816) dominated by Vikings, Germans, French and Spaniard dynasties over time. At the end it has be united with the Kingdom of Naples to form the Kingdom of Two Sicilies until the Italian state unification of 1860.

Beyond Norman buildings (Cathedral, Palazzo dei Normanni etc) some evidences of this very rich historical heritage are:

- Zisa (1160) and Cuba, magnificent castles/houses used by the kings of Palermo for hunting. Similar buildings were common in northern Africa, but today these two are the only ones remaining. The Zisa houses the Islamic museum. The Cuba was once encircled by water.
- Palazzo Abatellis, with the Regional Gallery. It was built at the end of the 15th century for the prefect of the city, Francesco Abatellis. It is a massive though elegant construction, in typical Catalan Gothic style, with Renaissance influences. The Gallery houses an Eleonora of Aragon bust by Francesco Laurana (1471) and the Malvagna Triptych (c. 1510), by Jan Gossaert and the famous Annunziata by Antonello da Messina.
- San Giovanni degli Eremiti (St. John of the Hermits), a church near the Palazzo dei Normanni. The church is notable for its brilliant red domes, which show clearly the persistence of Arab influences in Sicily at the time of its reconstruction in the 12th century.
- Chiesa della Martorana, also known as Santa Maria dell'Ammiraglio (Saint Mary of the Admiral), is annexed to the next-door church of San Cataldo and overlooks the Piazza Bellini in central Palermo. The original church was built in the form of a compact cross-in-square ("Greek cross plan"), a common south Italian and Sicilian variation on the standard middle Byzantine church type

The Museo Archeologico Regionale of Palermo is one the major museums of Italy: it includes numerous remains from Etruscan, Carthaginian, Roman

and Hellenistic civilizations. It houses all the decorative parts from the Sicilian temples of Segesta and Selinunte.

The modern and integrated strategic plan for Palermo was launched in late 2000 by a coalition made up of the Municipality and the Local government of the Province area.

These local authorities start the implementation of a new integrated spatial plan giving great attention to the opportunities of funding coming from the national and EU level. A specific plan targeted on central historical area was launched, according with a program of financial support to persuade house owners to cooperate at the restoration actions. In the meantime, the Municipality was taking part in every national program financing urban regeneration urban project. The use of EU financial aid was seen primarily as a way to change the image of the city at national and international level. The specific plan (focused on central historical area) was designed taking into consideration the basic task to promote a renewal of the city centre image, fostering cultural and traditional activities and attracting tourists and visitors. On the whole, the actions plan (completely managed by the Municipality) got a budget of 22 millions of euro and it was is mainly oriented to regenerate historical building and create services for the tourism development. The promotion of historical heritage was the strategic priority for upgrading economic activities in the area, promoting processes of participation of local inhabitants.

The integrated strategic plan (named “Palermo: capitale dell’Euro-Mediterraneo”) has been inspired by a wide-ranging strategy of internationalization which draws some lines of the Urban Initiative approach. The main objective of the plan is to enhance the city role as a center of the Euro-Mediterranean cooperation area. The vision emphasizes the construction of the institutional condition for promoting wide processes of participation through local community. The promotion of local skills and human resources in innovative economic sectors is considered as strategic goal of the plan.

Governance have been designed by a partnership including five main actors:

- 1) Municipality

- 2) Province,
- 3) Chambers of Commerce,
- 4) Agency of Tourism
- 5) University

With reference to management and long term policies there was a stable sharing of tasks:

- the Municipality had to supervise all administrative procedures, manage public services to people and enterprises and ensure the making of infrastructural actions;
- the Province was responsible for the control of infrastructural actions at the metropolitan level and for promoting a policy of territorial marketing;
- the University had to implement all the policies directed to upgrade human capital;
- the Chambers of Commerce was responsible for the linkage between local actions of the plan and the system of firms and enterprises;
- the Office of Tourism had to promote cultural activities at the local level and coordinate supply of touristic services.

The whole strategy was linked to a framework of actions and projects for reducing some existing urban and environmental factors of decay:

- a) unfinished policy of restructuring the historical centre and promoting traditional activities;
- b) lack of relation between the central area and the sea;
- c) state of decay for several peripheral districts;
- d) weakness of transportation systems and facilities.

The full actions plan was articulated into the following five fields:

1. Promotion of a pole for the Euro-Mediterranean culture, supporting cultural and artistic activities and creating itineraries through the wide cultural heritage in the central areas. A great attention was

given to the integration between museums and historical buildings, and between cultural facilities and traditional activities in the historical centre.

2. Support to technological innovation processes in the local systems of enterprises, through the creation of a Euro-Mediterranean Pole of Technological Innovation in an abandoned industrial area near the port. The Pole was intended as a means to enhance competitive advantages of the city in the field of TLC business and activities. For managing the Pole was expected an active role by technological faculties of the local University, which had also the task to create better links between scientific research and business.
3. Support to processes of internationalization in the local productive system, through the creation of a Business District called “Città dell’Impresa”, located in a old industrial building close to the Pole of Technological Innovation. The main tasks of this services is to upgrade the level of information in the SMEs, to promote cooperation between local and Mediterranean enterprises, to attract foreign investments and opening local business towards external markets.
4. Diversification of the touristic local system, through a qualification of local services in the view of the opening of the Mediterranean free trade area in expected in the 2010.
5. Investment on human capital and knowledge, through a wide list of actions, including financial support for students and young employed (stage periods and work experiences), exchange of practices between University and centers for research in the context of a Euro-Mediterranean cooperation.

The most important actions planned for the “promotion of a pole for the Euro-Mediterranean culture” were:

- a) Theatre itinerary in the historical centre (Garibaldi theatre and Massimo theatre)
- b) Restoration of the historical garden of Villa Giulia
- c) Restoration of the historical garden of Piazza Magione
- d) Restoration of the Steri buildings (residence of the Rectorate)
- e) Conversion of Palazzo S.Elia into a museum
- f) Innovative management of the museum of S. Maria dello Spasimo
- g) Carrying out of the archeological park of the Castello a mare
- h) Carrying out of a Euromediterranean Museum of Contemporary art at the Zisa (restoration of an old industrial site, innovative management of the museum, promoting cultural activities with the participation of private sector)
- i) Carrying out of a Workshop of Visual Arts (Zisa)

The most important actions planned for the “technological innovation processes in the local systems of enterprises” were:

- a) Conversion of the ancient chemical firms of Arenella
- b) Restoration of the coastal area near the Pole
- c) Creation of a Fair district to support innovation in service activities
- d) Creation of Technological Workshops to support local business

The most important actions planned for the “processes of internationalization in the local productive system” were:

- a) Conversion of the industrial area of the Manifattura Tabacchi in Business district
- b) Support of local SMEs in processes of innovation
- c) Support of local SMEs in processes of internationalization

The most important actions planned for the diversification of the touristic local system were:

- a) Incentives to local business and organization in the field of traditional crafts (historical markets in the central area)
- b) Restoration of southern coastal areas in state of decay
- c) Completion of the University district of Parco d’Orleans

- d) Creation of Technological Workshops to support local business
- e) Support to local SMEs for the improving of hotel supply

The general coordination of the actions plan was in charge to a special public Agency – the Integrated Territorial Plan Office – which had to control all the stages of the implementation, to assess the effectiveness of policies and ensure a full integration between different fields of policy.

A Strategic Committee, which was composed by the delegates of the partnership, had to ensure a political control on the ITP Office activity and adjust policies and actions eventually. The Strategic Committee was moreover the linkage between implementation stages and a Forum (Table of Partnership), which was a political arena where local players not directly involved in the implementation is asked to discuss the results of the Plan.

The ITP had to be over in 2006 with a budget of 172 millions of euro: provided for about 58% by EU funds and for the remaining part by local finance (Municipality, Province) and private investments.

The impact expected by the Plan (prior its implementation) was quantify in terms of

1. growth of touristic demand of about 9-10%
2. growth of number of local enterprises of about 9-10%
3. rising in export for TLC and High Tech local enterprises, which had to increase occupation with a rate of 8-9%.
4. declining of criminal rate (especially in the central areas) of about 15-20%.

Chapter 5

Model for strategic planning evaluation

5.1 Aims and levels of evaluation process

To evaluate a program (or a single projects) means to understand the effective program impact on a system (reality) producing acknowledged problems over time. Therefore if a program is a useful and successful one, problem's pattern behavior changes according expected results of the program.

This understanding process it is advisable for three reasons:

- to allocate resources effectively
- to decide about the continuation of a program or project
- to improve the internal learning process in order to design corrections ad strategies adjustment.

Usually evaluators are concerned by three types of evaluation:

- before (*ex ante*)
- during (*ongoing*)
- after (*ex post*).

Most academic research and management studies are focuses on the problem of ex post evaluation of existing programs. In that framework evaluation is simple defined as a process comparing stated goals to the implemented measures with regard to empirically observed outcomes. Indicators are used to measure the program's successes and failures.

A limitation of *ex-post* evaluation approach is that it do not provide ways of evaluating the effects of programs prior to introducing them. Definitely, by *ex ante* evaluation, it is possible to design a program that achieves some desired impacts at a minimum cost or maximizes impacts for a given cost. For that reason it is important to develop tools for *ex ante* evaluation of strategic planning and projects.

Ex ante evaluation is not a substitute for an *ex post* evaluation. In the regional policies (by the European Union 2007-13 programming period for State members with development area problems), Regions are responsible for *ex ante* evaluation while the European Commission carries out *ex post* evaluation. Commission's Communication (SEC(2001)1197/6&7) on the Activity Based Management (ABM) underlines the essential role of evaluation (including *ex ante*) as part of the management system.

In the strategic planning stage *ex ante* evaluation may help avoid the high cost of implementing programs that are later found to be ineffective. Otherwise, in cases where there is already a program in place, ongoing evaluation model (following the structure of previous *ex ante* evaluation model) can be used to study how the impacts would change if some parameters of the program were altered.

The problem of forecasting the effects of hypothetical programs is part of the more general problem of studying the effects of policy changes prior to their implementation that was described by Marschak (1953) as one of the most challenging problems facing empirical economists (Heckman, 2000). If you don't know where you're going, how will you ever know if you get there?. *Ex ante* evaluation supports the preparation of programs for new or renewed policies and strategies. Its purpose is to gather information and carry out analyses that help to define objectives, to ensure that these objectives can be met, that the instruments used are cost-effective and that reliable later evaluation will be possible.

The term "*ex ante* evaluation" is used in official documents of European Commission, including the Implementation rules for the Financial Regulation (EC 1687/2001, Art.1) and the recent Communication on Evaluation (SEC(2000)1051). However, other terms, such as appraisal,

policy analysis, impact assessment and feasibility study are also widely used to refer to practices similar to that of ex ante evaluation.

A basic question is: who should do the evaluation? The negative answer to this question is straightforward: none of the actors involved in the program. Given the sensitive problems of stating aims, desired outcomes, and indicators, everyone participating in the program is biased. Hence, an external authority should be invited to conduct the evaluation. Persons involved in the program can operate as key experts and suppliers of data.

Ex ante evaluators, in order to improve the quality of new or renewed programs (providing information on the basis of which decision makers can judge the effectiveness of a proposal), have to deal with

- a) Problem analysis and needs assessment
- b) Objective setting and related indicators
- c) Alternative delivery mechanisms and risk assessment
- d) Lessons from the past
- e) Planning future monitoring and evaluation
- f) Helping to achieve cost-effectiveness

This framework follows stages described in an internal E.C document³¹ providing practical advice for Commission services starting preparations of an expenditure program. In a operational way, an integrating system dynamics thinking approach may improve value and effectiveness of strategic planning's ex-ante evaluation by regions and municipalities oriented in city attractiveness development.

All dynamics in a system (environmental, urban, economical etc) arise from the interactions of two typologies of feedback loops. Positive loops that tend to reinforce whatever happen in the system while negative loops counteract and oppose change. Much of the art of system dynamic modeling is discovering and representing the feedback processes (Sterman, 2000).

³¹ European Commission Budget-Own Resources. Financial program evaluation. December 2001

5.2 Problem analysis and need assessment

The fundamental *raison d'être* of public programs is to solve problems and satisfy needs. A particular state being identified as a "problem" which needs public intervention is usually based on analysis of critical system's behavior.

The purpose of conducting a problem analysis is to give a basis for understanding realistic and relevant objectives for the intervention. It should firstly, identify and describe in concrete terms the problem to be addressed. Secondly, it should analyze the factors involved and how they influence the problem. The purpose is to identify the critical factors and to "map" the cause-effect relations that underlie the problem to be solved. By the end problem analysis examines and explains the factors that influence the situation that needs remedying and shows how the problem and factors relate to each other.

First of all it is necessary to identify the problem as dynamic situation, that means criticality in terms of change over time. The planner needs to get some data and draw a time series graph of the problematic behavior. That is the so called reference behavior pattern (also called "reference mode").

In the strategic planning stages this task is related to context analysis and network management in order to carry out the needs assessment. Such assessment involves a detailed analysis of the situation, motivations and interests of the key actors in the governance of the strategic plan direction and elaboration.

Needs assessment should cover both a precise identification of the target group and an analysis of its actual needs. "Needs" should be interpreted correctly so that motivations and interests are properly understood particularly in programs where the objective is to influence reference behavior pattern of a identified problem.

A correct identification and analysis of the needs of the target groups establishes a sound basis for setting operative objectives and for choosing the most effective actions to reach the strategic objective of reducing

problem over time. An indicative roadmap for need assessment should follow these step:

1. identify the target population and the most important subgroups within it for the network management;
2. investigate the situation, motivations and interests of these groups;
3. make sure that the identified needs actually correspond with the a general strategic objective of the whole community;
4. establish a hierarchy (order of priority) between different needs and rank them from the point of view of the problem requiring an intervention.

Applying a system dynamic approach to problem analysis in the strategic planning for city attractiveness of Palermo, a reference behavior pattern seems referred to decay of income from tourism in the metropolitan area since 2007 until 2010. This problematic behavior has been raise by statistics of Bank of Italy, Sicilian Regional Government and InfoCamere of Provincia di Palermo (statistical service for enterprises)³².

Millions of Euro

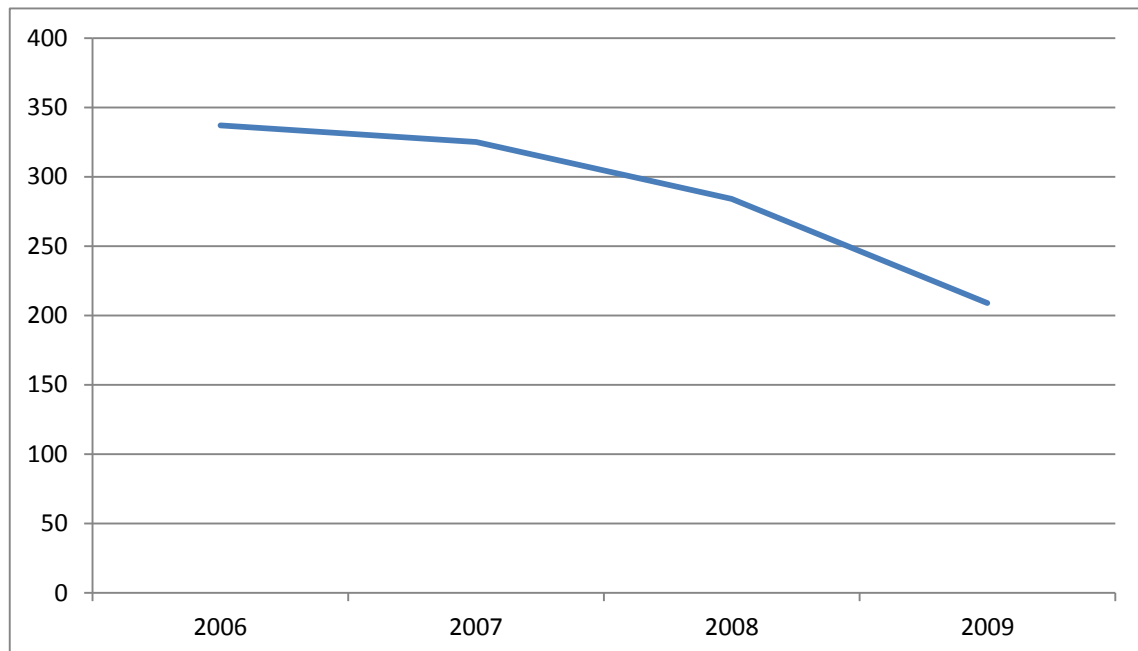


Fig. 43 Yearly income from tourism in Palermo (reference mode)

³² See the report "on economy of Sicily 2010", delivered by President of Sicilian Region (art. 3, regional law n.47/77)

Palermo area's pattern behavior is a critical one in comparison with the pattern behavior of Catania. That one shows an appreciable yearly growth.

Millions of Euro

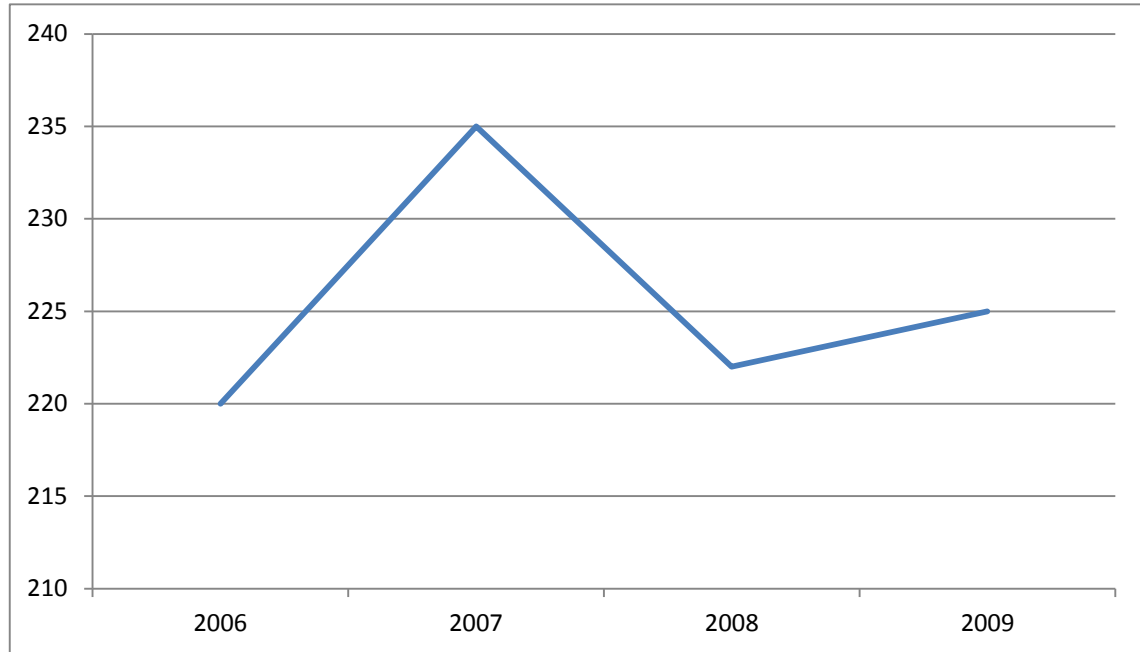


Fig. 44 Yearly income from tourism in Catania

The benchmarking between Catania e Palermo area performance suggest that Palermo's problematic behavior is not related to general crisis of tourist services demand but to the capacity to attract tourists for longer periods (at least more than a day) in the area. Indeed the so called "see and run away" tourism has a weak effect on local economic growth.

Therefore, what's the structure consistent with the observed problematic behavior or reference mode? Or in other terms, what's is producing the observed problematic behavior over time?

A system dynamics approach answers to such of questions by a stock-and-flow diagram. Stock as capacity and flows as source of increasing (inflow) and cause of decreasing (outflow) the level of capacity.

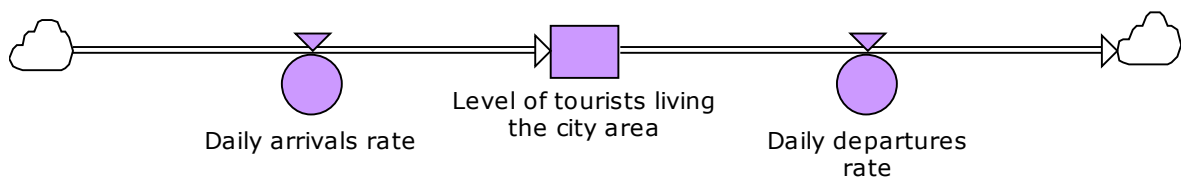


Fig. 45 Basic Stock &Flow structure producing the problematic behavior

This simple stock-and-flow structure doesn't represent final dynamic hypothesis on problematic behavior explanation. But it is the first step in developing that dynamic hypothesis and understanding what is the mainly stock that needs management first of all. Indeed more tourists decide "to live" in the city area (spending at least one night in it) and more income from tourism it is supposed to get by those decisions. Therefore the level of the tourists living in the city area is defined by the difference of the inflow of day arrivals in the city area and outflow of day departures from it. Equilibrium of these flows means "see and run away" tourism. A decreasing inflow of day arrivals with an increasing outflow of day departures over time (that means a minor tourist's aptitude to spend time in the city) indicates a tourism development declining. As an increasing inflow of day arrivals with a decreasing outflow of day departures over time (that means a major tourist's aptitude to spend time in the city, increasing the overnight stay average) represents an optimal condition for a tourism development with an exponential growth of income from tourism over time.

Questions: what is the cause of the income from tourism declining in Palermo? or what is counteracting against income from tourism growth?

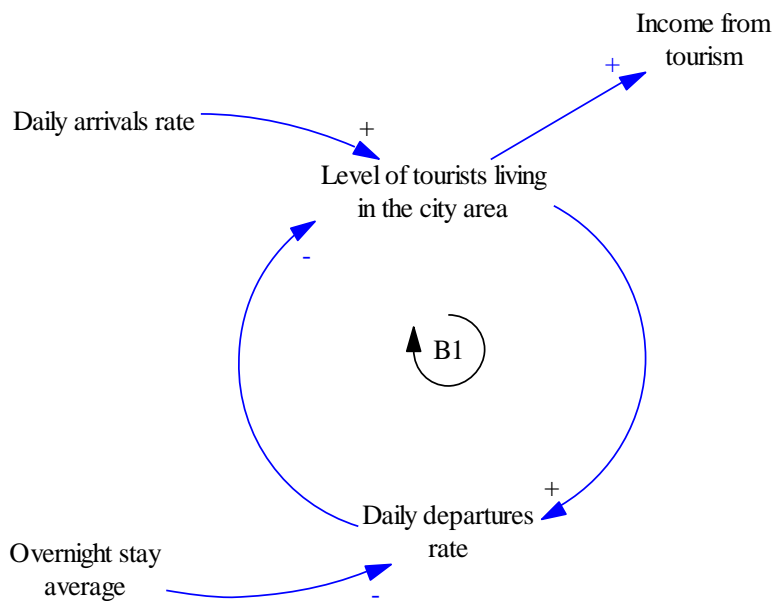


Fig.46 Causal loop diagram explaining the basic dynamic (balancing or counteracting loop) underling the problematic behavior manifestation

First logical explanation is that level of tourists living in the city is declining over time. In fact less tourists staying in Palermo implies less tourists expenditures and then a reduced amount of income from tourism.

The level of tourist living in the city declines because daily arrivals rate is declining even if daily departures rate is stable over time or increasing more than daily arrival rate. In any cases, for this problematic behavior to occur, there must have been an increase in the rate of arrivals or a decrease in the rate of daily departures (or both).

A more complex system dynamics analysis take in consideration feedbacks on daily arrival daily departures which effect in the respective volume of rate, changing over time. Hypothesis of key variables effecting the whole system are incoming, overnight stay average, city attractiveness, testimonials of city attractiveness and word of mouth. These variables by their magnitude may reinforce or counteract the level of tourists living in the city, analyzed in a system relations. Reinforcing loops have a positive effect in opposition to counteracting (or balancing) loops with negative effect.

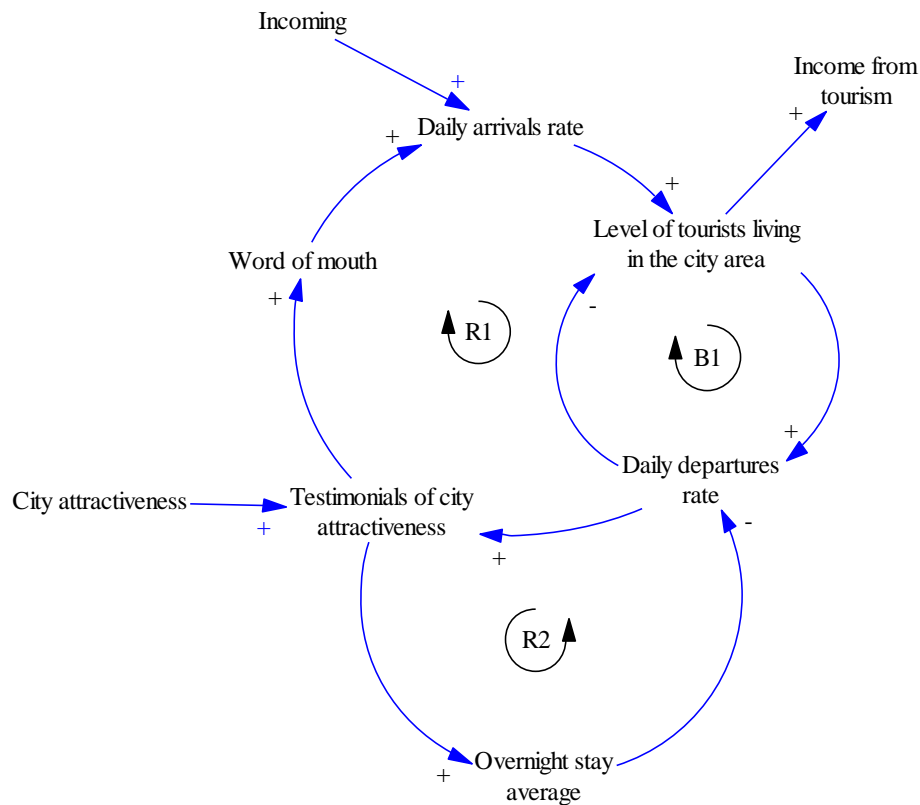


Fig.47 Dynamic hypothesis concerning variation of level of tourist living in the city over time

Dynamics hypothesis identify feedback loops of the structure responsible for the quantity of the reference mode behavior that is due to endogenous influences. The causal loop diagram show up the variables, links, and loops, and explain how they could work together to generate the reference mode behavior.

The validation of dynamic hypothesis is required to verify the structure adequacy by a simulating model designed in order to reproduce dynamics of identified variables, link and loops in a quantitative way. By the end of the structure is the right one to explain the problematic behavior it has to reproduce the pattern of the reference mode behavior.

In this modeling of underlying problematic behavior's structure, the goal is not try to reproduce the reference mode exactly because it is just a "guesstimate" by anyway. It is more important to calibrate the model with realistic data even if the simulation results do not fit the reference mode exactly, and then observe the general declining behavior. Stock and flow diagram and simulating software help to build models for problem analysis.

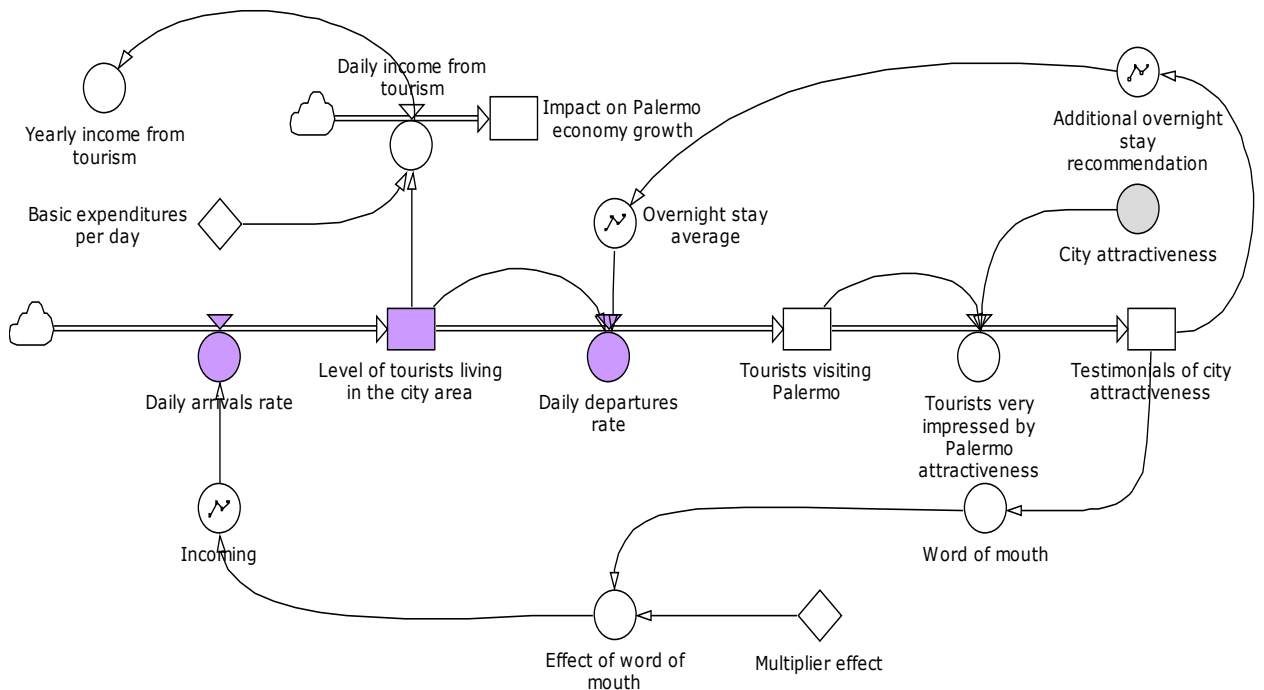


Fig.48 Simulating model of problematic behavior and its underlying structure, designed by Powersim Studio 8 SR 2

From governmental report (by Regional Tourism Department) it is possible to know the incoming of tourist arrival data in Palermo and the average of their overnight stay³³. In 2006 1.210.769, tourists arrived in Palermo, 1.206.441 in 2007, 1.068.640 in 2008 and just 984.336 in 2009. Their overnight stay average is 2,87 only. And more often than not a tourist spends at least 100 euro per day averagely, considering medium cost of one overnight stay, a standard meal and some ordinary shopping.

The “Daily income from tourist” is the result of ('Level of tourists living in the city area'*Basic expenditures per day')/1<<day>>. While the “Daily departures rate” is the result of 'Level of tourists living in the city area'/'Overnight stay average', with negative effect (balancing loop) on the level of tourists living the city area.

The tourist incoming is the result of arrivals by tour operator or individual decision to visit Palermo plus the effect of word of mouth³⁴, that means people that decide to visit Palermo by recommendation of “Testimonials of city attractiveness”. The multiplier effect (marketing studies says three times more per testimonial) take in consideration the possibility of return of tourist visiting Palermo.

The level of “Testimonial of city attractiveness” is an accumulation over time of “Tourists very impressed by Palermo attractiveness”, defined in a quantitative way as:

'Tourists visiting Palermo'*'City attractiveness'/360<<days>>.

Therefore we can define city attractiveness as the capacity to impress tourists visiting Palermo, whose will return in the city or will suggest to someone else to visit the city. If “City attractiveness =1 all tourists visiting Palermo will be testimonial of city attractiveness with positive feedback (reinforcing loop) on incoming and on overnight stay average by

³³ See report on tourism in Sicily by “Osservatorio Turistico - Servizio 2 del “Dipartimento Turismo, Sport e Spettacolo” della Regione Siciliana”

³⁴

((GRAPH(TIMESTARTTIME,0<<yr>>,1<<yr>>,{1210769,1206441,1068640,984336//Min:0;Max:1300000//})<<Tourist/yr>>))+ 'Effect of word of mouth'/360<<days>>

recommendation (or determination) to spend more time than they did in their previous visit³⁵.

By this quantitative analysis is possible to realize a simulating model (designed with Powersim Studio (on the base of available data and an assumption of city attractiveness's value near zero) that reply the reference behavior pattern described in the previous figure 43.

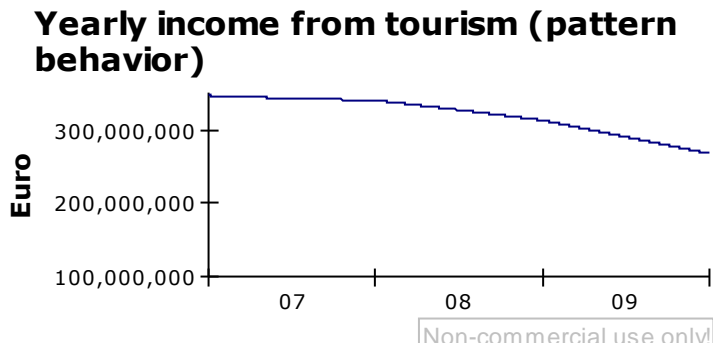


Fig.49 Result of simulation: modeled structure reproducing problematic behavior

Millions of Euro

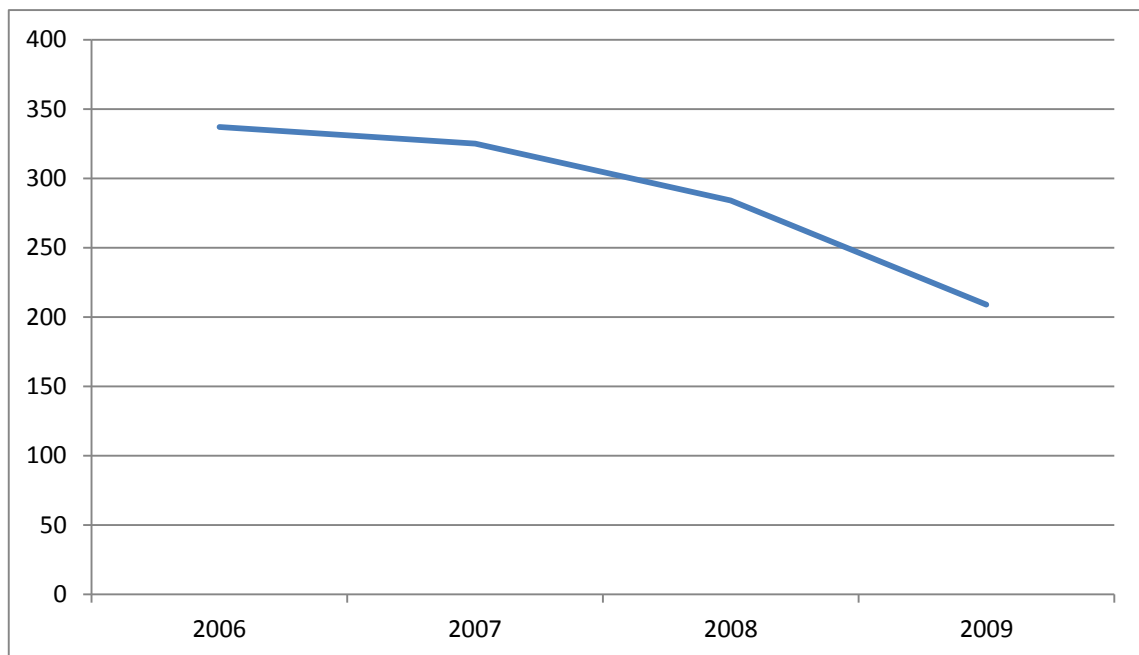


Fig. 43 Yearly income from tourism in Palermo (reference mode)

³⁵ GRAPH('Testimonials of city attractiveness',0<<Tourist>>,10000000<<Tourist>>,{0,6,8,16,9.5,10//Min:0 ;Max:14//})

The result of simulating model show up as the hypothesis of structure and its dynamics (illustrated in the previous figure. 47) are quite reliable, describing and reproducing in concrete terms the problem to be addressed. By logic and qualitative analysis we get problem's description whilst by consequential quantitative analysis and simulation we get problem's reproduction, confirming initial hypothesis.

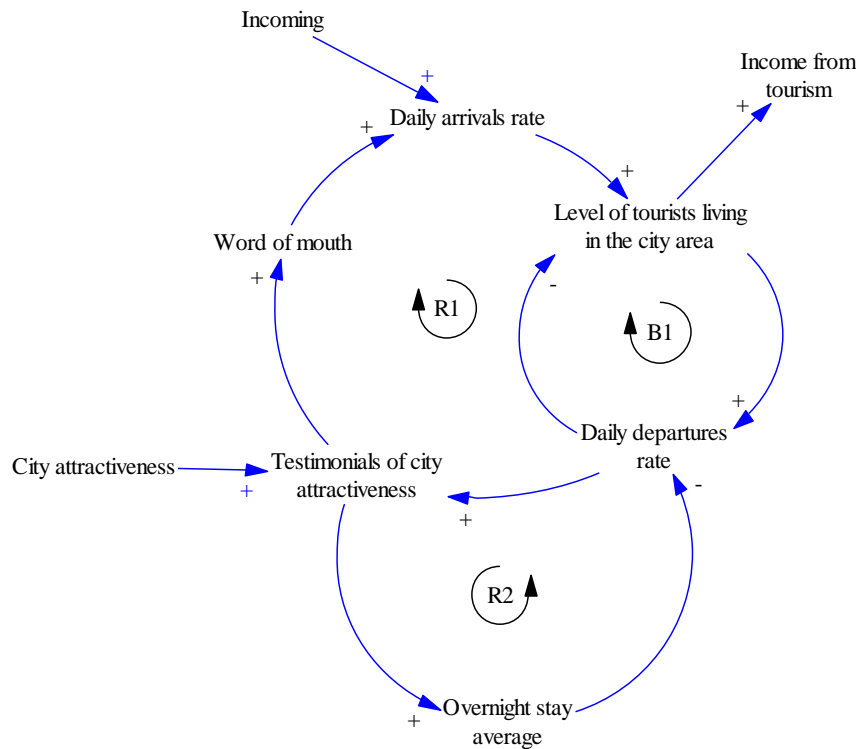


Fig.47 Dynamic hypothesis concerning variation of level of tourist living in the city over time

Problem analysis by this system dynamics approach let to identify the key issue without turning around on consequences of the issue. The assumption of city attractiveness value is done observing the pattern of tourists incoming and the overnight stay average during the considered interval time. No feedback by testimonials of city attractiveness reinforces until now these variables. Therefore, what is wrong with Palermo attractiveness? A permanent survey on tourists visiting Palermo may give us correct explanations, essential for an accurate ex evaluation process in the strategic planning for city attractiveness.

Regional policies for city attractiveness in Sicily (2007-2013) has been designed on the base of actions evaluated as necessary to improve city

attractiveness, in governance with stakeholders and local player. In general these action may produce positive effect (reinforcing loop on city attractiveness) as illustrated by the previous Figure 37, according scientific literature, including carrying capacity care as indicated in the Figure 39.

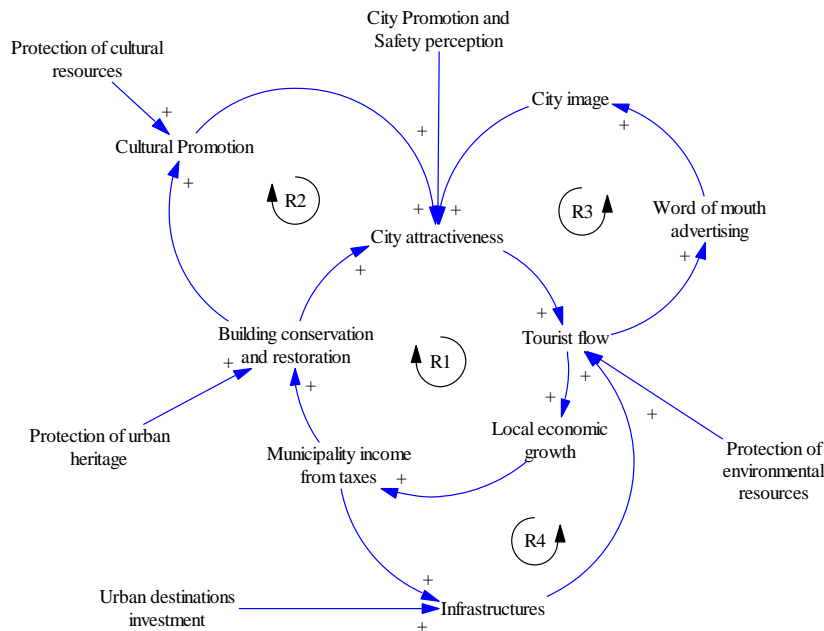


Fig. 37 Framework for an ex-ante evaluation model declined from regional policies analysis: dynamic hypothesis concerning city attractiveness growth

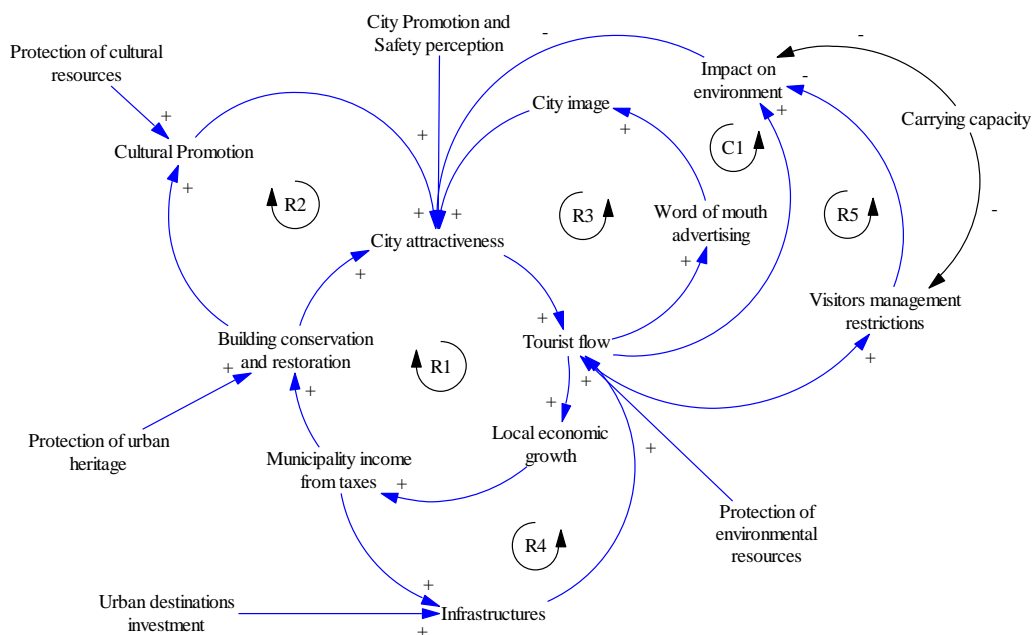


Fig. 39 Framework for an ex-ante evaluation model with policy recommendation, declined from a system complexity analysis

This framework for problem analysis helps evaluators to

- a) define the key aspects of the situation to be addressed by the strategic plan
- b) identify factors that are likely to influence the key problem
- c) analyze the cause-effect relations between the factors identified and multi loop non linear feedbacks
- d) show a visual presentation of these relationships, in the form of causal loop diagram

Question: How to allocate financial resources to put into effect actions reinforcing or reducing factors whose effect the key problem?

Until now the ratio in the regional and municipal planning seems related to share resources to stakeholders, territories, companies, citizens and key actor involved in the governance process, *setting objectives* without accurate attention to *ex post evaluation* results of previous planning by a system dynamics approach (qualitative and quantitative analysis of multi loops non linear feedbacks). Indeed Palermo is losing attractiveness in terms of capacity to attract (thus to well impress) tourists and visitors, even if a integrated territorial plan has been put into effect in the period 2006-2007 with a budget of 172 millions of euro of expenditure.

5.3 Objective setting and related indicators

Setting pertinent and tangible objective is fundamental to the success of a strategic plan for city attractiveness because it:

- a) Clarifies the link between the actions plan and the problem to be addressed
- b) Provides a common understanding of what is important

- c) Forms the basis for defining the criteria for success and for specifying the indicators with the help of which progress will be measured.
- d) Lays a basis for later evaluation of what has been achieved.

If objectives are vague and too general, it is difficult to assess whether the plan has been successful or not. Objectives are useful if they are able to change the problematic behavior by guiding choices. EU commission recommendation indicates SMART objectives. It means that

Specific. Objectives should be precise and concrete enough not to be open to varying interpretations

Measurable. Objectives should refer to a desired future state (as compared to the baseline situation), so that it is possible later to observe whether the state has been achieved or not;

Accepted. If objectives and target levels are to influence behavior, it is necessary to ensure that they are accepted, understood and interpreted similarly by all of those who are expected to take responsibility for achieving them;

Realistic. Objectives and target levels should be ambitious – setting an objective that only reflects the current level of achievement is not useful – but they should also be realistic so that those responsible see them as meaningful;

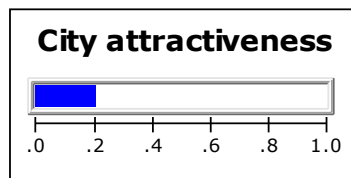
Time-dependent. Objectives and target levels remain vague if they are not related to a fixed stretch of time.

By a system dynamics approach, the strategic objective to improve city attractiveness (general purpose of a specific strategic planning) is considered an auxiliary variable changing over time in the identified structure producing the problematic behavior of yearly income from tourism. In facts city attractiveness may be detected as the share between the stock of testimonial of city attractiveness and the stock of all tourist visiting Palermo each single year. Therefore it is measurable by a interval scale from 0.00 to 1.00 of numerical value or % from 0 to 100. This scale is the indicator of city attractiveness. The 100% of city attractiveness means

the everybody visiting the city are very impressed of its attractiveness and start to be a testimonial of it by word of mouth.

With reference to a desired attractiveness state in Palermo, in realistic terms to reach the improvement objective of 0.2 by a calibrating plan (that means 20% of tourists visiting Palermo well impressed by Palermo attractiveness) would be an appreciable result in terms of impact on local economic growth and strategic planning effectiveness.

The previous model reproducing the problematic pattern behavior in Palermo may be used for a new simulation. This in order to understand the effect of Palermo attractiveness change on yearly income from tourism, increasing the key variable's value.



Yearly income from tourism (pattern behavior by city attractiveness)

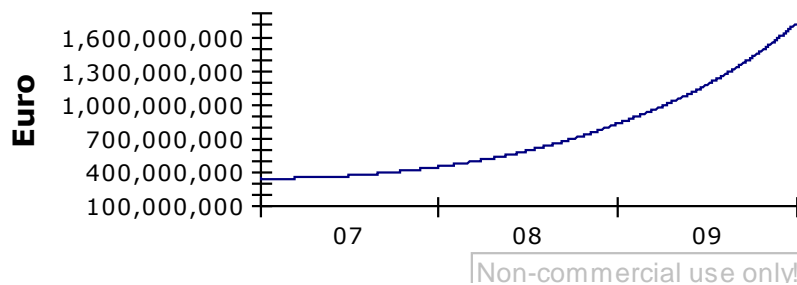


Fig.50 Result of simulation: structure's key factor improvement, changing problematic behavior (from decay to exponential growth over time)

How to reach the desired change in city attractiveness?

Only tourists visiting Palermo can tell us what isn't attractive or attractive in the city, by determination of the stock of city attractiveness testimonials, in order to calibrate actions and plan. A permanent monitoring system is required for needs assessment and in order to calibrate and to correct (*ongoing evaluation*) strategy and actions plan to reach strategic goal.

In other terms, for planning actions and setting operative objectives, result's analysis from a system of "customer satisfaction" (based on city visitors target) may help decision makers, stakeholders, evaluators,

technicians, policy designers, planner and city manager to understand real needs and criticalities that by the end doesn't let the improvement of city attractiveness for tourism development. Actions have to remove these criticalities. Operative objectives refer to the actual deliverables that the plan or activity is expected to produce. Their achievement is, usually under the direct control of those managing the intervention, and can be directly verified. Therefore operational objectives are expressed in terms of outputs, i.e. products or services generated by the plan.

How do we know if the desired change in city attractiveness has been effected?

After action's implementation the permanent monitoring system (based on customer satisfaction) should give us some answers. The general purpose of such monitoring system is to understand of how "products" and services offered by the city meet or surpass tourists expectation in a qualitative and quantitative way. For consequence it is very important to know the flow of tourists very impressed by city attractiveness in a quantitative way, for the fundamental reason that they add up to the potential stock of testimonials with positive feedback (by mouth of words) on incoming.

Indicators should reflect the central aspects of the results or outcomes that are being sought. For E.C Commission they

1. can be quantitative or qualitative
2. should be easy to monitor and allow credible reporting
3. should be reliable enough to trigger more detailed evaluation and decisions on follow-up when indicating that objectives cannot be met
4. should highlight the most essential aspects of the changes that the plan is aiming to achieve
5. should help to focus monitoring on those aspects of resource consumption, implementation, outputs and results that are most important to follow-up.

The previous ex ante evaluation model, designed by a system dynamics approach, contains several quantitative indicators useful for the ongoing and the ex post evaluation as well. These indicators are:

1. Testimonials of city attractiveness level (unit of measure: number of tourists)
2. Incoming (unit of measure: number of tourists/year)
3. Flow of daily arrivals rate (unit of measure: number of tourists/day)
4. Overnight stay average (unit of measure: day)
5. Flow of daily departures rate (unit of measure: number of tourists/day)
6. Level of tourists living the city area (unit of measure: number of tourists)
7. Yearly income from tourism (unit of measure: Euro*tourist/year)
8. Level of tourist visiting Palermo (unit of measure: number of tourists)
9. Flow of tourist very impressed by Palermo attractiveness (unit of measure: number of tourists/year)
10. City attractiveness (unit of measure: interval scale from 0.00 to 1.00 or % from 0 to 100)

Each of these indicators may be qualified as

- a) Relevant, because they make clear links between indicators and the strategic objective to reduce problematic behavior by city attractiveness improvement
- b) Easy, since the cost of data collection is quite low and they are easy to monitor over time too
- c) Credible, for the reason that they are unambiguous, easy interpreted and credible for those reported to
- d) Robust, as resistant against manipulation by those responsible
- e) Cost efficient, because benefit for planning and credibility of reporting outweigh cost of data gathering

5.4 Risks assessment and lesson from the past

A risk is commonly defined as an event that can result in an undesirable or negative outcome (i.e. the non-achievement of the objectives set up). It is characterized by the probability of the event occurring and the resulting impact if it does occur. These two factors combine to produce a level of risk exposure.

The aim of risk assessment is to identify such events (risk identification) and to assess the exposure (impact and likelihood). To carry out an assessment, it is necessary to:

- identify the risk
- assess how likely that risk is to happen
- assess the potential impact to the plan if the risk identified were to occur

Risk management is a fundamental part of plan and policy design. It is only when you identify and assess risks that you can build in counter-measures to stop them happening and contingency measures in case they do. The risk assessment might then lead to the conclusion not to proceed, or to proceed in a radically different way. Exposure to risk may also be a criterion for choosing or rejecting a particular delivery mechanism.

An analysis of alternative delivery mechanisms will identify what options are available and compare them on the basis of chosen criteria. This should be done in order to:

- a) ensure that the instruments chosen for the implementation of the intervention are the most appropriate ones (in terms of effectiveness, efficiency or other chosen criteria)
- b) demonstrate to decision-makers why the proposed approach should be considered the "best possible" means to achieve the ends.

This part of an ex ante evaluation should also analyze what risks will be connected to the implementation of the intervention, in order to identify suitable courses of action to prevent or mitigate their impact. Different types and level of risk may become criteria for choosing one type of delivery mechanism rather than another.

An analysis of alternative delivery mechanisms should also address possible earlier critical evaluation findings concerning the effectiveness of the instruments used in the previous strategic planning or in similar interventions elsewhere.

Analysis of Palermo's income from tourism overtime shows up that these city is losing attractiveness in terms of capacity to attract tourists and visitors, even if a integrated territorial plan has been put into effect in the period 2003-2006 (with a budget of 172 millions of euro of expenditure) and even if such integrated territorial plan had a growth of touristic demand of about 9-10% as expected impact result. Obviously instrument used by this planning didn't work as expected by ex ante evaluation. What's the lesson from the past?

In a context of politics looking for consensus by policies client oriented, risks are related in the option of public interventions more aimed to operating results as consequence of operative objectives (sharing financial resources put into effect several projects) than impact's results as consequence of structural actions. Analysis of various regional and municipal strategic programs may confirm such hypothesis.

The analysis of alternative delivery mechanisms involves identifying the options and comparing them in order to decide - and to demonstrate - which is the one that is likely to be the most effective way of achieving the given objectives.

Policy goals of a program or a activity put into effect is expressed in terms of its outcome or ultimate impact, and usually measured by global indicators such as rates of economic growth, tourists incoming or attractiveness . A public intervention is rarely able to determine directly the desired outcome as other factors also influence them. Operative objectives have to be related to strategic goals achievement.

Operative objectives refer to the actual deliverables that the program or activity is expected to produce for its beneficiaries. Their achievement is, usually under the direct control of those managing the intervention, and can be directly verified. Operational objectives are expressed in terms of outputs, i.e. products or services generated by the program.

Also there are the more immediate or intermediate objectives of a program or activity (the so called specific objectives), i.e. the targets that first need to be reached in order for the strategic objectives to be achieved. Specific objectives are expressed in terms of results, i.e. the direct and short-term effects of the program or policy (see examples below). At this level again, the achievement of result objectives is usually not fully under the control of those managing the intervention, even if the other external factors influencing the results are fewer and more controllable than at the level of strategic objectives (priorities).

To increase the yearly income from tourism may be a priority (or strategic goal) of strategic planning for city attractiveness in Palermo. Therefore attractiveness growth (as the share between the stock of testimonial of city attractiveness and the stock of all tourist visiting Palermo each single year) is a specific objective as well to improve tourist incoming or average overnight stay. Operative objectives are related to actions (look up infrastructures, environment, safety, transports, building regeneration, cultural events, etc) considered as needs by tourists and visitors opinion survey.

As a final point, if successful, the intervention should induce change in the direction of the intended outcomes. Firstly, defining clear objectives for the outcome or ultimate impact are therefore vital for evaluating a plan or an activity.

5.5 Planning future monitoring and evaluation

Plan's evaluation is essential and an actual legal requirement by E.C financing channels. The first stage is to establish clear objectives and indicators, as set out earlier in the document, against which future progress might be evaluated. The ex ante evaluation should then go on to analyze: what types (mid-term, final or ex post) of evaluations are needed and when;

what should be the main focus of these exercises and who is responsible for carrying them out.

The ex ante evaluation that prepares the adoption of a future plan should first look at the mid-term evaluation of the period drawing to a close. This mid-term evaluation usually has produced conclusions on the first years of activity of a plan, after actions implementation. It can thus already say something about the relevance and effectiveness of chosen strategies and delivery instruments. It might also reveal something about the difficulties and problems affecting smooth implementation of the plan.

In addition the ex ante evaluation should also look at the ex-post evaluation report of the period preceding the current one for the problem analysis, calibrating objectives and indicators to detect the results of whole strategy according its priority.

Systematic collection of monitoring data should to start at the beginning of every intervention. Reconstituting missing data from the initial phase for the purposes of later evaluation is not useful, expensive and usually unreliable. Therefore the ex ante process should address the following aspects of monitoring:

α) Analyze the feasibility and reliability of the proposed methods for the needs assessment phase (i.e. questionnaire with quantitative and qualitative items before leaving hotels) and concrete instruments for collecting follow-up data, storing and processing this data and ensuring its validity.

β) Ensure that the monitoring system is fully operational according scheduling of actions plan implementation to improve city attractiveness

γ) Plan the necessary arrangements for collecting data on the foreseen indicators (both physical and financial) and other factors relevant for later analysis of achievement (such as statistical data on impact of the plan).

5.6 Helping to achieve cost-effectiveness

The E.C Financial Regulation stipulates that Community funds must be used in accordance with the principles of economy and cost-effectiveness.

- a. The principle of *economy* means that the means for achieving fixed objectives are selected so as to minimize the costs
- b. The principle of *cost-effectiveness* means that the benefits and longer-term impacts that result from an intervention justify the costs of carrying it out.

A *cost-effectiveness analysis* consists of relating the effects of an intervention to the total amount of inputs (total cost) needed to produce those effects. The criterion for such evaluation is usually the cost per unit of outcome achieved (for example, the cost per additional ratio of overnight stay average or increasing unit of daily tourist arrivals). This unit cost is then compared to other interventions or to other strategic plan for delivering the same outcome. Whether or not a plan is cost effective depends on whether it outperforms other competing plans (in the same area) in reaching identical objectives for less cost.

Types of cost that should be taken into account are:

- 1). Direct financial outlays (for beneficiaries or third parties)
- 2). Administrative costs (technical assistance, informatics costs etc)
- 3). Human resources needed to manage the intervention.

Conclusions

The purpose of this work has been to show a model able to evaluate (*ex ante* and *ex post*) the impact of strategic planning for city attractiveness in Sicily by a system dynamics approach. Analyzing *ex ante evaluation* process we saw as planner has to deal with the issue of how strategic objectives (as program's priorities) and operational objectives (as short term goals whose attainment moves the action's plan towards achievement its strategic objectives) are accomplished in order to reach the end expected result.

Many programs prove to be ineffective. "Results are often far short of expectations. Because dynamic behavior of social systems is not understood, government programs often cause exactly the reverse of desired results" (Jay.W. Forrester, 1995).

Some Italian academic researchers - analyzing relationships between local governments and local development strategies in Sicily - speak of vicious political "clientelism". A strategy producing policy makers able to satisfy their electors (clients) whose give them more power and then more possibility to pursue their political actions upon the principle of "take there, give here" in the time. In reality a common problem to several territorial and democratic systems, even if some dynamics counteract (balancing) this practice by effect of critical factors as the risk of default and the economic decay.

In a context dominated by policy makers used to look for consensus by policies client oriented, risks are related in the option of public interventions more oriented to operating results as consequence of operative objectives (sharing financial resources put into effect several projects) than impact's results as consequence of structural actions. However means that turn in purposes and vice verse.

By the way, an important part of the ex ante evaluation plan's effectiveness analyzes what risks will be connected to the implementation of the intervention, in order to identify suitable courses of action to prevent or mitigate their impact. Different types and level of risk may become criteria for choosing one type of delivery mechanism rather than another. An analysis of alternative delivery mechanisms should also address possible earlier critical evaluation findings concerning the effectiveness of the instruments used in the previous strategic planning or in similar interventions elsewhere.

The fundamental *raison d'être* of public programs is to solve problems and satisfy needs. A particular state being identified as a "problem" which needs public intervention is usually based on analysis of critical system's behavior. The purpose of conducting a problem analysis is to give a basis for understanding realistic and relevant objectives for the intervention. It should firstly, identify and describe in concrete terms the problem to be addressed. Secondly, it should analyze the factors involved and how they influence the problem.

Analyzing the structure of the strategic perspective aimed to raise attractiveness in Sicilian cities by regional policies (designed for the program of investments 2007-2013) it has been possible to detect several reinforcing loops on city attractiveness. These loops are estimated as expected consequences if some choices (declined from the priorities of the regional program) are developed in action's plan according needs assessment by Municipalities (responsible of a correct ex ante evaluation process and planning).

Regional policies joint to planning ability of Municipalities may produce interesting result in urban attractiveness and tourism development in Sicily. By a system dynamics approach policy makers and planners may turn out a model to understand (*ex-ante* and *ex post*) the effectiveness of specific policies by key actor involved in public decisions, governance and strategies at local government level, analyzing proper correctives to reach or improve a desired behavior.

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Glossary

Cities and urban areas

This text uses the concepts of ‘cities’ and ‘urban areas’ in a generic sense. Definitions differ from one European Member State to another and follow diverse approaches, from purely size-based to more functionally oriented definitions.

City attractiveness

Capacity of a city to attract inhabitants, investments, companies, tourists and visitors.

Cohesion Fund

Applying to European Member States with a gross national income of less than 90% of the EU average, the Cohesion Fund co-finances projects in the field of transport and environment, including Trans-European Networks (TENs), energy efficiency and renewable energy.

Cohesion Policy / Regional Policy

Cohesion Policy is the EU’s strategy to promote and support the ‘overall harmonious development’ of its Member States and regions. Enshrined in the Treaty (Articles 158 to 162), Cohesion Policy aims to strengthen economic and social cohesion by reducing disparities in the level of development between regions.

Convergence Objective

The ‘Convergence’ Objective is one of the three Cohesion Policy objectives for the period 2007-2013. It is to promote growth-enhancing conditions and factors leading to real convergence for the least-developed

Member States and regions and it allocates 81.5% of the resources available for Cohesion Policy. It concerns regions characterized by low levels of GDP and employment, where GDP per head is less than 75% of the EU.

European Regional Development Fund (ERDF)

Together with the Cohesion Fund and the European Social Fund, this is one of three financial instruments of EU Cohesion Policy and the *major source of financing to develop the internal potential of regions*. The ERDF aims to strengthen economic and social cohesion in the EU by correcting imbalances between its regions. Set up in 1975, it contributes to the financing of productive investments.

European Social Fund (ESF)

Created in 1957, this is one of the EU's three cohesion instruments (together with the European Regional Development Fund and the Cohesion Fund) and the main EU source of financial support to develop employability and human resources.

Evaluation

Three types of evaluation have been identified for the 2007-13 programming period: before (*ex ante*), during (*ongoing*), and after (*ex post*). Regions are responsible for *ex ante* evaluation while the European Commission carries out *ex post* evaluation.

Integrated urban development and Integrated Urban Development Plan (IUDP)

Complex challenges in urban areas require complex cross-sectoral, holistic solutions. Integrated urban development seeks to coordinate the different sectoral policies that have an impact on cities and city-dwellers, and it means the simultaneous and fair consideration of concerns and interests which are of relevance to urban development. Strong local involvement and public participation in the design and implementation of cross-sectoral projects and programs is therefore essential.

Operational Program (OP)

This is a document setting out a Member State's or a Region's development strategy, with a coherent set of priorities to be achieved through one of the Structural or Cohesion Fund instruments. It is submitted to the European Commission.

Urban policy

Urban policy refers to policies that promote urban development, urban regeneration (or urban renewal) and urban revitalization at various levels.

Urban Initiative

A European cohesion policy instrument that aims to revitalize urban areas and disadvantages neighborhoods. URBAN was an ERDF (European Regional Development Fund) community initiative.

URBAN I, which ran from 1994 to 1999, allowed 118 European Union cities to receive over €900 million in community financing. Projects focused on rehabilitating infrastructure, creating jobs, combating social exclusion and environmental improvements.

The second phase, URBAN II (2000-2006) aimed more precisely to promote the design and implementation of innovative development models promoting economic and social regeneration in urban zones in crisis. It also aimed to strengthen exchange of information and experiences related to sustainable urban development in the European Union.

Urban projects

Groups of European cities and other partners that share experiences and knowledge around a common issue and work together to develop integrated sustainable urban development policies.

With the support of experts (Lead Experts – Thematic Experts – links), the partners roll out work programs based on a series of thematic seminars and other exchange activities. The goal of these activities is to learn from each partner's experiences and practices in order to develop both recommendations and tools to be used by European practitioners, and also

Local Action Plans that provide pragmatic solutions to the problems each partner identified at the beginning of the project.

Urban sprawl

Urban sprawl is increasingly seen in European cities and is synonymous with unplanned urban development, characterized by a low-density mix of land use on the urban fringe. It results in territorial development that is patchy, scattered and strung out, with a tendency for discontinuity. Urban sprawl leapfrogs areas, leaving agricultural enclaves. In the city itself, this sprawl results in some areas being left empty. Ad-hoc development of this kind is wasteful and tends to have a negative impact on the environment.