

**LEGISLATURE: Bicameral**

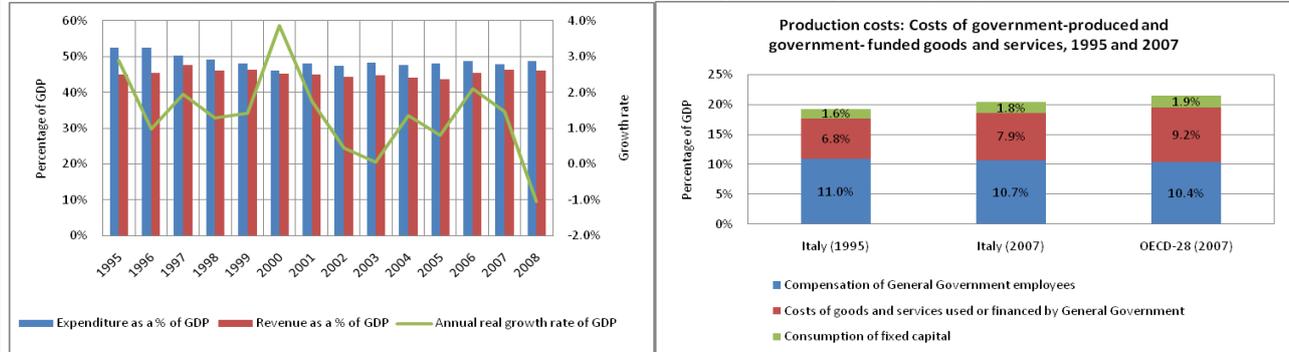
- Upper house: elected
- Lower house: elected using Semi-Proportional Representation

**SYSTEM OF GOVERNMENT: Parliamentary**

- No. of ministries: 21 (2008)
- No. of ministers: 21 (2008)

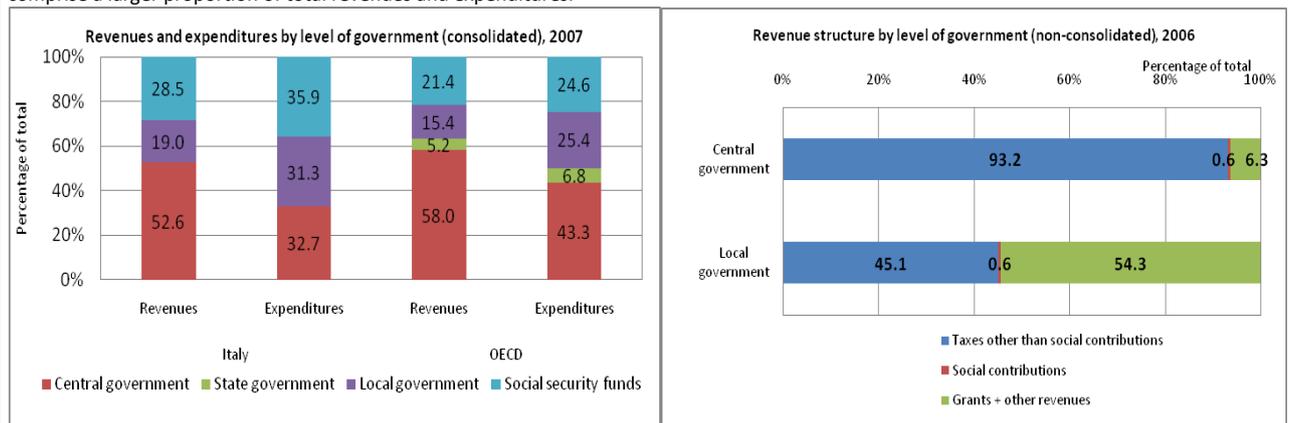
**STATE STRUCTURE: Unitary**

Over the past decade, revenues and expenditures in Italy have hovered just below 50% of GDP. In every year since 1995, expenditures have exceeded revenues and GDP growth has been very modest when compared to other OECD countries. Production costs as a share of GDP increased between 1995 and 2007, mostly driven by a moderate increase in those goods and services produced or provided by the private sector.



Source: OECD National Accounts and Economic Outlook. [\[Revenues\]](#) [\[Expenditures\]](#) [\[Production costs\]](#)

Essential expenditures at the regional and local levels are financed from central revenues. The financing uses a standard costs basis and revenue sharing mechanisms based on VAT and income tax capacity. As a result, local governments represent a larger share of total expenditures than they do for revenues, and finance over 50% of these expenditures through grants/transfers. Compared to other OECD countries, social security funds comprise a larger proportion of total revenues and expenditures.



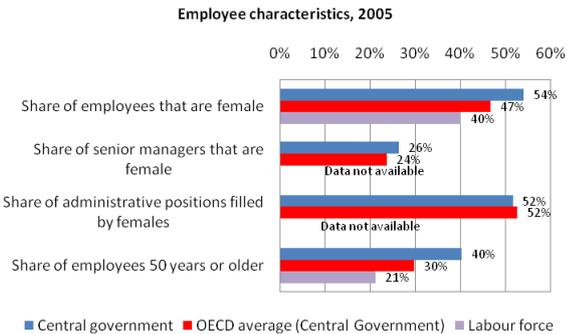
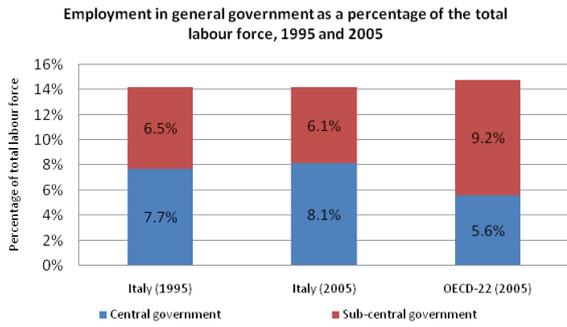
Source: OECD National Accounts [\[Revenues\]](#) [\[Expenditures\]](#)

The structure of expenditures in Italy differs from the OECD average with a notably high share of expenditures on general public services and a comparatively low share on education. Local government is mainly dedicated to health and economic affairs, while education accounts for a relatively minor share of expenditures. As in most OECD countries, expenditures on environmental protection; housing and community amenities; and recreation, culture and religion are predominately at the local level. The largest proportion of central government expenditures goes toward general public services, which include interest payments on debt. The central government also finances education and defence and public safety. Most social protection programmes are paid for from social security funds (not depicted), with some expenditures by central and local governments.

Expenditure structure by function of government (non-consolidated), 2006	Italy		OECD-26	EU-19
	Central government	Local government	General government	General government
Share of total				
General public services	30.8%	14.6%	17.5%	13.8%
Defence	4.8%	0.0%	2.7%	3.4%
Public order and safety	5.9%	1.5%	3.8%	3.7%
Economic affairs	15.9%	14.3%	11.7%	10.6%
Environment protection	0.4%	4.7%	1.6%	1.7%
Housing and community amenities	0.7%	4.5%	1.5%	2%
Health	10.4%	44.5%	14.1%	15.1%
Recreation, culture and religion	1.4%	3.1%	1.7%	2.6%
Education	13.4%	8.3%	9.0%	12.9%
Social protection	16.3%	4.4%	36.4%	34.2%

Source: OECD National Accounts [\[General government\]](#) [\[Central, state and local\]](#)

**GOVERNMENT EMPLOYMENT: SIZE AND CHARACTERISTICS**



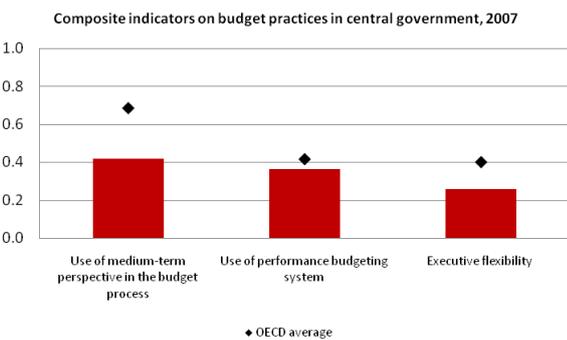
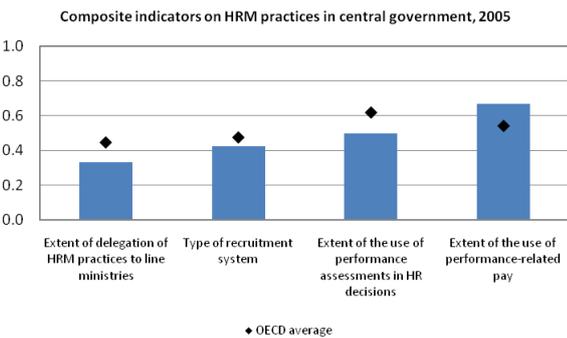
Government employment in Italy as a share of the total labour force amounted to 14% in 2005, approximately equal to the OECD average and with no change from 1995. In contrast to most OECD countries, in Italy, more government staff work at the central level than at local levels and the share of total government staff employed at the central level increased between 1995 and 2005.

Source: OECD Comparison of Employment in the Public Domain Survey and Labour Force Survey  
[\[General government employment\]](#) [\[Distribution by level\]](#)

Females represent a larger proportion of the central government workforce than the general labour force. Within central government, females work in slightly more than half of all administrative positions, while only slightly more than one quarter of senior managerial positions are filled by women. An ageing workforce poses a very significant challenge for the Italian central government as 40% of the central government workforce is 50 years or older, almost double the proportion of these workers in the labour force.

Source: OECD Strategic HRM Survey and Labour Force Survey  
[\[Female participation\]](#) [\[Ageing\]](#)

**COMPOSITE INDICATORS: PUBLIC MANAGEMENT PRACTICES**



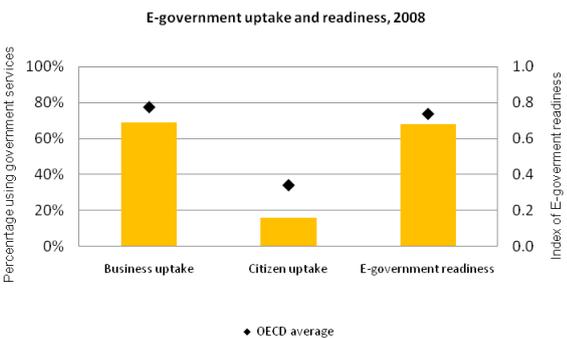
The Italian central government's HRM system is rather centralised. It delegates relatively little authority to make HRM decisions to line departments and managers. Performance assessments and performance-related pay have been put in place in the past only for managerial staff. Italian central government 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 Strategic HRM Survey  
[\[Delegation\]](#) [\[Recruitment\]](#) [\[Performance management\]](#)

Compared to other OECD countries, Italy has taken fewer steps to incorporate a medium-term perspective and use performance information in its national budget system. In addition, the executive has relatively less flexibility to make changes to budgeted funds during the fiscal year. For example, while ministries can reallocate funds between items with prior approval, they do not have the authority to carry over unused appropriations. In 2008, a technical commission concluded a review of the cost-effectiveness of public expenditure. The findings led the government to strengthen its medium-term (3-year) orientation. A new program classification was introduced with the 2008 budget and further refined for the 2009 budget, which has reduced the number of line items to 700 from 1 500.

Source: OECD International Budget Practices and Procedures Database.  
[\[Medium-term\]](#) [\[Performance budgeting\]](#) [\[Executive flexibility\]](#)  
 OECD Journal on Budgeting: [www.oecd.org/gov/budget/journal](http://www.oecd.org/gov/budget/journal)

**E-GOVERNMENT**



Overall, Italy exhibits a below average degree of e-government readiness, largely due to low broadband penetration, which can affect uptake. However, Italy compares well to other OECD countries on the amount and sophistication of the services that it offers on line.

Source: United Nations E-Government Readiness Knowledge Base, Eurostat.  
[\[Readiness\]](#) [\[Uptake\]](#)  
[\[OECD E-Government Publications\]](#)

INTEGRITY	<b>Types of information central government decision makers are required to disclose and level of transparency, 2009</b>					
	<b>Requirements for disclosure</b>	<b>President</b>	<b>Prime Minister</b>	<b>Minister</b>	<b>Lower House Legislators</b>	<b>Upper House Legislators</b>
	Assets and liabilities	*	DP	DP	DP	DP
	Loans	*	DP	DP	DP	DP
	Sources and level of income	*	DP	DP	DP	DP
	Outside positions	*	DP	DP	DP	DP
	Gifts	*	D	D	ND	ND
	Previous employment	*	DP	DP	DP	DP
	D= Disclosed; DP= Disclosed and publicly available; ND= Not disclosed; NA= Not applicable.					
	REGULATORY MANAGEMENT	<b>Requirements for Regulatory Impact Analysis (RIA) processes used by central governments</b>				
		2005	2008			
Quality reviewed by body external to Ministry preparing rules		Yes	Yes			
Required for draft primary laws		Always	Always			
Required for draft subordinate regulations		Always	Always			
Required to quantify costs		Only for major regulation	Always			
Required to quantify benefits		Only for major regulation	Only for major regulation			
Required to publicly release results		No	No			
<b>Extent of programs for reducing administrative burdens at the central level of government</b>						
		1998	2005	2008		
Explicit programme exists	Yes	Yes	Yes			
Includes quantitative targets	No	No	Yes			

Compared to other OECD countries, Italy requires central government decision makers to disclose a large amount of private interests. While Italy does not require legislators to publicly disclose gifts, it has taken steps to uncover other potential types of conflicts of interest by requiring public disclosures on assets and liabilities, loans, income and employment arrangements. The rules for disclosure do not apply to the Italian President because he is considered to be outside of the executive branch by the Constitution.

*Source: OECD Survey on Integrity*  
[\[Disclosures\]](#)

The 2005 and 2008 surveys of Indicators of Systems of Regulatory Management examined the extent of governance practices designed to improve the quality of regulation in OECD countries. Among the most important practices are: the use of regulatory impact analysis (RIA) to assess the cost and benefits of new regulation and the institutional oversight of the quality of regulations; and the design of programs to reduce the costs of administrative activities on business and citizens.

Italy has made efforts in the area of regulatory reform since the 1990s, and the government currently concentrates on administrative simplification strategies. In 2007, Italy took steps to further improve its institutional structure to promote better regulation by strengthening its governance framework for simplification. Burdens in the sectors of the environment, labour and social security, privacy, landscape, and cultural heritage conservation and fire prevention have been cut by an estimated EUR 4.08 billion in total in 2008.

*Source: OECD Survey on Regulatory Management.*

[\[RIA\] \[Administrative simplification\]](#)

Regulatory Management Indicators: [www.oecd.org/regreform/indicators](http://www.oecd.org/regreform/indicators)

EU 15 reviews on Regulatory Reform: [www.oecd.org/gov/regref/eu15](http://www.oecd.org/gov/regref/eu15)

Background reports on Regulatory Reform: [www.oecd.org/regreform/backgroundreports](http://www.oecd.org/regreform/backgroundreports)

**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, the costs of goods and services produced by private entities funded by government (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 2009*.

**Employment characteristics:** The OECD averages refer to the following number of countries:

- Share of employees that are female: OECD-23
- Share of senior managers that are female: OECD-22
- Share of administrative positions filled by females: OECD-17
- Share of employees 50 years or older: OECD-25

**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 at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- **Delegation index** gathers data on the delegation of determining the number and types of posts needed in an organization, 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.
- **Type of recruitment system index** includes policies for becoming a civil servant in general (e.g. competitive examination or direct application) and for recruiting senior civil servants, and systems for appointing entry-level positions and for allocating posts across departments. This index describes a spectrum of recruitment systems in place in OECD member countries. Countries scoring closer to 0 have career-based systems whereas countries scoring closer to 1 have more position-based systems. The index does not evaluate the performance of difference systems.
- The **performance assessment index** indicates the extent to which it is 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 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.

**Budget 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 at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- The **medium term budget perspective index** contains information on whether countries develop and present multi-year expenditure estimates in the annual budget, the number of years the estimate covers, how often estimates are updated; and whether there are multi-year targets or ceilings and how often these are revised. This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective at achieving budget outcomes such as fiscal discipline and allocative efficiency.
- The **performance budgeting index** contains information on what type of performance information is developed; the processes for setting goals and targets; the process for monitoring and reporting on results; and if and how performance information is used in budget negotiations and decision making processes by key actors including the central budget authority, the line ministries and politicians. This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.
- The **executive flexibility index** contains the following variables: the extent to which lump sum appropriations are used; the number of line items in the budget; agencies' ability to carry-over unused budget allocations between years, borrow against future appropriations, reallocate between line items and keep efficiency gains; and constraints on the executive's ability to increase spending during budget execution. This index looks at the different levels of flexibility provided to the executive during budget execution. However, it does not measure whether this flexibility is used effectively or appropriately.

**E-Government:**

- The **UN e-government readiness index** ranges between 0 (low level) and 1 (high level). It measures the capacity of governments to implement and develop e-government services. Developed within the framework of the UN global e-government survey, the indicator consists of three sub-indices: (1) the web measure index, (2) the telecommunication infrastructure index and (3) the human capital index. The web measure index ranks countries based on the coverage, sophistication and availability of e-services and e-products. The index categorizes countries as having either an emerging, enhanced, interactive, transactional, or networked e-government presence. The telecommunication infrastructure index is a weighted average of 5 measures of ICT infrastructure capacity: PCs/100 persons, Internet users/100 persons, Telephone lines/100 persons, Broad-banding/100 persons and Mobile phones/100 persons. The human capital index is a weighted average of the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-thirds weight).
- The e-government take-up by citizens indicator measures the percentage of individuals (aged 16-74) who used the Internet to interact with public authorities in the 3 months preceding the survey. Data are collected through Eurostat's annual Community Survey on ICT Usage in Households and by Individuals, and are only available for European countries.
- The e-government take-up by businesses indicator measures the percentage of enterprises using the Internet to interact with public authorities. Only businesses with 10 or more employees are included. Data are collected by national statistical offices based on Eurostat's annual Model Survey on ICT Usage and E-commerce in Businesses.