

SYSTEM OF GOVERNMENT: Parliamentary

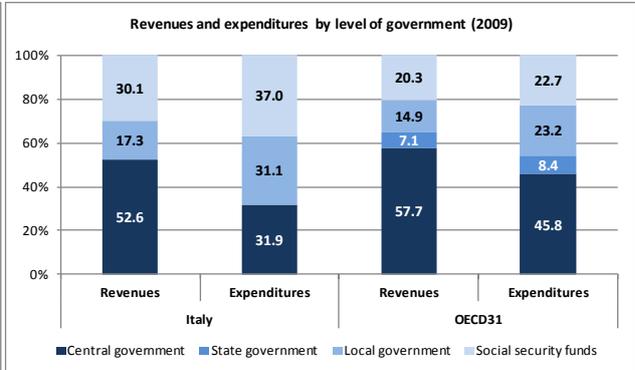
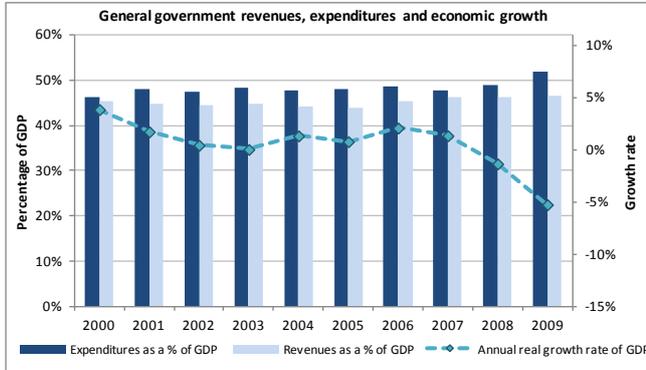
- No. of ministries: 23 (2010)
- No. of governments over last 20 years: 14
- No. of coalitions over last 20 years: 13

STATE STRUCTURE: Unitary

LEGISLATURE: Bicameral

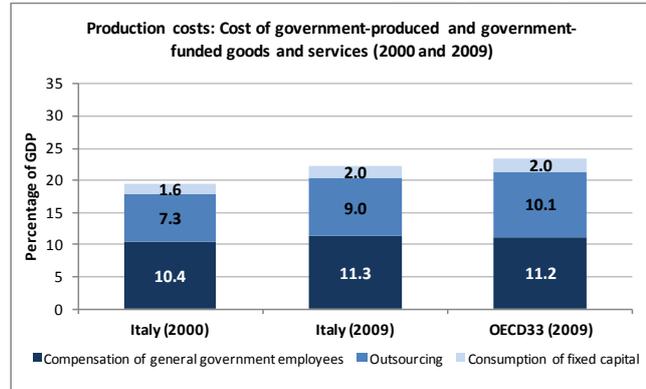
- Upper house: elected
- Lower house: elected using Semi-Proportional Representation

Expenditures hovered around 48% of GDP from 2001-2008, jumping above 50% in 2009 due to the crisis and fiscal stimulus measures. Prior to the crisis, economic growth had been very moderate compared with other OECD members. The Italian government is relatively decentralised, and plans exist to further extend spending and revenue responsibility to the regions. Essential expenditures at the regional and local levels are financed from central revenues. Compared with other OECD countries, social security funds comprise a larger proportion of total revenues and expenditures.

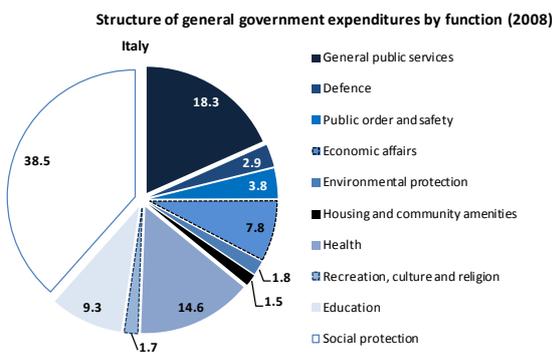


Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]

About 22% of the economy was devoted to producing public goods and services in 2009. Production costs as a share of GDP increased from 2000 to 2009, with the largest increase in costs associated with outsourcing. However, Italy still relies less on outsourcing in the production process relative to the OECD average (40.5% of total costs are associated with outsourcing in Italy compared with the average of 43.2%).

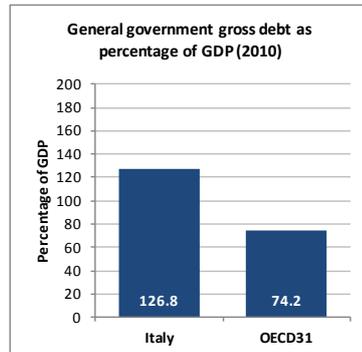
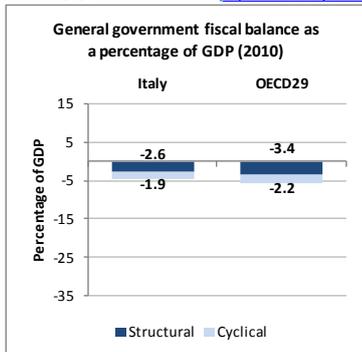


Source: OECD National Accounts. [Production costs]



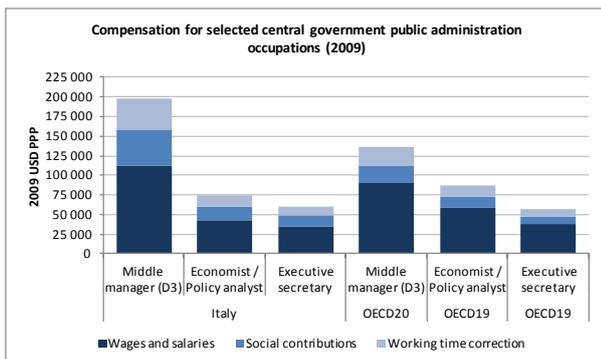
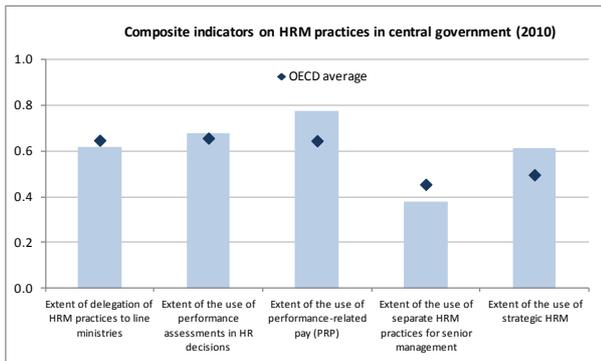
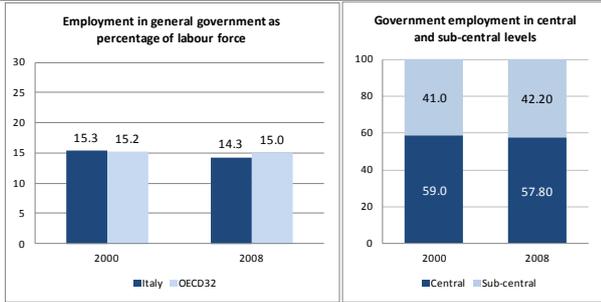
Source: OECD National Accounts. [Expenditures by function]

In 2008, the Italian government devoted a higher share of resources to general public services than the average OECD country, largely due to relatively high interest payments on debt, which represent over 50% of spending in this area. In addition, the Italian government devotes a larger share of resources to social protection programmes: old-age pensions account for 68% of spending in this area. Larger shares of spending in these two areas are offset by relatively smaller proportions of resources devoted to education and economic affairs.



Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Fiscal balance] [Debt]

To counter the crisis, Italy introduced a number of fiscal stimulus packages, but the overall size was one of the smallest among OECD members due to the limited fiscal room for manoeuvre as a result of relatively high levels of debt, which stood at 126.8% of GDP in 2010 (note that OECD definitions differ from Maastricht criteria). The fiscal balance was negative in 2010, at -4.5% of GDP which was better than the OECD average. The government aims to reduce the fiscal balance to -2.7% of GDP by 2012. Consolidation plans focus on controlling pension expenditures and state transfers to local governments, as well as freezing public sector wages. Moreover the government will reduce tax evasion by improving tax collection systems.



Working time correction brings countries to the same basis of comparison in terms of annual working hours (accounting for weekly working hours and holidays).

Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	Yes	Yes	No	No	97%
Selection & evaluation criteria	Yes	Yes	Yes	No	97%
Tender documents	Yes	Yes	No	No	82%
Contract award	Yes	Yes	Yes	No	100%
Justification for award	No	No	No	No	59%
Tracking procurement spending	No	No	No	No	32%

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

In Italy, public employment represented 14.3% of the total labour force in 2008, down from 15.5% in 2000 and just below the OECD average of 14.9%. Starting in 2008, measures such as freezing the hiring of government employees and the mandatory retirement of public employees exceeding 40 years of social contributions have resulted in a reduction in the size of the government workforce. While the state remains fairly centralised, the share of public employees at the central level has slightly decreased over the period. In 2008 42.2% of staff worked at the sub-central level, compared to 41% in 2000. *Source: International Labour Organisation. [General government employment] [Distribution by level]*

The Italian central government's HRM system is moving to a more delegated model giving more HRM responsibilities to line departments and managers but keeping pay and performance appraisal systems still centralised. Performance-related pay has been extended to all civil servants (previously it was reserved for senior civil servants only) as a key feature of the performance management reform introduced in 2009 (Legislative Decree n.150/2009), linking individual performance to organisational performance in all public administrations. (See [2010 OECD Study on Modernising Public Administration](#)) The Italian central government has a designated senior civil service but HRM practices for senior civil servants are only somewhat different from general practices. One area of difference is that senior civil servants are working under fixed-term contracts. *Source: OECD 2010 Strategic HRM Survey. [Delegation] [Performance assessment] [PRP] [Senior management] [Strategic HRM]*

Middle managers in the Italian public service receive total compensation above the OECD average, however their compensation is calculated on a conventional working time base considerably lower than the actual working time. In 2010, the government introduced cuts to 2011 wages for all public managers with a total gross remuneration above EUR 90 000. Reductions amount to 5% for the share of gross remuneration between EUR 90 000 and EUR 150 000 and to 10% for the amount exceeding EUR 150 000. Economists/ policy analysts receive a total compensation slightly lower than the OECD average, while that for executive secretaries is slightly above the average. Middle managers earn nearly 2.7 times more than economists/policy analysts and 3.3 times more than executive secretaries, compared to the OECD averages of 1.6 and 2.4 times, respectively. A relatively large share of compensation is made up of social contributions: 23% compared to the average of 16%. Employees work on average 233 days per year. (See [2010 OECD Study on Modernising Public Administration](#)) *Source: OECD 2010 Compensation Survey. [Middle managers] [Economist/Policy Analyst] [Executive Secretary].*

Achieving greater transparency in public procurement is important, especially given that Italy spent an estimated 10% of GDP on procurement in 2008. Like the majority of OECD countries, Italy publishes most public procurement information on its national e-procurement website managed by CONSIP on behalf of the Ministry of Economy and Finance: www.acquistinretepa.it. The portal is an innovative platform that offers e-procurement tools and the ability to track all procedures handled by the system, improving transparency and promoting fair and open competition. Additionally, the contracting entity website may disclose general information for bidders, procurement plans, tender documents, selection and evaluation criteria, and contract award and contract modifications. Furthermore, information on selection and evaluation criteria and contract award name and amount is also published on line in the domestic printed/electronic journal (e.g. special bulletin). Currently, Italy does not publish information on justifications for awarding a contract to a selected contractor nor does it allow tracking public procurement spending on line. This is done by 59% and 32% of OECD member countries, respectively. Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public. *Source: OECD 2010 Survey on Public Procurement. [Transparency in public procurement]*

REGULATORY GOVERNANCE

Regulatory governance mechanisms, 2008

Functions of the oversight body	Year	Percentage of OECD countries responding "yes"	ITALY
Consulted as part of process of developing new regulation	2005	73%	Yes
	2008	82%	Yes
Reports on progress made on reform by individual ministries	2005	43%	No
	2008	56%	Yes
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	43%	No
	2008	50%	Yes
Conducts its own regulatory impact analysis	2005	43%	No
	2008	47%	Yes
Anticipating compliance and enforcement			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	57%	No
	2008	70%	Yes
Guidance for regulators on compliance and enforcement	2005	37%	No
	2008	47%	No
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	30%	No

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

The government of Italy has developed an institutional structure for regulatory management. Central to regulatory management is the Department of Legal Affairs (DAGL) in the Presidency of Council. DAGL serves as a focal point in the rule-making process and includes a unit charged with reviewing regulatory impact assessments (RIAs). It may ask the relevant administrations to complement and clarify the RIA report and gives its final opinion on the document before it goes on the agenda of the Council of Ministers.

The Minister for Normative Simplification, appointed in 2008, is responsible for coordinating legislative and administrative simplification initiatives. It is supported by a dedicated department, which provides technical and organisational support, and by the Unit for Simplification and Better Regulation (USQR). In the Ministry of Public Administration, the Administrative Simplification Office (UANAS) serves as a coordination platform for the administrative burden reduction programme.

Source: OECD 2008 Survey on Regulatory Management; OECD (2010), Italy – Better Regulation to Strengthen Market Dynamics, OECD Reviews of Regulatory Reform, OECD Publishing, Paris; OECD (forthcoming), Better Regulation in Europe – Italy, OECD Publishing, Paris. [\[Oversight bodies\]](#) [\[Compliance and enforcement\]](#)

OPEN GOVERNMENT

Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure		
	Italy	OECD32	Publication channels
Budget documents	●	94%	CP, MA
Audit reports	●	72%	MA
List of public servants and their salaries	●	28%	CP, MA
Sharing of administrative data			
Administrative data sets	⊙	66%	MA
Requirements on publishing in open data formats	Yes	53%	–
<ul style="list-style-type: none"> ● Required to be proactively published by FOI laws ⊙ Not required by FOI laws, but routinely proactively published ○ Neither required nor routinely published <p>CP= central portal; MA= ministry or agency website; OW=other website OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.</p>			

Freedom of information legislation in Italy requires the government to publish budget documents, audit reports and administrative data sets. This information is generally available on ministry/agency websites or a central online portal. Italy is also one of the few OECD countries that publish lists of public servants and their salaries, although this provision only applies to select positions. Similarly to over half of OECD countries, Italy has requirements in place on publishing information in open data formats in order to promote the re-use of information by other parties.

New standards for transparency, aimed at fostering control by citizens, have been set as part of the recent public administration reform. From 2011, each public administration must adopt a multi-annual transparency plan.

Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

E-GOVERNMENT

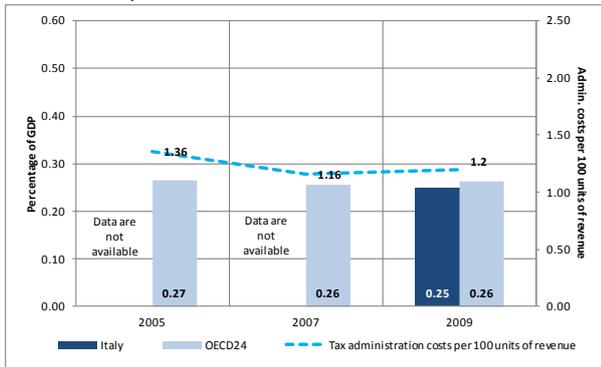
E-Government building blocks and e-procurement, 2010

e-enabling laws and policies	Italy	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	●	64%
Services offered on single-entry procurement website		
Tender searches	●	62%
Tracking of outcomes of contracts	●	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable		

In 2009, Italy launched a comprehensive eGovernment Action Plan "eGov2012 Plan" (updated in July 2010) which aims at enhancing online services, increasing efficiency, boosting interoperability among administrations and developing digitalisation in the most crucial sectors of public administrations (e.g. Health, Education, Justice etc.). The recent 9th European eGovernment benchmarking exercise recognised Italy among the best performing countries for the extent to which a variety of services could be performed on line. Similar to most OECD countries, the Italian government has put laws and/or policies in place to promote the use of digital signatures and electronic filing in the public sector and to administer public private partnerships for e-government projects. Italy's single-entry procurement website allows businesses to perform tender searches, and Italy is also among a small group of OECD countries that allows businesses to track the outcomes of contracts, which is a service that can allow for greater transparency in the procurement process.

Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [\[E-enabling laws\]](#) [\[E-procurement\]](#)

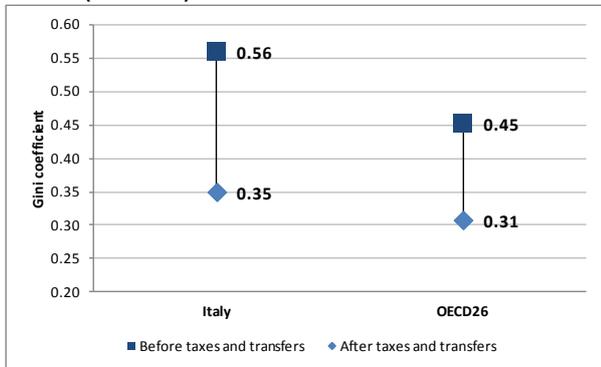
Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio,” for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In Italy, the administration costs of collecting 100 units of revenue have decreased from 2005 to 2009. No time series data are available regarding total revenue body expenditure costs but in 2009 these were slightly lower than the OECD average.

Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [\[Total revenue body expenditures\]](#) [\[Tax administration costs per 100 units of revenue\]](#)

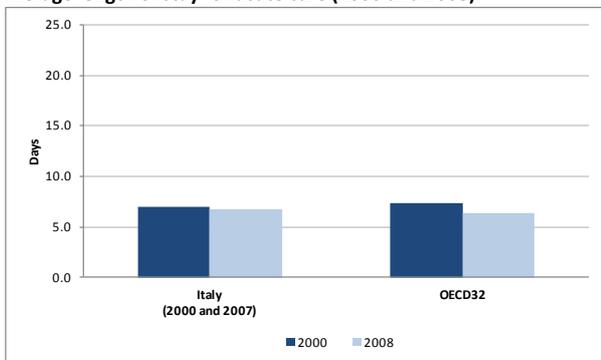
Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



One method of evaluating the effect of government tax and transfer policies on income inequality is by assessing a country’s Gini coefficient before and after taxes and transfers. The effect of government redistributive policies on income inequality is higher in Italy than the OECD average, where Italy achieved a 0.21 point reduction in the Gini coefficient following its tax and transfer policies, compared to an average 0.14 point reduction in OECD countries. Nevertheless, income inequality in Italy is higher than average. The government has partly offset the growing gap between rich and poor by increasing household taxation and spending more on social benefits for poor people. This is unusual – Italy is one of only three OECD countries to increase spending on benefits for the poor in the past 10 years.

Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, OECD Publishing, Paris. [\[Differences in inequality\]](#)

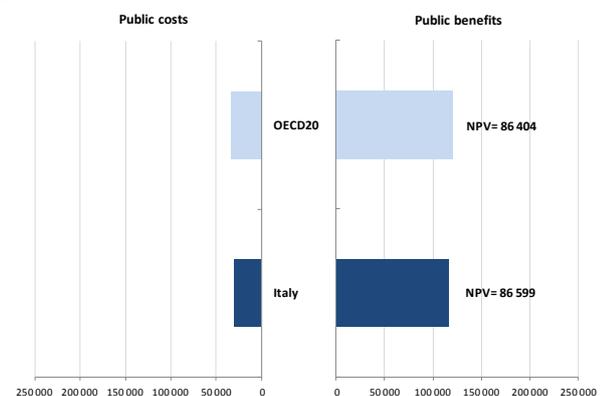
Average length of stay for acute care (2000 and 2008)



The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in the hospital for curative care. Similar to other OECD countries, the ALOS in Italy decreased from 7.0 days in 2000 to 6.7 days in 2007. This decrease is lower than that of the OECD average, where the reduction was about one day over roughly the same period. Over time, reductions in ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilising less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. In some countries, lower lengths of stay can be due partly to a shortage of hospital beds for example.

Source: OECD Health Data 2010. [\[ALOS for acute care\]](#)

Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP



Both government and society gain economic benefits from increased schooling. Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. At around USD 86 600, Italy’s public net present value (NPV) for a man obtaining tertiary education is fairly similar to that of the OECD average. This measure represents the public economic returns to education after having accounted for the costs of this education. In the case of Italy, the NPV is almost three times the net public investment in tertiary education, providing a strong incentive to expand higher education.

Source: OECD (2010), Education at a Glance 2010: OECD Indicators, OECD Publishing, Paris. [\[Public NPV of education\]](#)

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

“Gross general government debt” refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: www.oecd.org/gov/indicators/govataglance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Compensation data: Total compensation includes wages and salaries and employers’ social contributions (those to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems)). In most cases data are for six central government ministries/departments only (interior, finance, justice, education, health and environment or their equivalents). Working time adjustment compensates for differences in time worked (both weekly working time and holidays). Compensation was converted to US dollars using purchasing power parities (PPPs) for GDP from the OECD National Accounts database. Differences in compensation policies can be the result of different bargaining powers; the state of the labour market (such as compensation in the private sector for similar positions); specific labour shortages; and the attractiveness of the government as an employer. While the survey uses the International Standard Classification of Occupations (ISCO) to standardise job categories, full comparability of responsibilities behind the occupational titles across countries presents difficulties in some cases. Annex D in *Government at a Glance 2011* fully details all limitations to data comparability, including those related to the measurement of employer’s social contributions (which were based on sources outside the survey for a number of countries, leading to potential inconsistencies).

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of “perfect equality” (*i.e.* each share of the population gets the same share of income) and 1 in the case of “perfect inequality” (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

Public net present value for male obtaining tertiary education: Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.