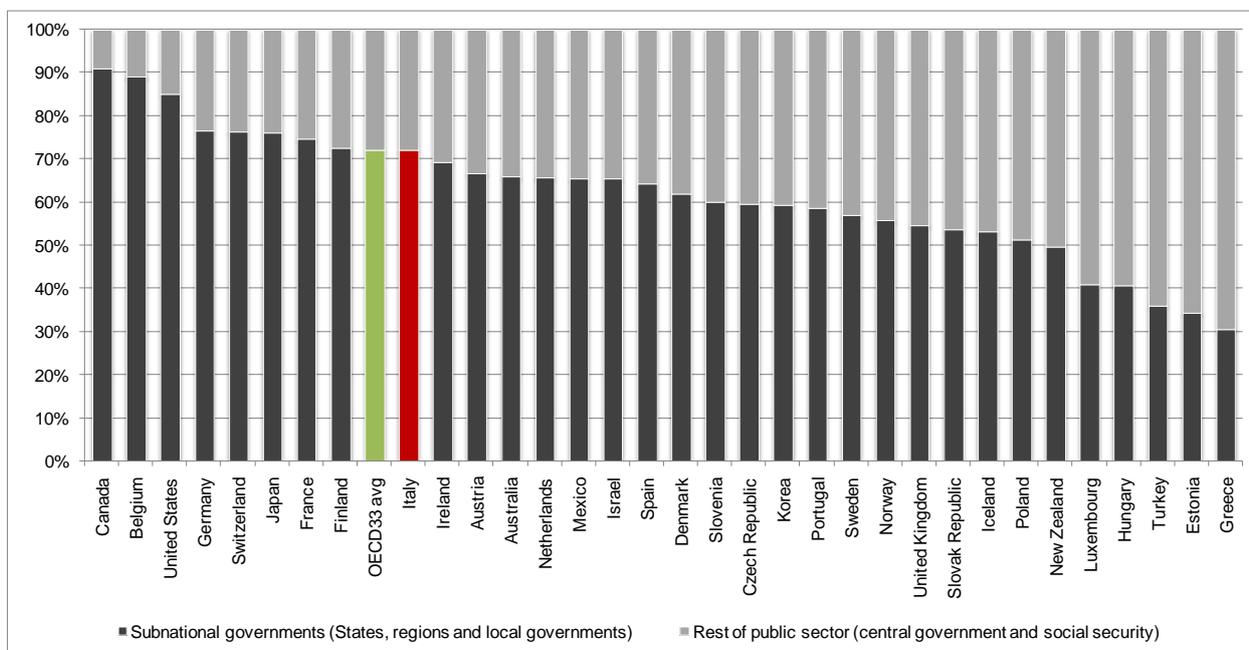


Country Fact Sheet

ITALY

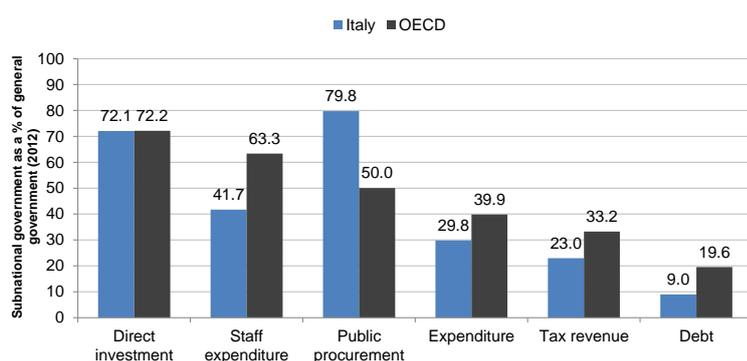
Figure 1. Sub-national public direct investment in OECD countries, 2012
(as a share of public direct investment)



Note: Data for Australia, Mexico, Switzerland, the U.S., Israel, Japan, Korea, & Turkey from 2011; Data for Canada and New Zealand from 2010

Source: OECD National accounts

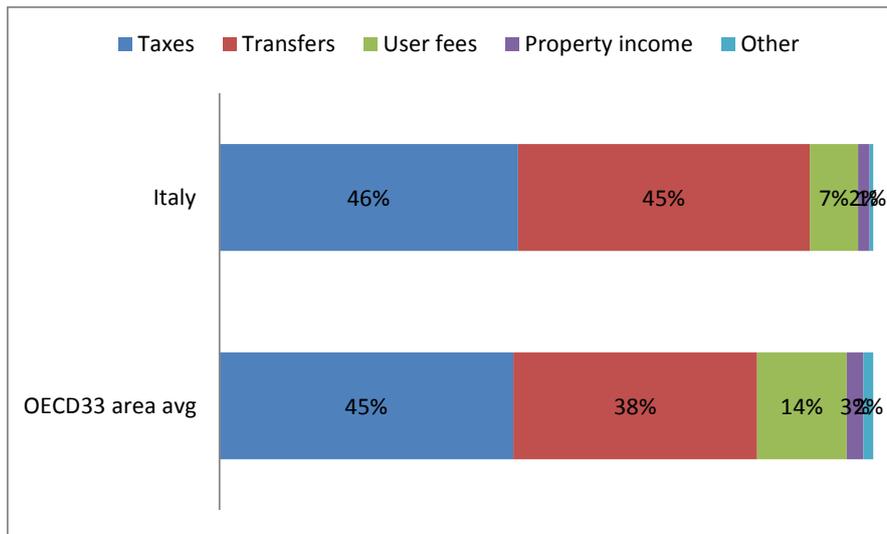
Figure 2. The role of sub-national governments in public finance in Italy



Source: OECD (2013), [Subnational governments in OECD countries: Key data](#).

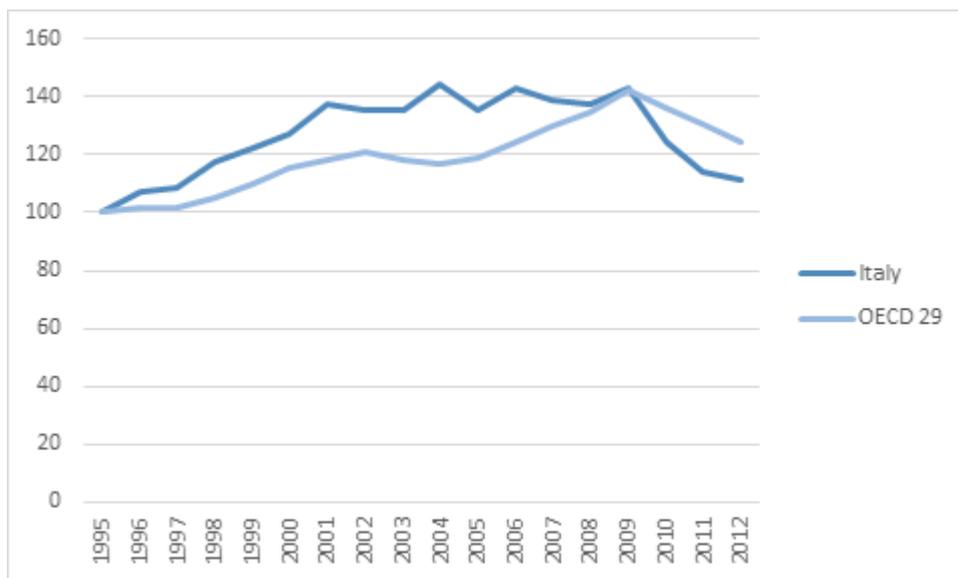
Sub-national direct investment represents 72% of total investment. Health and economic affairs are the two largest spending items for SNGs in Italy; together they represent 61% of sub-national expenditure, compared to 32% in the OECD area.

Figure 3. Indicators of sub-national fiscal autonomy in Italy



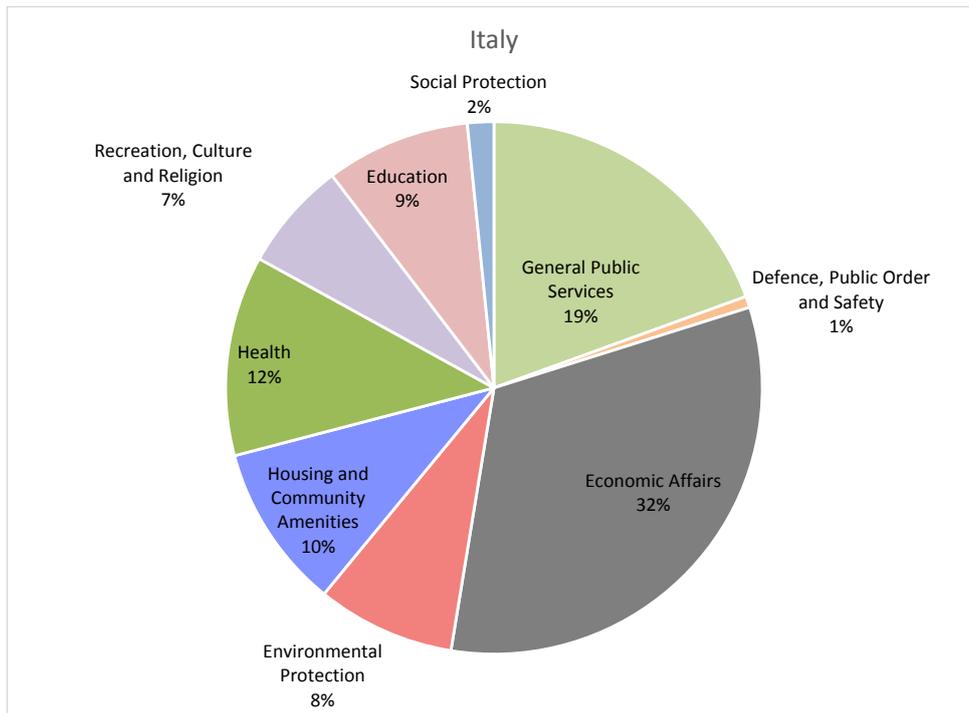
Source: OECD (2013), [Subnational governments in OECD countries: Key data](#)

Figure 4. Trends in sub-national investment in Italy



Source: OECD National Accounts

Figure 5. Breakdown of sub-national direct investment in Finland by economic function (% of total direct investment, average 2008-2012)



Source: OECD (2013), [Subnational governments in OECD countries: Key data](#)

FACTS AND FIGURES RELATED TO PUBLIC INVESTMENT:

General government public direct investment (USD billion), 2012	37.9
<ul style="list-style-type: none"> • Percent of GDP • Percent of public expenditure • In USD per capita 	<p>1.9</p> <p>3.7</p> <p>642</p>
Sub-national government public direct investment (USD billion), 2012	27.4
<ul style="list-style-type: none"> • Percent of GDP • Percent of sub-national public expenditure • Percent of total public direct investment • In USD per capita 	<p>1.4</p> <p>9.0</p> <p>72.1</p> <p>463</p>

INDICATOR SUBNATIONAL FISCAL ATONOMY

<ul style="list-style-type: none"> • Tax revenues (2012) [Percentage in total sub-national revenues] • User fees (2012) [Percentage in total sub-national revenues] • Property income • Transfers (2012) [Percentage in total sub-national revenues] 	<p>46%</p> <p>7%</p> <p>2%</p> <p>45%</p>
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MAIN MECHANISMS FOR COORDINATING PRIOTISATION AND IMPLEMENTATION OF PUBLIC INVESTMENT BETWEEN NATIONAL AND SUB-NATIONAL LEVELS (2012)

Vertical relations	
<ul style="list-style-type: none"> • Sectoral body in charge of national/sub-national co-ordination • National body in charge of national/sub-national co-ordination; • Forum gathering sub-national governments • Contractual arrangements across levels of government • National sectoral representatives appointed to sub-national levels • Regional Development Agencies 	<p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>No</p> <p>No</p>

Horizontal relations

<ul style="list-style-type: none"> • Mechanisms or incentives exist to encourage co-operation for public investment (horizontally) across sub-national authorities, 2012 	Yes
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STRENGTHENING CAPACITIES FOR PUBLIC INVESTMENT AT DIFFERENT LEVELS OF GOVERNMENT

<ul style="list-style-type: none"> • There is recognition of procurement officials as a specific profession, 2010 • Percent of general government procurement occurring at the sub-national level, 2011⁽¹⁾ • PPP unit(s) exist at the national (Nat'l) or sub-national (SN) levels • Use of relative and/or absolute value-for-money (VFM) assessments of PPPs • Intergovernmental co-ordination mechanisms impose obligations in regulatory practice 	<p>No</p> <p>79%</p> <p>No</p> <p>Abs. VFM, ad hoc basis</p> <p>No</p>
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Sources: OECD (2013), [Subnational governments in OECD countries: Key data](#); OECD (2013), [OECD Regions at a Glance 2013](#); OECD (2013), [Government at a Glance 2013](#); OECD (2012), Questionnaire: Multi-Level Governance of Public Investment, unpublished; OECD (2010), [Dedicated Public-Private Partnership Units: A Survey of Institutional and Governance Structures](#); OECD (2009), ["Indicators of Regulatory Management Systems, 2009 Report"](#).

GOOD PRACTICE EXAMPLES IN THE UNITED STATES

Principle	Good practice examples from different levels of government
Principle 1.	<i>Invest using an integrated strategy tailored to different places and coordinate across sectors</i>
	<p>Cross-sectoral coordination</p> <p>The Inter-ministerial Committee for Economic Planning (CIPE), a political decision-making body headed by the Prime Minister, ensures overall co-ordination of the national investment strategy and coherence between regional and national policy priorities. Political dialogue and vertical co-ordination between the regional and national governments is ensured through the State-Region Conference, a permanent negotiating arena between central and regional authorities. Created in 1997, this conference brings together Italy's regions at least twice a year and plays a key role in influencing the national political debate and decision-making processes on issues of regional importance.</p> <p>In 2012, the Prime Minister created an Inter-Ministerial Committee for Urban Policy that addresses three main issues. First, the committee addresses the sometimes conflicting relationship between institutional boundaries and planning activities in order to increase effectiveness in policy making. Second, it addresses the phenomenon of urban sprawl, territorial congestion and the need for efficient infrastructure. Third, it looks at the maintenance and strategic management of the process of recovery and renewal of the housing stock.</p> <p><small>Source: OECD (2014), Regional Outlook 2014. Regions and Cities: Where Policies and People Meet. OECD Publishing, Paris.</small></p>
Principle 2.	<i>Co-ordinate among levels of government</i>
	<p>Contracts across levels of government</p> <p>Italy has a strong tradition of contractual agreements to commit national and regional public administrations to a common framework of interventions. Programme framework agreements, and the more recent institutional contracts (with longer term horizons and encompassing multiple regions), are acts signed by the central and regional authorities that define objectives, sectors and areas for infrastructure development. They provide a clear schedule and well-defined reciprocal commitments to be followed by the region and the central administration to develop specific interventions.</p> <p><small>Source: OECD (2013), <i>Investing Together: Working Effectively Across Levels of Government</i>, OECD Publishing, Paris.</small></p>
Principle 3.	<i>Encourage effectiveness through cross-jurisdictional co-ordination</i>
	<p>Horizontal co-operation across regions and across municipalities</p> <p>Basilicata provides successful examples of horizontal co-operation across regions and across municipalities. Co-ordinated actions between regions in the south of Italy are needed to implement broad projects in meta-areas. A good example of horizontal co-operation is the Inter-Regional Programme Agreement on Water Management signed in 1999 by Puglia and Basilicata. At the sub-regional level, there is also a long tradition of horizontal co-operation among municipalities, which takes the form of the programming areas (Unione di comuni), intermediary institutions grouping adjoining municipalities. Such mechanisms represent an essential tool to reach critical mass, improve public governance, increase the contracting powers of local authorities and involve them in regional decision making.</p>

	<p>Simplification of the territorial organisation</p> <p>Law 95/2012 proposes to reduce the number of Italian provinces from the current 86 to 51 through the merging of small contiguous provinces within the same region to reach at least 350 000 inhabitants or 2 500 km². The provinces will maintain responsibility for territorial planning, transport and schools. The political governments will be abolished and substituted by the appointment of three councillors. The reform of the provinces is currently under discussion in the Parliament.</p> <p>Ten of the fifty-one provinces will have a special institutional organisation as metropolitan areas (Città metropolitane): Rome, Turin Milan, Venice, Genoa, Bologna, Florence, Bari, Naples and Reggio Calabria. Metropolitan cities have been planned since 1990; however actual implementation remains to be achieved. Their creation was delayed by the 2013 National Stability Law to 2015.</p> <p>Source: OECD (2014), Regional Outlook 2014. Regions and Cities: Where Policies and People Meet. OECD Publishing, Paris.</p>
Principle 4.	<i>Use long-term and comprehensive appraisals for investment selection</i>
Principle 5.	<i>Engage public, private and civil society stakeholders throughout the investment cycle</i>
Principle 6.	<i>Mobilise private actors and innovative financing arrangements to diversify sources of funding and strengthen capacities</i>
Principle 7.	<i>Reinforce the capacity of people and institutions throughout the investment cycle</i>
Principle 8.	<i>Focus on results and promote learning</i>
	<p>Performance monitoring and evaluation</p> <p>In addition to the use of traditional conditionalities, Italy is piloting an innovative mechanism (Obiettivi di servizio) to transfer a part of central government funds to regions. This more flexible performance-based conditionality allocates resources to the most performing regions and incentivizes a more results-oriented attitude towards sub-national authorities. Under this new system, a part of central government transfers (EUR 3 billion for 2007/2013) is assigned to regions according to their performance towards quantified targets by 2013.</p> <p>Performance monitoring in the region of Basilicata</p> <p>Basilicata has invested heavily in monitoring and evaluation to support decision makers. The region has set up a Public Investment Evaluation Unit (NVIPI) responsible for the monitoring and evaluation of all public investments in the region, including impact evaluation of selected projects. Since 2007, Basilicata is also one of the five regions in Italy to rely on the centralised system for monitoring public investment that collects timely data on procedural, physical and financial aspects of the implementation of all public investment projects</p>

	<p>Basilicata's efforts are supported by the national Public Investment Evaluation Unit in the Ministry of Economic Development, which provides technical support. Regional data on public investments are gathered through a centralised System for Monitoring Public Investments that identifies each public investment project with a unique 15-digit code valid for its life cycle. The code carries information on the nature and type of project, sector, location, budget, beneficiary name and main sector of activity. The system has been used in five pilot regions since 2007; Basilicata is the only region in the Mezzogiorno.</p> <p>Source: OECD (2013), <i>Investing Together: Working Effectively Across Levels of Government</i>, OECD Publishing, Paris.</p>
Principle 9.	<i>Develop a fiscal framework adapted to the objectives pursued</i>
Principle 10.	<i>Require sound and transparent financial management</i>
Principle 11.	<i>Promote transparency and smart use of public procurement at all levels of government</i>
	<p>Innovative procurement in regions</p> <p>To compensate for the rather small size of its administration, the region looked for innovative public procurement procedures. Basilicata was among the first regions to use a dynamic purchasing system for drugs through e-procurement, provide centralised insurance against clinical risks and set up a central purchasing body for electricity.</p>
Principle 12.	<i>Pursue high-quality and coherent regulation across levels of government</i>

Areas of focus of recent/current/planned reforms (national level)

Please mention whether your country has recently conducted or is currently conducting reform(s) in the field of governance of public investment across levels of government (territorial reforms, fiscal reforms, capacity building initiatives, performance monitoring, procurement reforms, reforms linked to PPPs or innovative financing arrangements, etc.). You may provide explanations in the box below (or just briefly mention which of the 12 OECD Principles are currently high on your government agenda).