Executive Summary

In recent years, Italy has experienced one of its most serious economic crises. The government is yet to fully restore and international confidence in the economy. To achieve fiscal stability and restore investor confidence, previous governments had introduced a strong austerity program. However, this has not prevented GDP from declining. Consequently, the Renzi government has adopted a different approach, prioritizing economic growth over fiscal stability, which it has promoted at the EU level as well as domestically. For example, the Renzi government has advocated for greater fiscal flexibility for member states within the EU.

The rapid rise of the center-left Democratic Party (Partito Democratico, PD), the consolidation of the anti-establishment Five Star Movement (Movimento Cinque Stelle) and the continued fragmentation of center-right parties have significantly altered the political landscape. The previous 20 years had been characterized by a highly competitive and factitious political landscape, which had failed to deliver improvements in good governance. In contrast, parliament is now dominated by the PD, which has adopted an increasingly centrist position, with the opposition seemingly unable to offer a realistic alternative. Prime Minister Renzi’ strong leadership style and the PD’s parliamentary majority have enabled the government to drive an ambitious reform agenda, which includes constitutional, labor market, tax and public administration reforms.

Nevertheless, the personalization of leadership has become even more characteristic of Italian politics with the prime minister the dominant actor in the current government. However, the prime minister receives insufficient and adequate support from the Prime Minister’s Office, and other advisory bodies, which has contributed to poor policymaking in the past.

Fiscal stability was a key priority of previous governments. However, the Renzi government has switched priorities toward promoting economic growth and addressing high levels of unemployment. This has been supported by more expansionary fiscal policies. However, a more balanced approach between the fiscal consolidation of previous governments and the expansionary policies of the Renzi government will be necessary to protect against external economic shocks and ensure fiscal sustainability.
The economy has begun to recover since the end of 2014, though it has not returned to pre-crisis levels. Further economic modernization and liberalization is required, while recent family, social and industrial policies are only just beginning to affect economic growth.

Reform of public administration is a key objective of the Renzi government. However, little progress has yet been made. The Renzi government has continued the spending review process initiated by the Monti government. However, the government lacks the political will to translate many of the spending reviews’ findings into policy. Reducing public administration expenditure must be balanced against increasing the quality and efficiency of public administration. Recent reforms to national, regional or municipal public administration have been insufficient.

Corruption continues to be a key factor undermining the quality of public administration. The distortions to public services and the economy more widely, which corruption produces, disrupt modernization. The government needs to do much more to address this problem.

The recent economic and financial crises have exposed failings in existing family policy. Italy has an aging population, which current policies are failing to address. For example, there is limited fiscal support for families with children. Similarly, measures to improve gender equality in the workforce, and reconcile work and family life are weak. Poverty also needs to be a much more important priority.

A significant proportion of the political elite and public now believe that Italy must adopt a more active role within the EU. To achieve this, the government must demonstrate greater respect for previous governments’ commitments and stronger leadership. However, public skepticism of supranational integration has increased. The respective development of these two tendencies will be key in shaping Italy’s role in the EU.

**Key Challenges**

Italy has suffered severely from a long period of economic and financial crises. However, Italy’s recent economic recovery is based on strong family bonds, high household savings rates, the resilience of small businesses, a number of strong manufacturing sectors, and the quality of some public institutions, including the Presidency of the Republic and central bank.
However, the economic and financial crises have also exposed serious weaknesses across the public and private sectors, which must be addressed to ensure the sustainability of the recent economic recovery.

State institutions are in need of significant reform. The government’s reform of the “perfect bicameral system” could reduce excessive deadlocks and delays in the decision-making process. However, the agenda-setting powers of the executive could be strengthened to reduce the veto power of small parliamentary minorities, which have proliferated in recent years. The “Italicum” electoral reform will facilitate more stable governing majorities, but does not go far enough in reforming democratic representation. Furthermore, parliament’s powers to scrutinize government policy need to be better defined and protected. Meanwhile, all non-strategic functions in the Prime Minister’s Office (PMO) should be removed, so that the PMO is more able to steer the policymaking process. Simultaneously, the contribution of independent experts into policymaking should be increased. Previous governments have tended to adopt a closed approach to policymaking, which has led to poor decision-making.

The relationship between central and local governments needs reform. Central government has largely failed to control local government spending. Yet, central government has simultaneously reduced the range of independent revenue sources available to local governments. Consequently, central government has increased local government dependency, while encouraging irresponsible behavior. The Renzi government must find a more sustainable balance between local government autonomy and responsibility.

Further democratization and fresh leadership, complemented with tighter regulation of the political party system, is required to rebuild public trust in the established political parties. The constitution should promote internal democracy within political parties. In addition, a transition in political cultural away from excessive personalization and competitive rhetoric toward pragmatism and internationalism is needed.

Public administration requires a fundamental restructuring, clearly defining central and local government competencies, and substantial reform of recruitment procedures, particularly for senior civil servants. Furthermore, greater emphasis should be given to strategic and innovative policymaking approaches, rather than the traditional, conservative approaches.

Economic policymaking needs to promote a more dynamic and growth-oriented economy. This will require further economic liberalization, and the curtailing of monopolistic and oligopolistic power. In addition, business
regulation should be simplified to enable traditional and emergent businesses to co-exist. Meanwhile, fiscal expansion, designed to ease pressure on production and employment, must be balanced against fiscal sustainability. Small businesses need more support in accessing credit. However, government, business associations and trade unions should share the responsibility for achieving these goals, which will require an economic culture of cooperation and pragmatism.

As immigrants form an increasingly large proportion of the workforce, management of immigration, effective integration and protection of immigrants’ rights must receive greater attention. For example, proposed legislation addressing the issue of access to citizenship for immigrants should define a realistic path toward citizenship for immigrants to facilitate integration.

Better cooperation between public authorities and private organizations is necessary for the improved management of natural resources and cultural heritage. Natural resources and cultural heritage are important to improving people’s quality of life, economic growth, the tourism industry, a sustainable agricultural sector and foreign investment.

The education system should be a higher priority, despite the austerity agenda. More flexibility and openness in the education system is necessary for the system to respond to changing societal needs. Universities and research centers need to recruit more young people and qualified foreigners. A higher skilled workforce complemented by a knowledge-based, innovative economy would increase economic competitiveness.

Italy should participate more actively in EU and international spaces. While already leading some EU operations, Italy should look to build closer and more cooperative relationships with neighboring countries, seeking common goals rather than focusing on narrow national interests. This would allow Italy to more effectively exploit its geopolitical potential.
Policy Performance

I. Economic Policies

Economy

During the period under review, the Renzi government has been able to pursue its economic policy agenda to accelerate Italy’s economic recovery, which began in the fourth trimester of 2014. This has been due to the Renzi government’s fairly solid parliamentary majority, despite some grumblings from the left wing of the prime minister’s party. Some of the measures introduced during the previous period, such as the income bonus for lower incomes (e.g. in the form of a monthly €80 transfer payment), tax reductions for businesses (IRAP reduction), plus a new ambitious labor law reform aimed at stimulating the economy, have started to produce positive effects. The 2015 budget has followed a careful path between respect for the euro zone’s rules and support for the domestic economy. It has further reinforced the expansionary measures of the previous year. In particular, it has increased the IRAP (tax on incomes paid by employers and employees) reduction, lowered the costs of employing young people, and cut state and local authorities’ expenditures. The government has also launched an important reform of public administration to reduce complexity and increase effectiveness. Efforts to further reduce inefficiencies in state expenditure were continued by the spending review. The results, while lower than expected, have been significant.

Labor Markets

In the past, Italy’s labor market policies have been inadequate in meeting the challenges of the recent economic crisis. The main measure to combat the effects of a crisis was the so-called cassa integrazione, which temporarily subsidized the salaries of workers, either partially or fully, kept idle by private companies. The aim was to encourage companies to avoid dismissing employees. However, cassa integrazione had no effect on those who were unemployed.
The difficult economic situation further worsened one of the problematic features of the Italian labor market: the polarization between protected sectors and those that are largely unprotected and precarious. While older workers in the public sector and in large firms of the private sector enjoy sufficient and, in some cases, even excessive protection, young people and in general those working for small private-sector firms are much less protected. Unemployment increased significantly over the last years, but the increase was particularly dramatic among young people. The lack of significant unemployment benefits has made young people’s economic position in society extremely precarious.

During 2014, the Renzi government began to demonstrate a willingness to tackle this problem more resolutely. Starting with some more limited but immediate measures to make the hiring of youth easier, the government launched a systematic revision of the labor code aimed at encouraging firms to adopt more flexible but also stable labor contracts. The law, informally called Jobs Act, has given the government broad discretion to define specific labor market norms and has been accompanied by fiscal measures that should make the hiring of new workers more convenient for firms. During the period under review, the government has gradually expanded the scope of this law and encouraged a new type of labor contract. This new labor contract increases employers’ ability to hire and fire, while also encouraging a shift from precarious to long-term contracts. It has been received very favorably and 2015 data on new contracts indicates that it has been a significant success.

The new and more inclusive social insurance benefit for employees (“nuova prestazione di assicurazione sociale per l’impiego”) is part of the so-called Jobs Act and is a first step toward creating a national unemployment insurance.

**Taxes**

The Italian tax system continues to be stressed by the need to sustain the combined burden of high public expenditures and payment of interests on the very high public debt accumulated over the past decades. It is also defined by its inability to significantly reduce the very high levels of tax evasion or the size of the black economy. As a result, levels of fiscal pressure have increased over the years, and the tax burden is far from equitable. Fiscal pressure is very high on those households or companies that do regularly pay taxes, and is paradoxically very low for all those who can and do evade taxation (e.g. many businesses and large numbers of independent contractors and self-employed professionals). Families with children have very limited exemptions. Labor and business are also heavily taxed, which results in fewer new businesses and job opportunities. Italian tax policy provides limited incentives and no compelling reason to declare revenues. The monitoring of and fight against tax evasion within this
system are insufficient and far from successful. One of the biggest problems is that the system results in significant competitive distortions that benefit non-compliant earners.

Since its first year in office, the Renzi government has introduced a number of new fiscal measures to reform the tax system. The government’s fiscal policies have benefitted from a sharp decline in the interest rates paid on government debt. A tax credit for people in the lowest income brackets was introduced in 2014 and has been reaffirmed for 2015. Meanwhile, the tax on financial assets was increased marginally, while income and corporation taxes were reduced. The stabilization of these measures has had a modest beneficial effect on the fiscal system, but more needs to be done. The antiquated land register is yet to be reformed, despite repeated promises. As such, inequities in the property tax system continue to persist.

The Renzi government has introduced an on-line system for submitting income tax declarations, the so-called 730 precompilato. The system replaces the old paper forms for the majority of income tax payers and has made it possible to double-check tax returns. The shift to electronic invoices within public administration also increases the effectiveness of fiscal oversight.

Overall, the Italian tax system is able to generate a sufficient amount of resources, but is still in need of a deeper reform to increase horizontal equity, reduce obstacles to competitiveness, and facilitate foreign direct investment.

**Budgets**

Italian governments have struggled to continue the budget consolidation process begun by the Monti government during an era of prolonged economic stagnation. Nevertheless, fiscal policies have gradually reduced yearly deficits and produced a strong primary surplus. Yet because of the recession environment, attempts to reduce the huge debt stock (by selling, for example, public properties or stocks of state-owned companies) have had little success or have been postponed. The level of public debt to GDP has continued to increase in part also because of the new burden of contributing to the European Financial Stability Facility and European Stability Mechanism – which cost the Italian state approximately €40 billion between 2010 and 2012 – and in part as a statistical effect of GDP shrinking due to the recession. The improved climate on the international markets and ECB policies have yielded a sharp decline in interest rates for Italian long-term treasury bonds. This has eased the country’s budgetary pressures and enabled the state to accelerate the payment of public administration debts to private businesses. A return to economic growth toward
the end of 2014, though modest, will mean that the level of public debt will plateau by the end of 2015. In 2016, a modest decrease in the ratio of public debt to GDP is likely.

The fiscal policies for 2015 will pursue the same agenda as in 2014, but will benefit from the improved economic conditions. The fiscal consolidation, required by EU rules, has been modest, as the government has taken advantage of the greater flexibility allowed by the EU for countries introducing significant structural reforms. The government has reduced the pace of fiscal consolidation to free government funds to invest in economic activities. Consequently, tax reductions have not been matched by reductions in public expenditure. Cuts to public expenditure, proposed by the government’s spending review, have not been fully implemented. This has been due to resistance from interest groups, but also because of a fear that such cuts would have recessionary effects.

The pace of privatization of public assets has been slower than anticipated, though the Italian post service (Poste Italiane) has been privatized.

The vast majority of regional and municipal budgets are fiscal sustainable, though not all.

Citation:
Analisi_e_tendenze_della_Finanza_Pubblica_xon-linex.pdf

Research and Innovation

In recent years, Italian governments’ research and innovation policies have been weak, underfunded and not strategically coordinated. The Renzi government has not been able to make much headway in this regard given the tight budgetary context. Funds for R&D have not increased, but some new measures have been introduced to foster start-up companies. As a result, there has been growing awareness of the strategic importance of R&D across society, in the media and among some politicians. There have been some attempts to link university funding to the quality of research outputs. This policy is intended to incentivize universities to generate more quality research.
Global Financial System

The government and other public financial institutions such as the Bank of Italy have been generally supportive of international and European policies oriented to improve the regulation and supervision of financial markets. Typically for Italy, the government and the Bank of Italy have preferred a collective working style within the framework of European institutions and G8 rather than embarking on high visibility but uncoordinated initiatives.

II. Social Policies

Education

The Italian education system is a predominantly public system headed at the state level by the Ministry of Education, Universities and Research (MIUR). Although the MIUR has authority over programming, and hiring and funding, regional and municipal school authorities have some power with respect to curricula, physical infrastructure and resource management. Private education in Italy is limited and consists primarily of religious schools. Italy also has a handful of private universities with a prestigious reputation (e.g. Bocconi, LUISS, Cattolica). The education system is, in principle, open to everybody without discrimination. Tuition fees are excised only at the tertiary level and are limited. However, given the scarce amount of resources allocated for scholarships or similar support mechanisms for financially needy students, access is seriously limited at the upper secondary and tertiary levels. As might be expected, the share of individuals who do not complete their studies is above OECD averages.

Per student spending at all levels of education is close to the OECD average, but due to the smaller percentage of students, the global expenditure as a share of GDP is significantly lower than the OECD average. Moreover, the level of expenditure has been almost flat for the past 10 years. When education expenditure is measured as a percentage of total public expenditure, Italy shows one of the lowest rates among OECD countries.

In terms of tertiary education spending, Italy lags behind even more significantly. The share of education expenditure allocated to the salaries of teachers, professors and technical staff – the number of which is often unnecessarily high – compared to the share for capital expenditures, is above average. Selection of school and university personnel is still not sufficiently
meritocratic. Although there are significant areas of high-quality education at both the secondary and tertiary levels, the system as a whole does not yet ensure satisfactory standards of quality.

During the period under review, there has been no major change in the allocation of resources. Some limited changes have been made to the so-called Good School program (“La buona scuola”). These include reforms to teacher recruitment procedures, the authority and accountability of secondary school principals, and the transition of many teachers from fixed-term to unlimited employment contracts.

The allocation of public resources to universities has increasingly incorporated a quota, which links academic results to government funding. These developments should have significant effects in stimulating a more competitive and quality-oriented university system.

**Social Inclusion**

The impact of the crisis on the incomes of a significant percentage of households and the increasing levels of unemployment – particularly among youth – have had important negative effects on social inclusion. The gap between the more protected sectors of the population and the less protected ones has increased. The traditional instruments of social protection (such as those guaranteeing unemployment benefits for workers with permanent labor contracts) do not cover a large part of the newly impoverished population and new policies conceived for them have started being discussed although not yet put in place.

In general, allowances for families with children are rather small, and do not compensate for the costs of raising a large family. The problem of poverty is thus particularly serious for young families, especially where only one adult is employed. Some of the pensions of the elderly are also extremely low.

The progressive tax system and a series of deductions and benefits for low-income individuals – which should have accomplished redistributive functions – have largely ceased to work in this direction. The system’s redistributive efforts have been curtailed by the rise in tax rates and the erosion of benefits and deductions due to inflation, as well as the prevalence of tax evasion among certain parts of the population. Moreover, the system’s redistributive effects fail to reach that part of the population, which earns less than the minimum taxable income. An effective poverty reduction policy would require larger and more effective instruments.
The ongoing economic crisis has exposed the weaknesses of Italy’s social policy. The main social policy instrument used to mitigate and reduce social exclusion is pensions. Other instruments are not very effective and Italian national standards are not very good. On average, social programs in the north of the country can deliver benefits three times higher than in the south. Italian family networks still constitute the most important though informal instrument of social policy. The high percentage of home ownership helps protect many Italians from poverty. Offering affordable housing also to younger people is fast becoming an important policy task.

New policies like “Bonus bebe” (an allowance paid to families for each new baby) and the NASPI (a new unemployment allowance) indicate the willingness of the government to respond to this emergency. However, these policies remain rather weak.

The government must also address the large proportion of young people not in education, employment or training, particularly in the south of Italy. Otherwise, a generation of young people will be marginalized, unable to participate in the economy. The high rate of youth unemployment is also threatening the pension system and future tax revenues. The government will need to develop special social policies.

**Health**

Italy’s national health system provides universal comprehensive coverage for the entire population. The health care system is funded primarily through the central government, but health care spending is administered by regional authorities. On average, the services provided achieve medium to high standards of quality (a recent Bloomberg analysis ranked the Italian system among the most efficient in the world), but, due to significant differences in local infrastructures, cultural factors, and the political and managerial proficiency of local administrations, the quality of public health care is not nationally uniform. In spite of similar levels of per capita expenditure, services are generally better in northern and central Italy than in southern Italy. In some areas of the south, corruption, clientelism and administrative inefficiency have driven up health care costs. In these regions, lower quality levels and typically longer waiting lists mean that wealthier individuals will often turn to private-sector medical care. Regional disparities also lead to a significant amount of health tourism heading north. Early moves in the direction of fiscal federalism are now stimulating efforts to change this situation through the introduction of a system of national quality standards (correlated with resources), which should be implemented across regions.
Preventive health care programs are effective and well publicized in some regions such as Tuscany and other northern and central regions. However, such programs in other regions such as Sicily are much weaker and less accessible to the average health care user.

To contain further increases in health care costs, payments to access tests, treatments and drugs exist. Even if these payments are inversely linked to income, they nevertheless discourage some of the poorest from accessing necessary health care services. Similarly, additional medical services are only partially covered by the public health care system, while dental health care is not covered at all.

Over the last few years, the number of people accessing health care services offered by NGOs formerly operating in developing countries has increased.

Citation:

Families

Italian society has traditionally relied very much upon its very strong family institutions. The family (often in its extended version) remains even today a major provider of welfare for its weakest components – children, young couples with precarious jobs and elders. Within the family, significant amounts of economic redistribution take place, and important services are provided, such as the care of preschool age children by grandparents. Partly because of this reliance, state support for families has generally been weak. Apart from relatively generous rules on maternity leave (paid for by social insurance) and limited tax deductions for children, the state has not offered much. Public day care facilities for preschool children are available on a limited scale and vary significantly across regions. Private firms and public offices have only recently started offering similar services, with some support from the state.

The lack of more significant policies has contributed to the limited participation of women in the workforce and a low overall employment rate, while also contributing to a very low birth rate (except in the immigrant population).

Proposals recurrently advanced to introduce important changes to tax policies with respect to families have never materialized, including the “quoziente familiare,” which would have divided taxable income by the number of family members. The crisis has left little space for such initiatives, which would strain the state’s budget. As a result, only limited subsidies for families with children
in the lowest income brackets have been introduced. Because of the economic crisis, the levels of children living in poverty are above average.

New and innovative Scandinavian-style concepts (such as parental leave) that go beyond maternity allowance are not widely implemented. The whole child-care sector, and indeed the state of the public debate over the ability of women to combine work and children, lags behind that in the wealthier and more progressive European countries. The decreasing transfers of financial resources to regions and municipalities during previous and Renzi governments mean that many institutions and projects working in family support have run out of money and may have to cut back services significantly.

Men would also benefit from an extension of state support for families, as they would be better able to assist in their children’s development.

**Pensions**

The Monti government introduced a key sustainability-oriented reform of Italy’s pension policy by increasing the retirement age to 67 years and by reducing benefit levels for higher income groups. Thanks to this reform, no further major reforms of the retirement system will be needed at least in the next few years to ensure its sustainability – despite the demographic imbalance between the aged and the young. The current situation, however, is less positive from the point of view of intergenerational fairness, as the younger generations will receive significantly smaller amounts upon retirement. This problem is exacerbated by the late entry into the labor force of younger cohorts, which itself is a consequence of the economic crisis. In addition, the growing number of permanently unemployed also face receiving little to none in terms of a pension. The high percentage of public spending on pensions also diverts financial resources from other welfare policies such as family policy. Ensuring pensions comes with high costs for the rest of society.

The problem of poverty prevention which exists today for a relatively limited share of the population will be much more significant and relevant for the young cohorts of today when they reach retirement age.

Supplementary pension schemes have to date played only a limited role in the pension system and fiscal policies adopted to encourage them have not been sufficiently bold.
Integration

Large-scale immigration is a relatively new phenomenon in Italy compared to other countries in Europe. In recent years, the number of legal (mainly from new EU member countries) and illegal immigrants has increased significantly, making immigration one of the hottest political issues. Issues associated with immigration have been cast in negative or even xenophobic rhetoric by some parties (especially the Northern League or Lega Nord) during electoral campaigns, with immigrants portrayed as dangerous social elements.

Policies dealing with the topic have concentrated more on controlling illegal immigration than on matters of integration. However, given the failure of measures designed to prevent illegal immigration, successive governments have adopted provisions for the large-scale regularization of immigrants, especially those working for and within families. In spite of these measures, a large number of immigrants are still involved in the black economy and are thus subject to economic exploitation, dangerous working conditions and a lack of respect for their rights. Some sectors of Italy’s agriculture, for example, rely heavily on a workforce of low-paid illegal immigrants. New legislation introduced by the Renzi government will improve access to citizenship for children who were born or attended school in Italy.

The school system has proved to be a positive factor in the process of integration, but schools have not received sufficient resources for achieving the best results in this field. Public housing policies have been weakened by the budgetary constraints: as a result in many cities there are ghetto-like areas where immigrants live in extremely poor housing conditions. The universal health care system has in general been fairly effective in providing medical treatments also for immigrants.

Employers of legal (but also illegal) immigrants often make the politicians understand that in some sectors they are able to continue to operate in Italy only thanks to the high number of migrants available in the workforce. Agriculture, the building industry, private-sector elderly care, and often child care and private cleaning services are often dependent on legally or illegally employed immigrants.

The Renzi government’s deployment of naval units in the Mediterranean Sea to rescue migrants signaled a more constructive approach toward migration. This approach became the basis of the EU’s Frontex Triton operation, which is led by Italy. The Renzi government has also successfully promoted an EU-level discussion relating to the distribution of asylum seekers among EU member states.
Generally, right-wing extremists, such as the Northern League, have not been successful in turning the general population against migrants. The government and the Catholic Church have been supportive of the integration of migrants into society.

**Safe Living**

With the exception of some regions of southern Italy where mafia-type organized crime can have a serious impact on the security of certain sectors of the population (for instance entrepreneurs and shop owners) internal security is sufficiently guaranteed. Crime levels are not particularly high but recently have significantly risen with economic crisis and rising unemployment going on now for years. The population has in general a rather high level of confidence in the security forces. The segmentation of security forces (Carabinieri, Polizia di Stato, Guardia di Finanza, Polizia Municipale) might result in some inefficiencies and accountability. The security forces are not always able to efficiently maintain law and order, and security in major urban areas.

**Global Inequalities**

The engagement of the Italian government in promoting socioeconomic opportunities internationally is generally rather limited. Over the years, the Italian level of international aid has been among the lowest for developed countries (0.13% of GDP for 2012 but increasing to 0.16% in 2013 according to OECD). A special sector where the current and past governments have displayed a significant activity is that of providing help at sea through the Italian navy for illegal immigrants crossing the Mediterranean Sea on unsecure boats belonging to traffickers.

On a more qualitative and organizational level Italy has stressed the importance of fighting hunger and developing food production and distribution. Probably because of this activism it hosts three major U.N. food agencies, the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP).

Citation:
http://www.oecd.org/newsroom/aid-to-developing-countries
III. Environmental Policies

Environment

Italy was not an early mover in the field of environmental policies compared to other European and OECD countries, but in a number of aspects its environmental record has significantly improved. For instance, Italy ranks above average in its performances for CO2 emissions in comparison to GDP. In the field of renewable energies, where Italy traditionally fared reasonably well thanks to its large hydroelectric (and geothermic) plants, the promotion of new sources such as solar or wind energy has been very effective in recent years thanks to generous incentives. Because of budgetary constraints (and in part also because of other conflicting environmental reasons such as protection of the landscape) incentives for solar energy have been reduced in the recent years. Nonetheless, the transition toward renewable energy has gained momentum and renewable energy sources now supply more than 35% of total energy demand. Strong fiscal incentives for sustainable house building and renovations have existed for several years. An initial discussion about the return to nuclear energy with the purpose of further reducing CO2 emissions was stopped by the Fukushima disaster.

Forest areas have been growing significantly in recent years and biodiversity is above the European average.

In other dimensions, such as water efficiency and waste management, Italy fares less well. In these fields disparities between northern and central Italy on the one side and southern Italy on the other remain significant. In environmental policy the decentralization efforts of the last 15 years show that southern Italy does not achieve national standards in waste management. Some emergencies in Naples, Palermo and other southern regions demonstrate the low performance of local and regional authorities in environmental matters. The absence of purification plants affects parts of the coastline and rivers. Erosion, flood and earthquake prevention should still be a high priority for the government. Climate change has and will have a huge impact on Italy.

Italy has among the highest numbers of cars per capita in the world, and this combines with poor short-, medium- and long-haul public transport to make life in cities difficult. It also compromises the transport of goods and persons across Italy. Smog, particulate matter, poor air quality and traffic jams increasingly undermine the quality of life significantly in Italian towns. Erosion is a danger
in many parts of Italy. Perhaps more so than any other policy area, the environment demands a stronger strategy and corresponding political action, as Italy is dropping back on the European but also global level for quality of life.

Citation:
http://www.gse.it/it/Statistiche/RapportiStatistici (provides data about renewable energies production in Italy)

Global Environmental Protection

The contribution of the Italian government to international efforts in the field of global environmental protection has been generally positive. Italy has been supportive of international concerted actions but has not played a significant leadership role. This is due also to the fact that the resources of the Ministry of Environment have been seriously curtailed. Moreover, because of the crisis the attention of the government and the priorities of the prime minister have been diverted to internal matters, and economic recovery.
Quality of Democracy

Electoral Processes

The registration procedure is fair and no unreasonable exclusion exists. The number of signatures requested for registration of parties creates some obstacles to new and small parties, but similar small obstacles are accepted in many democracies to avoid non-serious candidacies. The validity of the process is controlled by independent judicial offices. From time to time there have been disputes over the validity of some of the signatures collected by the largest parties. The procedures for the choice of candidates vary from party to party, but there is an increasing use of primaries to make them more open and democratic.

The old electoral system was based on closed electoral lists in large districts. Consequently, voters had no option of expressing a preference for a single candidate, but had to accept the whole party ticket. The new electoral law, approved in 2015, will introduce mixed electoral lists. This will enable voters to express a preference for some of the candidates, though not all.

Although Berlusconi and his party (Forza Italia, FI) enjoy favorable treatment from the television chains and newspapers owned by Berlusconi himself, the media system as a whole offers a reasonably fair treatment of all political candidates. The most important national newspapers and privately-owned television broadcasters offer fairly equal access to all positions. Starting with the Monti government in 2011, state television has maintained a much more neutral position. Some political parties own their own media outlets, including daily newspapers (subsidized by the state) and small television channels. However, the impact of these media outlets is limited.

Access to television by parties and candidates is regulated by a law (Law 28/2000) that provides for equal time for each party during electoral campaigns. An independent oversight authority (Autorità per le Garanzie nelle Comunicazioni) ensures that the rules are followed and has the power to sanction violations. This power is effectively used. Public television is controlled by a parliamentary committee, which reflects the composition of the whole parliament. Although the government in office typically attracts more airtime than the opposition, the treatment of the different parties by the public
broadcaster is fairly balanced overall. In the print sector, the large variety of newspapers both with and without a clear political orientation provides sufficiently balanced coverage of all positions.

As the role of electronic (internet) and social media in political contests continues to grow, politicians and parties can rely increasingly on these new forms of media to reach citizens and voters more directly. This fact makes political players more independent from large media groups and public media.

The registration of citizens for electoral purposes is done automatically by municipal offices and there are no significant problems with this procedure.

All citizens are notified via mail at home of their voting rights and supplied with the relevant information. Citizens are entitled to appeal to independent judicial bodies if they are mistakenly excluded from registration. Citizens living abroad are also entitled to vote. There are no significant complaints about the process.

Polling stations are very numerous and typically very near to places of residence. National and regional elections normally take place on two consecutive days, which increases the opportunities for working people to vote. Turnout has diminished also significantly in recent years but is still among the highest in Europe. The lack of an absentee voting system makes voting more difficult for citizens residing abroad or in other regions of Italy.

Political parties are largely financed by public funds. State financing was regulated until February 2014 by a 1993 law (Legge del 10 Dicembre 1993 no. 515, e successive modificazioni recante norme sulla Disciplina delle Campagne Elettorali per l’Elezione alla Camera dei Deputati e al Senato della Repubblica), and was monitored by an independent judiciary organ – the Court of Accounts (Corte dei Conti) – which checked the accounts provided by parties and could sanction infringements.

Private financing must be declared by candidates and parties, and is controlled by regional judicial bodies. The existing rules about private and public financing of parties and their enforcement are largely inadequate for a fully transparent system. The degree of publicity over private contributions is largely left to the parties and in many cases is very defective. In recent years many cases of individual or institutional abuse or even fraud of public party funding emerged in almost all of the political parties.

A new reform (Law 21 February 2014, n. 13) has almost completely abolished public financing for parties. It has introduced a new regime of fiscal exemptions for private contributions and created a new oversight institution,
the “Commissione di garanzia degli statuti e per la trasparenza e il controllo dei rendiconti dei partiti politici,” whose members are nominated by judicial bodies. The new system will be implemented gradually and become fully effective only in 2017. By 2017, political parties will be entirely privately financed. The so-called due per mille policy will enable citizens to nominate a political party to receive 0.2% of their income tax. So far this system has proven highly unsuccessful. In 2015, only 16,000 out of 41 million people who paid income tax exercised this possibility.

The right to promote referenda and citizens’ initiatives is enshrined in the constitution at the national level of government and is replicated in most of the regions by regional statutes. Referenda may be authorized also at municipal and provincial levels. Referenda, which can only abrogate existing laws or part of them, have taken place rather frequently at national level. In order to launch a referendum, the proposal must collect at least 500,000 signatures and the referendum is only valid if there is a turnout of at least 50%. Between 1974 and 2011, 66 referenda took place. There are some limited restrictions to the issues that can be submitted to a referendum.

Referenda have had a substantial impact at national level, including ending the use of nuclear energy following the Chernobyl disaster. In some cases, however, the effects of a successful referendum have been overturned by parliamentary laws which pay formal respect to the referendum results but have, in practice, reestablished in new forms some of the rules that had been abrogated.

The draft constitutional reform proposed by the Renzi government, which was finally approved by parliament in May 2016 but must be confirmed by a referendum in October 2016, will make it easier for a referendum to be approved when a proposal has secured more than 800,000 signatures. Whereas the old rule requiring an absolute majority among the registered electorate still applies, with the new clause, a majority based on the number of voters in the last election will suffice to validate the referendum.

Citizens can also promote legislative initiatives and in some regions and municipalities instruments of deliberative democracy (citizens’ juries, deliberative polling) are available, but these instruments do not have legally binding effects. At local and regional levels, popular decision-making is rarely used effectively.
Access to Information

While in the past both center-right and center-left governments had exerted a significant or even a strong influence on public media, starting with the Monti cabinet governments have taken a much more detached position. The public media organization, Radiotelevisione Italiana (RAI), had previously been steered by government and parties in both its personnel policies and the control of its organizational frameworks and resources. After the Monti government nominated as heads of RAI new, fairly independent personalities who have ensured an enhanced political neutrality of the public media, successor cabinets have not interfered very much, though they have cut spending for RAI.

The Renzi government’s proposed reform of RAI will increase the powers of the CEO will reducing the powers of the board, which has typically comprised representatives of the main political parties. This could reduce the direct influence of the political parties over the RAI, but increase government influence – unless the selection process for the RIA’s president and CEO as well as the people themselves are independent.

While the privately-owned, Mediaset channels continue to be subject to the strong political influence of their owner, Berlusconi, the increasing importance of other channels has helped balance things out.

As for the print media, newspapers and magazines are in general much more independent of government influence and able to ensure a broad spectrum of opinions.

The role of other digital and social media (internet, Twitter, Facebook, etc.) is growing rapidly as a generation of younger politicians makes increasingly heavy use of them. But television still maintains its central role for a large part of the Italian public, which is not reached by new media.

The Italian media system is more balanced today than in the past. In television, the earlier duopoly between public television (Radiotelevisione Italiana, RAI) and private television (controlled by Berlusconi’s Mediaset) is now less exclusive. Sky TV and La7, as well as other national television and digital broadcasters, offer alternative sources for news. Public television is now under a more politically neutral governance. As for print media, the presence of four or five significant groups ensures a satisfactory degree of pluralism. Overall one can say that all political opinions of some relevance in the political
spectrum receive fair media coverage. Understandably, the largest parties obtain more space than the smaller ones.

It would be difficult to say that certain positions are not published or are marginalized, especially in the case of newspapers. One of the big issues in Italy is still the predominance of television, newspapers, radio programs and electronic media can’t fully counterbalance its influence. A single large television company, Mediaset, continues to have a significant influence in electoral campaigns. Although Mediaset is becoming less relevant due to the political decline of Berlusconi.

The first freedom of information act was introduced by Law No. 241 in 1990. Its provisions were amended and made less restrictive by Law No. 15 of 2005. Disclosure can be denied only under specific circumstances (such as national security, protection of privacy), which must be explicitly identified by administrative offices. Special offices (Uffici Relazioni con il Pubblico, URP) dealing with requests for access to information have been established in all administrative offices, both nationally and locally. Access has become more easy and effective.

Both judicial and non-judicial mechanisms of appeal exist, and are increasingly used. Among these is the Commission for Access to Public Documents (Commissione per l’Accesso ai Documenti Amministrativi) of the presidency of the Council of Ministers, which receives appeals in cases of information-disclosure denials, and can force public administrative bodies to reconsider their decisions. The commission, which is composed both of parliamentarians and technical officers, should make an annual report to parliament, though the publication of these reports is usually delayed by at least a year. The most recent report for 2013 identified an increase in responses to citizens’ appeals. Regional administrative tribunals can judicially enforce the disclosure of documents. In spite of this regulatory and organizational progress, the propensity of public administration to provide the answers in due time is still far from being fully satisfactory either because of bureaucratic inefficiency or because of a reluctance to disclose internal matters. A recent report by an Italian NGO found that only 35% of information requests received a response within 60 days.

Citation:
http://www.commissioneaccesso.it/media/45795/relazione%20al%20parlamento%202013.pdf
Civil Rights and Political Liberties

The legal system includes detailed constitutional provisions and a series of ordinary laws that provide an articulated protection of a broad set of rights. Strongly independent courts serve in principle to guarantee their implementation. In practice, however, inefficiencies in the judicial administration, the heavy backlog of many courts and the consequent length of judicial procedures can make the protection of civil rights (both personal and property) less effective. The Renzi government is in the process of reforming the judicial system to increase efficiency.

The legal protection of the rights of immigrants, especially if they are illegal, is far from satisfactory. Some cases of police violence are reported. Actions by the security agents of the various authorities (including the state police) sometimes seem to contradict the principles of the rule of law. Immigrants and homosexuals sometimes experience discrimination.

A further problem is that some political parties – for example the Northern League (Lega Nord) and also other parties of the right – have an ambiguous stance over civil rights, rule of law and independent courts.

The protection of the complete array of political liberties is enshrined in the constitution and guaranteed by an independent judiciary. During the period of observation, no significant cases of infringement were attested. The right to worship is fully guaranteed to all religious groups and an increasing number of minority groups have been able to use the opportunities offered by agreements with the state to facilitate its implementation. However, some practical problems connected with the freedom of worship, like enjoying the special fiscal treatments guaranteed to religious groups or building places of worship, have not fully disappeared. These problems have been more relevant for Islamic groups, to some extent because of political fears and hostility, but also because of their more uncertain legal status.

At the legal level, anti-discrimination norms exist and are sufficiently developed. Their implementation is sometimes not equally satisfactory. This happens in particular in the field of physical and mental abilities, of gender or for some cases of ethnic minorities (the Roma, for instance). Italy has a very inclusive model for integrating physically and mentally disabled persons. However, in some regions, the system lacks financial resources.
In the public administration there is an increasing effort by the Department for Equal Opportunities to monitor the impact of gender discrimination on a regular basis. The department’s 2012 report used data from 2011 to indicate – with some exceptions – significant gains made in gender representation in the higher levels of state administration. The percentage of women among the top ranks of the central administration reached 46%. Levels are lower in universities and independent authorities. The situation of gender representation in the business sector is generally less satisfactory. A 2014 report examining the representation of women on the boards of publicly owned companies found that on average less than 20% of their board members were women. Much greater progress has, however, been achieved in political institutions, such as parliament, assemblies, and cabinet.

With regard to immigrants and especially illegal immigrants, discrimination is widespread. Whereas immigrants generally enjoy access to the health care system, their rights in other areas – labor relations in particular – are not well protected.

Italy’s constitution and the political reality grants considerable political autonomy and cultural rights to regions with non-Italian or non-mainland minorities and majorities such as Val d’Aosta, Trentino and South Tyrol, Sardinia, Sicily but also to ancient ethnic groups such as the Alberesh, which originated in Albania. Some municipalities created democratically elected assemblies to represent migrants in the local decision-making.

Citation:

Rule of Law

The actions of the government and administration are systematically guided by detailed legal regulations. Multiple levels of oversight – from a powerful Constitutional Court to a system of local, regional, and national administrative courts – exist to enforce the rule of law. Overall, the government and the administration are careful to act according to the existing legal regulations and thus their actions are fundamentally predictable. However, the fact that legal regulations are plentiful, not always consistent, and change frequently reduces somewhat the degree of legal certainty. The government has backed efforts to simplify and reduce the amount of legal regulation but has yet to obtain the results expected.

The excessive burden of regulations requires too often that in order to face critical situations exceptional powers are granted to special authorities
“commissari”) who are not properly monitored. This often results in arbitrary decisions being made and opens up opportunities for corruption.

Courts play an important and decisive role in the political system. The just and fair functioning of the state is guaranteed by control of political decision-making not only by the president, but also by its judicial system. The judicial system is strongly autonomous from the government. Recruitment, nomination to different offices and careers of judges and prosecutors remain out of the control of the executive. The Superior Council of the Judiciary (Consiglio Superiore della Magistratura) governs the system as a representative body elected by the members of the judiciary without significant influence by the government. Ordinary and administrative courts, which have heavy caseloads, are independent from the government, and are able to effectively review and sanction government actions. The main problem is rather the length of judicial procedures, which sometimes reduces the effectiveness of judicial control. The Renzi government is attempting to streamline the court system by abolishing or merging smaller courts to form larger courts. The aim is to improve the distribution of personnel and increase efficiency.

At the highest level, the Constitutional Court ensures the conformity of laws with the national constitution. It has often rejected laws promoted by current and past governments. Access to the Constitutional Court is reserved for courts and regional authorities. Citizens can raise appeals on individual complaints only within the context of a judicial proceeding, and these appeals must be assessed by a judge as “not manifestly unfounded and irrelevant.” Conflicts between executive and judiciary which were frequent under the Berlusconi governments have become more rare under successor governments.

According to the present constitution, members of the Constitutional Court are appointed from three different and reciprocally independent sources: the head of state, the parliament (with special majority requirements) and the top ranks of the judiciary (through an election). Members of this institution are typically prestigious legal scholars, experienced judges or lawyers. This appointment system has globally ensured a high degree of political independence and prestige for the Constitutional Court. The Constitutional Court has frequently rejected laws promoted by the government and approved by the parliament. The court’s most politically relevant decisions are widely publicized and discussed by the media. Contrary to past situations, the government in office for most of the period of this report was careful to avoid any criticism of the Constitutional Court. The constitutional reform proposed by the Renzi government will only affect the selection of Constitutional Court judges moderately. Instead of the Chamber of Deputies and Senate selecting the five judges in a joint session, three judges will be nominated by the Chamber of Deputies and two by the Senate.
The Italian legal system has a significant set of rules and judicial and administrative mechanisms (with ex ante and ex post controls) to prevent officeholders from abusing their position, but their effectiveness is doubtful. The Audit Court (Corte dei Conti) itself – one of the main institutions responsible for the fight against corruption – indicates in its annual reports that corruption remains one of the biggest problems of the Italian administration. The high number of cases exposed by the judiciary and the press indicates that the extent of corruption is high, and is particularly common in the areas of public works, procurement, and local building permits. It suggests also that existing instruments for the fight against corruption must be significantly reconsidered to make them less legalistic and more practically efficient. The Monti government introduced an important anti-corruption law (Legge 6, Novembre 2012, no. 190). In 2014, the Anti-Corruption Authority was significantly strengthened and its anti-corruption activity progressively increased. In 2015, new legislation proposed by the Renzi government was approved by parliament. The current reform of public administration could also contribute to tackling administrative abuses.
Governance

I. Executive Capacity

Strategic Capacity

The concept of strategic planning is not particularly developed in Italian governmental and administrative culture. This is in part due to the fact that governments have been predominantly preoccupied with coalition problems and that the administration is still very much guided by a legalistic culture. Nevertheless, some progress has been made with recent governments. Recent government programs have been more detailed, and become significant instruments for organizing and planning government activity. Within the government office (called the Presidency of the Council of Ministers, or Presidenza del Consiglio), a special department guided by a minister without portfolio has been created to oversee the implementation of this program. This department produces regular reports on the program’s implementation status. The financial aspect of strategic planning is more developed, as the Treasury has to implement rigorous budgetary stability goals, and works within a triennial perspective. The Renzi government, which features a strong personalization of leadership, does not seem particularly inclined to strengthen the role of strategic planning bodies. However, in 2014 a small team of economic and legal experts was appointed to advise the prime minister on policy strategies.

The Renzi government does not regularly consult non-governmental academics. A small group of partisan experts selected by the prime minister frequently offer strategic and technical advice. However, independent experts are rarely consulted. Important legislative proposals do not benefit from an institutionalized, open and transparent consultation process. In the finance, culture and labor ministries the role of external experts is more established.
The Prime Minister’s Office (PMO) as a rule evaluates all draft bills before they are submitted to the Council of Ministers for approval. This scrutiny however mainly deals with legal aspects (which now increasingly concern compatibility with European laws) as the PMO itself does not have the systematic sectoral expertise that would allow it to conduct a detailed policy scrutiny. This means that intervention by the PMO is more reactive than proactive. The office gets more deeply involved in issues when problems emerge during the policymaking process. Important draft bills are in general scrutinized by the office with regard to the effects a bill may have on the cohesion of the majority coalition. A detailed scrutiny of the financial implications of each bill is conducted by the Treasury, which has a kind of preventive veto power. Prime Minister Renzi’s dominant role in the current government means that both he and his personal political staff have significant influence in steering the cabinet on legislation. However, the PMO’s small staff size prevents it from controlling all the technical aspects of legislation. As a result, corrections to legislative proposals are often necessary to secure parliamentary approval.

In Renzi’s cabinet, the position of the prime minister vis-à-vis the other ministers is particularly strong. This has in part to do with the strong leadership style pursued by Renzi, who is also the unchallenged leader of the heavily reformed Democratic Party, but is also a result of the limited impact waged by other coalition parties. As a result, the Prime Minister’s Office has played a particularly strong gatekeeping role throughout the period under review. This is particularly evident in policy matters given top priority by the government.

The Prime Minister’s Office is regularly kept informed of the development of policy proposals generated by line ministries. With regard to the policy proposals of particular political relevance for the government program, the consultation process starts from the early stages of drafting and is more significant, involving not only formal but also substantive issues. In the fields less directly connected with the main mission of the government, exchanges are more formal and occur only when proposals have been fully drafted.

A significant number of policy proposals require de jure scrutiny by a Council of Ministers committee or even the explicit consent of a plurality of ministers. In a number of cases this is only a formal exercise and the Council of Ministers committee is not a very important mechanism. It is more significant that a number of important issues are de facto dealt with through consultations among a few ministers (and their ministerial cabinets) before being brought to the Council of Ministers, or are sent to this type of proceeding after preliminary discussion in the council. These consultations usually include the
Treasury. In meetings of the Council of Ministers discussion of policy proposals are typically very cursory. Most problems have been resolved before meetings of the Council of Ministers, either in formal or informal meetings.

Before every Council of Ministers meeting there is a preparatory meeting – the so-called pre-consiglio – where the heads of the legislative offices of all the ministries filter and coordinate the proposals to be submitted to the Council of Ministers meeting. Further informal meetings between officials of ministries take place at earlier stages of drafting. However, the bureaucracies of individual ministries are jealous of their prerogatives and are not very keen to surrender the autonomy of their ministry.

During the Letta government, interministerial coordination was predominantly based on traditional forms of interparty consultations among the coalition partners. Under the Renzi government and the prime minister’s dominant leadership, the prime minister has exerted greater control over informal mechanisms of coordination, including the undersecretary to the presidency. Nevertheless, the Treasury continues to have a crucial role in these informal coordination mechanisms. The importance of these informal coordination mechanisms can sometimes result in poorly coordinated decisions.

**Evidence-based Instruments**

RIAs are in principle required from all ministries and local authorities (under laws 50/1999 and 246/2005). At the national level, RIAs fall under the responsibility of the ministries. The Prime Minister’s Office (PMO) is responsible for the review and quality control of the whole RIA processes as well as for the coordination of activities associated with an RIA. The Department for Juridical and Legislative Affairs of the Presidency of the Council of Ministers is responsible for the elaboration of RIA methodology. Annual reports are submitted to parliament.

However, it is questionable whether sufficient resources are available to implement RIA effectively. For example, temporary governmental acts are often excluded from RIAs. Since the initiation of the RIA program, there has been a lack of systematic implementation. As a consequence, in July 2007 the second Prodi government simplified RIA forms. Further implementation rules were approved between 2008 and 2009 by the fourth Berlusconi government (DPCM 170/2008 and Directive 26 February 2009). The current RIA framework prohibits any discussion by the Council of Ministers’ of any proposal that lacks an RIA. However, in February 2010, the parliamentary committee (Comitato per la Legislazione) responsible for monitoring the quality of legislation found that, out of a sample of 20 legislative proposals approved by the government in the 10 months between March 2009 and
January 2010, only eight legislative proposals had been accompanied by a RIA.

In May 2012, the third report on the implementation of RIAs presented to the parliament highlighted an increase in the number of RIAs but found them to be, on average, not satisfactory. Most RIAs were identified as being more formal than substantial, or too legalistic. Not much has changed on this front during the current review period. Qualified observers have found that while RIAs conducted by independent authorities are sound, those of ministerial departments continue to be rather formalistic (Osservatorio air 2013).

Citation:
Impact Assessment in Italy: State of the Art and Patterns of Regulatory Reform, Directors and Experts of Better Regulation Meeting, Rome, 18th-19th September 2014:
http://www.funzionepubblica.gov.it/media/1195240/plenary%20italy%20dagl%20rocchetti.pdf
http://www.osservatorioair.it/annuario/
http://presidenza.governo.it/DAGL/uff_studi/AIR.html

The RIA process is still in its infancy in Italy. The participation of stakeholders remains limited and is not systematically pursued. The annual reports, which should be presented by the Prime Minister’s Office to parliament, indicate a gradual improvement in this field. Communication to the public needs to be significantly improved.

Sustainability checks within the framework of RIA are still underdeveloped. The reports of the Prime Minister’s Office to the parliament show that they are not yet systematically integrated within RIA and they are not exhaustive from the point of view of the indicators included (economic indicators play a greater role than social and environmental ones).

Societal Consultation

Cabinet consultations with economic and social actors have not been one of the main priorities of the Renzi government. Pressed by the need to face a very difficult budgetary and economic situation, recent governments have been reluctant to involve themselves in long and (according to past experience) unproductive consultations. Prime Minister Renzi in particular, who is keen to communicate the image of an innovative and rapid-response government, has tried to avoid entangling himself in official discussions with trade unions, which are increasingly less popular. He has also publicly criticized trade union leaders for being too conservative and focused on the interests of the most protected employees, while ignoring the problems of unemployed people.

The 2014 reform of labor law – the so-called Jobs Act – was promoted by the executive office without engaging social interests in its preliminary drafting.
This does not mean that contacts with individual trade union leaders have not taken place and that low-level consultations do not exist. Relations between the government and the employers’ association, Confindustria, have become tighter. However, Prime Minister Renzi has abstained from Confindustria assemblies, which were almost obligatory for previous prime ministers.

On the other hand, the prime minister and the government are in continuous dialogue with traditional societal actors, such as institutionalized trade unions and business associations.

**Policy Communication**

Italian governments have in general coordinated communication rather weakly. Ministers and even undersecretaries have often been able and willing to express their personal positions without coordinating their comments with the Prime Minister’s Office. Under the Renzi government the prime minister (especially with the use of social media, such as Twitter) and his press office have largely overshadowed the communication of other government bodies. Instances of uncoordinated and contradictory communications have nonetheless taken place. This has mainly to do with the fact that information from the presidency has often anticipated the political relevance and details of measures still undergoing finalization within their respective ministries. As a result, the finalized policy often differs from that policy communicated earlier by the presidency. This has required corrections in communication and has sometimes given the impression that certain government policies are not sufficiently well thought out.

**Implementation**

After the failure of the previous government, the Renzi government realized that it had to increase the speed and scope of policy development. The Renzi government therefore announced a broad and ambitious set of economic and institutional policy reforms. Traditionally, Italian governments have experienced significant difficulties in securing parliamentary approval for their policy agenda. As such, the Renzi government has used law decrees (“decreti legge”) and delegating laws shrewdly to overcome parliamentary delays. Law decrees are temporary legislation that becomes immediately effective and only requires parliamentary approval within 60 days. Meanwhile, delegating laws establish the general legislative principles, but leave the government in charge of defining these principles in practice. The implementation of the Renzi government’s reform program occasionally proved more difficult than expected, but overall the government has succeeded in achieving its reform agenda.
Although Italian prime ministers have historically held weak executive powers, the dominant role played by Prime Minister Renzi – who also heads the Democratic Party – has generally guaranteed that ministers will promote the main points in the government’s program. A significant number of ministers are Democratic Party members and are intensely loyal to Renzi. There are also ministers from other parties, but these parties are weak and their ministers cannot exercise a great deal of autonomy. However, departmental self-interests have obviously not disappeared, and this may mean that decisions adopted are not always followed with adequate speed by the more detailed implementation measures required.

The monitoring of the implementation of the government program is delegated to a minister without portfolio, who is attached to the Presidency of the Council of Ministers and supported by a special office of the presidency (Ufficio per l’attuazione del programma di governo). The current minister is one of the more powerful government figures and is a close confidant of the prime minister. This office monitors the main legislative activities of the ministries and more recently has started to monitor regularly also the implementation activities related to the legislation adopted. The office publishes a monthly report.

Autonomous executive agencies are not very common in Italian ministries, but they have increased with time. Although their activities are monitored, this monitoring is neither systematic nor particularly effective. There are some exceptions: for example, the monitoring of the tax agency (Agenzia delle Entrate) by the Finance Ministry is more effective than many other oversights. The Corte dei Conti – the main Audit Office – performs a systematic monitoring of bureaucratic offices and also of executive agencies but this monitoring is mainly focused on legal and procedural aspects and is much less effective in covering other aspects such as cost efficiency. Monitoring of regional health care agencies, and health care expenditure and procurements is inadequate. Despite major regional differences and deviations from “standard costs,” established by recent studies, systematic oversight is not in place. There is considerable doubt surrounding regional government’s capacity to manage health care funds and resources properly, a fact that has cast doubt on decentralization efforts.

In recent years, a double and to some extent contradictory trend has taken
place in the relationship between central government and local administrations (regions, provinces and municipalities). On the one hand, constitutional reforms and normal legislative and administrative changes transferred broader tasks to local governments. This has particularly been the case for regions where the devolution of functions in the field of health care has been particularly extensive, for example. On the other hand, however, because of budgetary constraints and strong pressure from the European Union and international markets, the central government has increasingly reduced transfers to local governments in order to balance its own budget. The Renzi government, guided in part by a spending review that found considerable financial waste at the local and especially at the regional levels, has continued this approach. Local governments have tried to resist this fiscal squeeze without great success and have had to increase local taxation. At the same time, the government has reduced the autonomy of municipalities to levy property taxes. As a result, functions delegated to subnational governments are now often underfunded, and local authorities have been forced to cut services.

The constitutional and legislative changes which have substantially increased the powers and scope of activity of regions in recent years have not made the relationship between different levels of government easier and less antagonistic. The fact is that in an increased number of fields central government and regions have concurrent legislative powers. In these areas, the central state should simply define general guidelines, leaving the definition of specific legislative contents to regional assemblies. However, the national government and parliament have a tendency not to respect this division of competences, impinging upon the sphere of regional autonomy instead.

For their part, regions often adopt a posture of resistance to national rules. This has produced a significant amount of litigation before the Constitutional Court which is common in a recently decentralized political system. Tensions between the two levels have increased as a result of the strained fiscal context. The central government is seeking greater oversight over local governments (often perceived as the culprits of unrestrained spending). In order to balance the national budget, central government transfers to local authorities are repeatedly cut. These cuts are typically applied universally, rather than selectively. However, in several emergencies, the national government has given substantial financial aid to municipalities and regions. The Renzi government’s constitutional reform, finally approved by the parliament in May 2016, will reduce drastically the areas of legal conflict between central and local governments.

Minimal standards for decentralized public services (such as public health, utilities, etc.) are agreed upon and set at national level in a number of areas. The permanent conference for relations between the state, regions, provinces and cities (Conferenza Stato-Regioni ed Unificata) is an important forum in
which national standards are discussed. However, the implementation of these standards is still far from satisfactory: as the administrative quality of different local authorities varies significantly, standards can differ substantially from one area of the country to another. In many fields the north–south divide remains significant, and seriously affects equality of opportunities and national cohesion. So far efforts to overcome it have not proven very successful.

National standards have increasingly been adopted for utilities (e.g. water, electricity and communications), but in most cases independent authorities are responsible for the definition and implementation of standards. Implementation in this field is fairly adequate.

The Renzi government has demonstrated a willingness to enforce national standards by overruling regional administrations.

Adaptability

In the medium term, the most significant impact that international, and particularly supranational (EU-related) developments have had upon the structure and working of the government concerns the role of the minister of finance and of the treasury. Because of budgetary requirements deriving from European integration and participation in the euro zone, the minister of finance has acquired increasing weight in the governmental decision-making process, exercising an effective gatekeeping role with respect to the proposals of line ministries. Another example of this development is the strict internal stability pact, designed to meet the EU’s stability and growth pact obligations across all administrative levels.

The prime minister and finance minister have been central to the development of the government program, guiding the most important decisions. Other ministers have had a secondary role.

Starting with the Monti government, the structure of the government has been further streamlined by keeping the number of ministers and undersecretaries smaller than in the past. The Renzi government has slightly increased their number. There are currently 13 ministers with portfolio, three ministers without portfolio, nine vice-ministers and 34 undersecretaries.

Prime Minister Renzi has been more active than previous prime minister’s in articulating Italy’s position within the EU in an attempt to increase Italy’s influence over EU decision-making.
The ability of Italian governments to take a leading role in international efforts is generally limited. This is in part due to the country’s relatively small size, but also because Italian politics tends to focus on internal matters. Moreover, frequent changes in political leadership have made it difficult to provide a strong and clear position in international efforts. There have been occasional exceptions when the government has been more active on a specific issue (such as the abolition of death penalty, or in the promotion of peace talks in the Middle East). The Renzi government has mainly focused on the EU level, with the executive actively engaged in EU policy discussions promoting the need for economic growth over simple fiscal balance. With regard to the immigration crisis, the Italian government is engaged in promoting solidarity among EU member states. Through its presidency of the European Council in 2014, the government secured some agreements. These included the implementation of the EU’s Frontex Triton operation, which replaced Italy’s Mare Nostrum mission and aims to tackle the issue of migrants crossing the Mediterranean Sea in the hope of entering the EU.

In general, the government has increased domestic awareness of Italy’s international role.

Organizational Reform

In general the attention paid to the internal organization of the government machine has been only selective and sporadic. No systematic monitoring is accomplished on a regular basis. The spending review initiated under the Monti government has been continued under the Letta and Renzi governments. It has focused mainly on financial aspects, but has also involved some monitoring of the institutional arrangements of government (with particular attention given to the structures of local government). The minister for public administration has further developed existing projects aimed at monitoring the effectiveness of the state administration. Under the Renzi government, the Prime Minister’s Office has been partially restructured to increase effectiveness in implementing the government’s program. However, a full restructuring is yet to be undertaken.

Despite several years of public debate, successive governments have been unable to improve the effectiveness and efficiency of central government. During the period under review, the Renzi government has raised this issue to a central position in its program. A junior minister without portfolio, a close ally of the prime minister, has been in charge of a department for institutional reforms within the government office. A recent reform of the electoral system aims to reduce parliamentary fragmentation and strengthen the majority party. At the same time, proposed constitutional reform has reached an advanced stage in the parliamentary process. Among other objectives, this bill changes
the existing “perfect bicameralism” and reduces significantly the legislative powers of the second chamber with the purpose of enabling the government to push forward its programs more speedily. The prime minister and government have demonstrated substantial political will to implement wide-ranging reforms.

II. Executive Accountability

Citizens’ Participatory Competence

Existing public opinion studies indicate that only a minority of citizens (about 35%) are significantly interested in politics and that about a similar percentage talks regularly about politics and follows TV programs featuring political debate. A large majority (85%), however, regularly follows the TV news where political news has a significant weight. While data show that the level of sophistication and knowledge about parties, personnel and composition of government is not low, data concerning levels of information about policies were not easily available. They probably vary greatly depending on the policy field.

On certain policies (concerning major economic and fiscal aspects, education, health care, foreign policy) which parties use to define their position, levels of information are fairly high. On other policies they drop significantly. As Italian politics are fast changing, not very stable and strongly personalized it should be difficult for the citizens to be well informed about the contents of government policymaking. Television – by far the main information source in Italy – can’t give in-depth information.

The government is trying to directly inform citizens about its ambitious reform agenda. While some media outlets are trying to discuss the government’s proposals, there is little citizen participation in the reform project.

Citation:

Legislative Actors’ Resources

Members of parliament can draw on significant resources of highly qualified personnel to monitor the activities of the government. The permanent staff of
both chambers is quite large and is selected through highly competitive mechanisms. Most staff members possess legal expertise. The parliamentary staff regularly produces studies on issues and reforms under discussion. A special office of the parliament (Ufficio parlamentare di bilancio, upB) is responsible for providing parliamentarians with a detailed evaluation of the government’s fiscal proposals. The two chambers have extensive libraries at their disposal. Members of parliament also have at their disposal some resources for personal parliamentary assistants. The selection of these assistants is much less merit-based and their quality highly variable. Whether in general MPs are really interested in using systematically the available resources for monitoring the government is another matter. Probably only a minority fully utilize these resources.

Citation:
http://www.upbilancio.it/

Parliamentary committees are comparatively powerful. They can significantly amend legislation and they have extensive oversight powers. Committees have the right to ask for documents from the government. Delivery of the documents may not always be prompt, but there is no significant evidence that the government fails to comply.

Article 143 of the Chamber of Deputies’ rules of procedure enables parliamentary committees to summon ministers for hearings. Similar rules apply for the Senate. Summoning ministers is a regular practice, and ministers normally comply with such requests.

Parliamentary regulations provide for the right of committees to invite any person able to provide important information. The rights of committees are not limited, and committees frequently use this opportunity to summon experts. This also reflects the fact that the Italian committee system plays a more prominent role in the legislative process than do committees in other European parliamentary regimes.

The tasks of committees and ministries mostly coincide. However, there are a few cases where more than one ministry is overseen by a single committee (for instance, this happens with the Presidency of the Council and the Ministry of the Interior, for the Ministries of Cultural Affairs and Education, and for the Ministries of the Environment and Public Works). Parliamentary committees have instruments at their disposal enabling the effective monitoring of ministry activity.

Committees meet frequently and their members are assisted by highly qualified technical personnel. However, parliamentarians are not always interested in fully exploiting these possibilities. Often they prefer to concentrate on issues with high media visibility or of local relevance rather
than on the more important administrative processes taking place far from the spotlight.

General auditing functions are conducted in Italy by the Court of Accounts (Corte dei Conti), which oversees all administrative activities. The court regularly reports its findings to the parliament, but cannot be said to be accountable to the parliament as it is an independent judicial body. The court can review ex ante the legitimacy of executive acts (although its decisions can be overruled by the government), and is responsible for the ex post review of the management of the state budget. The court oversees the financial management of publicly funded bodies. It is protected from political influence; its judges remain in office until they are 70 years old, and cannot be removed without cause. Judges are nominated through national competitive exams, and members of the court nominate the court president. The court has a highly skilled professional staff. Citizens may access court decisions via the internet, at no cost, shortly after decisions are rendered.

In April 2014, the parliament created the Parliament Budgetary Office (Ufficio parlamentare di bilancio), which is tasked with assessing the government’s macroeconomic and fiscal forecasts and monitoring compliance with national and European fiscal rules. This new body plays a particularly important role during the budgetary session, and enables the parliament to have its own independent source of information in evaluating government proposals.

Italy does not have a national ombuds office. Some functions are performed by regional ombudsman offices (difensore civico). Through questions and other oversight instruments, members of parliament perform with significant vigor an analogous advocate’s function with regard to issues and complaints raised by citizens.

Citation:

Media

The space allocated to political themes in Italian media is quite significant in the 10 most important mass media brands (the two main national newspapers, Corriere della Sera and la Repubblica, which have print and online versions; the three state television channels RAI1, RAI2 and RAI3; the two Mediaset channels Canale 5 and Rete 4; and two other private TV channels – Skynews and La7). Television time (both public and private) allocated to political themes is substantial throughout the year, averaging more than seven hours per week. A large part of this time is devoted to debates and talk shows involving politicians, journalists and experts, and to covering the most important aspects of current political controversies.
However, detailed, in-depth analysis of government decisions is much rarer, and debates tend to focus on the personality-driven dimensions of power politics. National newspapers provide more in-depth coverage of government decisions, often providing detailed dossiers on their content. Some radio and internet programming gives high-quality information in advance. The broader public has no access or does not seek access to these media.

**Parties and Interest Associations**

With regard to intra-party democracy, Italy’s major parties differ significantly. At one end of the spectrum lies the Forza Italia party (previously called the People of Freedom Party’s or Popolo della Libertà), where decision-making and leadership selection are both fundamentally dominated by its leader, Silvio Berlusconi. Requests to adopt primaries to designate candidates for leading positions at national and sub-national levels are recurrently aired but have always been stopped by Berlusconi. The situation is rather different in the main center-left party, the Democratic Party, where leadership has in past years been selected through primaries open not only to party members but to any one willing to subscribe a declaration of support for the center-left coalition. A similar procedure was adopted for the selection of parliamentary candidates. Given the increasingly strong power acquired by the current leader of the party and prime minister, Matteo Renzi, the space for minority positions inside the party has increasingly narrowed.

The Five Star Movement (Movimento Cinque Stelle) of Beppe Grillo has also introduced new mechanisms of online direct consultations for decisions and for candidate selection. At the same time, behind the scenes (and sometimes openly), the leader of the movement has maintained for himself a very strong steering role. Internal oppositions have found it very difficult to have a space for voicing their positions and cases of dissidents expelled from the party have been frequent.

Overall intra-party democracy in Italy’s political system is not well developed. In particular it seems difficult to balance an increasing personalization of leadership and the preservation of internal debate.

The big interest associations (employers associations and trade unions) have developed research units which regularly use experts and rely upon scholarly knowledge. Their proposals are often detailed and based upon substantive policy know-how. However, it must be noted that trade unions generally have a rather conservative outlook, and are reluctant to adopt innovative policies in the areas of labor relations or pensions.
Employers associations (the most important of which being Confindustria) in general adopt a more innovative perspective, and are less defensive of the status quo. Their policies are more prudent on issues associated with increasing competitiveness or reducing government subsidies. In recent years, two of the largest trade unions (CISL and UIL) have shown a somewhat greater willingness to negotiate with the government and employers associations over measures designed to increase the flexibility of labor relations.

The landscape of non-economic interest organizations is increasingly rich and diversified. But only few of them are able to formulate articulated policy proposals and most operate in a reactive mode instead. Among the most professional associations, some religious ones (such as Caritas, which deals among other things with immigration policies) and environmental groups (such as Legambiente and WWF) deserve special mention and are able to provide well-articulated or scholarly grounded analyses of significant breadth. An increasing number of single-issue movements are gaining ground in Italy and are contributing to policymaking in their respective areas.

There are also a series of foundations and think tanks in the field of international affairs, social and economic problems producing critical studies and conducting oversight activities. But their infrastructures, resources and personnel are in general limited.
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