REFERENCE II

Actions taken on selected 2002 OECD review recommendations

Recommendations Actions taken

Policy-making environment

- Streamline the legal environmental framework and facilitate its implementation through setting clear environmental policy targets and implementation deadlines.
- Mainstream sustainable development policy into institutional arrangements and decision making at all levels (central, regional and local).
- Complete the establishment of ARPAs and strengthen their role as the main monitoring and inspection bodies.
- Raise the level of investment in environmental infrastructure by fully disbursing funds allocated to MATT and by seeking additional private funding increase the rates of environmental charges, non-compliance fines and inspection fees and generalise their use
- Evaluate the cost-effectiveness of the mixes of policy instruments in place (economic, regulatory, voluntary, land-use planning).

The Environmental Code (Legislative Decree 156/2006) adopted in 2006 consolidated the numerous acts that regulated separate environmental domains (waste, water, air), established a number of specific targets (such as 45% of municipal waste subject to separate collection in 2008 and 65% in 2012), and provided specific procedures in regard to issues that had not been previously regulated such as liability for contaminated sites.

Rapid development of EU requirements stimulated sector- and media-specific initiatives. The 2005 Water Use Plan provided an important stimulus for improving water-use efficiency, while the 2007 Energy Efficiency Strategy was critical to setting targets and identifying policies and instruments to reduce energy use. The 2010 Biodiversity Strategy was an important response to Italy's commitments under the EU Biodiversity Strategy and the UN Convention on Biological Diversity.

The Commission for Sustainable Development (CSD), established in 2000, was instrumental in developing and adopting the Environmental Strategy for Sustainable Development and designing programmes to respond to Italy's commitments to multilateral environmental agreements such as climate change and desertification. However, the Commission's activities slowed down after 2002 and have since remained virtually non-existent.

Inter-departmental co-ordination has been also carried out through task forces and steering committees, such as the Steering Committee for preparing the National Action Plan for Green Public Procurement and the Inter-Ministerial Technical Committee for Emissions of GHGs.

Co-ordination of policies between the national and subnational levels has been ensured through a system of "permanent conferences" which include the State-Regions Conference and the State-Local Authorities Conference. The Unified Conference brings together the two conferences on issues pertinent to implementation of the 2001 reform of the Italian Constitution

- Establishment of 19 Regional Environmental Protection Agencies (ARPAs) and two provincial agencies for the Autonomous Provinces of Trento and Bolzano (APPAs) was completed in 2006. The planning and regulatory activities of the ARPAs/APPs were strengthened, including monitoring and inspections which they carry on behalf of provinces and municipalities. The Italian Network of Environmental Agencies, comprising the ISPRA and all ARPAs/APPAs, promotes implementation of national objectives at the regional level and the development of harmonised methodological and operational guidance for the ARPAs/APPAs.
- Raise the level of investment Investment Investment trends have differed across environmental sectors. Investment in waste management rose during the decade to catch up with delays in the development of waste treatment facilities. Investment in the water sector declined, especially disbursing funds allocated to MATT and by seeking additional private funding; of environmental services (i.e. local government units and non-profit institutions).

Utilities have played a growing role in providing and financing environmental services, as well as more market-oriented and less subsidy-dependent provision of these services.

Some environment-related charges have been increased, such as those related to waste collection, wastewater and domestic water supply. Non-compliance fees and fines are better linked to the gravity of offences and have been effectively applied in a growing number of cases by the Carabinieri Corps for environmental protection and the State Forest Corps.

Some progress has been made in applying *ex-post* evaluation of environmental policies, including Regulatory Impact Assessment, Strategic Impact Assessment, and evaluations of selected policies by the Court of Auditors.

The cost-effectiveness of mixes of policy instruments has been evaluated outside the administration, mostly by university researchers and independent experts. Some *ex-post* evaluations of cost-effectiveness have been applied in the disbursement of structural funds.

Recommendations Actions taken

- Expand the use of Strategic Environmental Assessment (SEA).
- Following a trial application of the use of the EU Structural Funds in 2004, SEA was introduced in Italian legislation in 2006 as part of the Environmental Code. The provisions were revised several times in 2008 and 2010 to better harmonise procedures with the requirements of the EU SEA Directive (2001/42/EC).

 Around 60% of the regions have introduced their own SEA legislation and all have adopted other instruments that are
- Further strengthen national Environmental Impact Assessment (EIA) procedures and develop regional EIA procedures and IPPC permitting.
- Around 60% of the regions have introduced their own SEA legislation and all have adopted other instruments that enable SEA, such as special forms, guidance documents and trial procedures.

Requirements for EIA of projects have been revised several times since they were first introduced in 1986. These changes shifted the early, fully centralised EIA process carried out under the strict supervision and responsibility of the Ministry for the Environment, Land and Sea (MATTM) towards a decentralised system in which regional and provincial administrations carry out EIA procedures for a number of projects identified in legislation.

After a slow start in early 2000s, 2 230 integrated (IPPC) permits were issued in 2007 for existing installations, less than 50% of those required to be issued by the IPPC deadline. The number increased to 3 989 in 2008. As of June 2012, 4 879 permits had been issued, including 141 issued by central authorities for the largest installations and 4 738 issued by the regions. Information about integrated permits is available on the MATTM web site, with details concerning inspections and their results.

Most recently, IPPC permitting was combined with the EIA procedures with the view to reduce duplication in investigative and evaluation activities.

- Strengthen environmental information systems through extended and improved monitoring, economic coverage (e.g. concerning environmental expenditure) and integration of information from various sources.
- Italy has strengthened the collection and presentation of environmental data, which is managed under the comprehensive SINANet system. A number of topic-focused data bases, registries and inventories which feed into the SINANet have been upgraded or completed. The system is supported by a network of national topic centres, reference institutions and regional focal points. The SINANet itself was upgraded and now contains an interactive geoportal based on the GIS technology.

 Further inform the public about its rights to environmental information, facilitate public access to environmental information, and encourage public participation in decision making. Access to environmental information was strengthened in 2005 by the adoption of Legislative Decree 195/2005, which adjusted the terms and conditions for accessing environmental information in light of the EU Directive on public access to environmental information (2003/4/CE). The decree was followed by the creation of the Office for the Relationship with the Public (URP) at MATTM in 2007. Responding to the results of a permanent working group on improving URP operations, a call centre, front office, database and e-mail address were created to facilitate responding to public enquiries. ISPRA has its own URP, which co-ordinates environmental information collected by regional agencies. Environmental information has been presented in regular state-of-the-environment proprts and a number of supporting reports focusing on aspects of the environment, such as waste, climate and biodiversity. To facilitate decision making and public access, the reports are presented in a more concise and accessible format. Several ARPAs/APPAs also produce annual or biannual yearbooks and focus reports. The reports and databases are available on Internet, where large municipalities present "near-to-real" time information concerning environmental problems, especially air quality. Revisions of the EIA procedures and the introduction of SEA in 2006 were accompanied by a widening of possibilities for the public to access the results of the assessment. Project proponents were also required to publish project information and the results of evaluations, including non-technical synthesis, in national or local newspapers and websites. Consultative referenda have been used for environment-related matters at the national and local level.

Towards green growth

- Finalise adoption of the Environmental Strategy for Sustainable Development, with quantitative targets and time limits, based on full consultation with various stakeholders.
- The Environmental Strategy for Sustainable Development (ESSD), adopted in 2002, defined Italy's priority areas for the 2000s, including specific objectives, targets, indicators, and monitoring and participation procedures. The ESSD was approved by the Inter-Ministerial Committee for Economic Planning (CIPE), Italy's main body responsible for co-ordination and horizontal integration of economic policies.
- The decision to revise the ESSD and bring it in line with the EU Sustainable Development Strategy was taken by the government in 2007, but this decision has not been implemented.
- Further integrate environmental concerns within agriculture, energy and transport policies, as well as health and tourism policies.
- For much of the last decade, environment has not been effectively mainstreamed into economic and sectoral policies, as Italy has lacked a medium- or long-term framework for sustainable development and green growth. The National Reform Programme (NRP), prepared in the framework of the Europe 2020 Strategy, became the only document providing some indications of government strategic priorities in regard to the environment. Since 2011, the NRP has been part of the annually approved Economic and Finance Document (DEF), which is the government's core economic policy document and sets the agenda for the following three years. The 2012 DEF broadens the focus from meeting the 2020 EU climate and energy goals to greening the economy. It sets five broad priorities for 2012: energy efficiency, renewables and green technologies ("switching to a low-carbon economy"); integrated water cycle management; prevention of hydrogeological risk; recovery and re-use of decommissioned industrial sites; and protection and enhancement of natural areas as tourist destinations. It also renews the commitment to adopt a national energy strategy.
- Further promote capacity building (e.g. EU Structural Funds task-force) in project and financial management, and in implementation of the Environmental Strategy for Sustainable Development, at both regional and local levels.
- The Italian Network of Environmental Agencies and a separate National Network of the Environmental Authorities and the Programming Authorities of the Community Structural Funds have provided assistance to southern regions which benefit from the EU funding.

A number of environmental projects have been undertaken within the system of "permanent conferences" (the State-Regions Conference and the State-Local Authorities Conference), such as a programme for co-financing regional environmental education, information and training programmes. In parallel, the horizontal Conference of the Regions and Autonomous Provinces meets regularly and frequently discuss environment-related issues of mutual interest.

Recommendations Actions taken

the way for such a revision.

- Review existing environmentally related products) with a view to restructuring them in the light of a green tax reform.
- Review the economic efficiency and environmental effectiveness of incentive schemes granted in terms of subsidies, tax rebates or exemptions to various economic sectors
- Foster implementation of cost recovery such schemes to water management: and are in accord with the user and polluter-pays principles, and explore the
- Reinforce efforts to reduce regional disparities in access to environmental services through development programmes (e.g. environmental infrastructure) in the South.
- · Promote the creation of environmentrelated jobs (e.g. at local level, in organic farming, in small enterprises).
- . Increase the amount of official development assistance towards the Rio commitment of 0.7% of GNP.

Some efforts to review environmentally related taxes were made by 2005, such as the increase in tax rates on various taxes (e.g., transport taxes, taxes on energy energy products to take account of the carbon content of fuels. The 2011 "Salva Italia" fiscal consolidation package raised energy and vehicle tax rates. The comprehensive fiscal reform proposal presented in April 2012 (and under parliamentary discussion at the time of finalisation of this report) explicitly includes an environmental component for the first time. In 2010, the Ministry of Economy and Finance launched the first comprehensive review of tax expenditure, with a view to improving the transparency of the tax system and providing the basis for subsequent reforms or removing special tax treatment that is not justified on economic, social and environmental grounds. The April 2012, fiscal reform proposal paves

Particular efforts have been made to increase fees applied for irrigation. Some progress has been made in increasing water schemes in waste management and extend supply and wastewater charges. The switch from the local waste tax to the waste tariff, which was expected to allow for full cost recovery and promote waste reduction, has been slow: in 2011, after more than ten years of implementation, only set charges at levels that create incentives about one-third of Italy's population lived in municipalities that had switched to the tariff. The composition of the tariff varies across municipalities. Only a few municipalities apply the pay-as-you-throw approach.

Pollution trading mechanisms were applied through the EU Emissions Trading System (EU ETS), which covers CO₂ potential for pollution trading mechanisms. emissions from more than 1 000 industrial installations and large power plants in Italy, and about 40% of total emissions.

> Sustainable use and promotion of environmental and natural resources are among the key funding priorities in the 2007-13 programming period of the regional development and cohesion policy. About EUR 9 billion in EU and national matching funds was allocated to environment- and energy-related investment. This represents 15% of the total allocation of EU and national matching funds, which is higher than the share of funds earmarked for environment-related investment in the previous programming period (2001-06).

> Allocation of regional development funds in the 2007-13 programming period has been based on sounder analysis of investment needs and more extensive use of statistical information and indicators than in the past. Italy has implemented innovative, more results-oriented procedures for the disbursement of structural funds, including making disbursement conditional on a number of criteria including completion of specific sectoral planning. In addition, a performance-based mechanism (the "Obiettivi di Servizio") has been implemented to provide additional funding in the southern regions as a reward for achieving predefined targets for urban waste and water services by 2013.

> The environmental goods and services (EGS) sector in Italy has grown since the early 2000s in terms of output, turnover and employment. An increased policy focus on renewable energy sources and energy efficiency in the second half of the 2000s resulted in an investment boom in these sectors, which led to growing turnover and employment in the "clean energy" sectors. In 2010, more than 108 000 people were directly or indirectly employed in the renewable energy sector, making Italy the third largest employer in the EU. Italy is among the top EU countries in all renewable energy sectors. Italy is one of the European leaders, with 8.6% of its total utilised agricultural area occupied by organic farming. It has the largest certified crop area and highest number of operators in Europe.

> Since 2000, Italy's net official development assistance (ODA) has increased by 60% in real terms, to reach USD 3.99 billion in 2011. Despite the important increase, Italy's ODA as a percentage of its gross national income (GNI) reached 0.19% in 2011, well below the DAC average of 0.31% and the target of 0.7% ODA/GNI by 2015.

Multi-level environmental governance: Water

- Implement legislation according to the new EU Water Framework Directive and strengthen the role of river basin authorities.
- . Mobilise public and private investments to upgrade urban waste water collection between the State and the regions.
- principles, consolidation of municipal water and waste water services within optimal management areas).
- Implement statutory water quality objectives introduced by Legislative Decree 152/1999

The 2006 Environmental Code formally introduced the WFD requirements into Italy's legal framework. Part III of the Code defined water environmental standards and conditions for water resources management. The Code divided the Italian territory into eight river basin districts (Serchio, Padano, Eastern Alps, Northern Apennines, Central Apennines, Southern Apennines, Sardinia and Sicily) and defined environmental and public health standards for water resources. Due to the difficulties with an introduction of a new governance system, the River basin District Authorities were not created. To fill the gap and avoid non-compliance with the WFD the task of developing the first river basin management plans were assigned to six existing national river basin authorities and the regions in which the authorities operated

The prices of a cubic metre of water and of wastewater services, adjusted for inflation, have increased in recent years. While expenditure on water and wastewater has remained stable (at constant prices), the share of investment has and treatment infrastructure, in the context decreased, particularly in regard to wastewater infrastructure. This trend has been reinforced by limited, though growing, of the framework programme agreements involvement of private operators and a limited role for other means of financing water and wastewater infrastructure, such as equity or debt financing. The drop in investment has contributed to increasing obsolescence in infrastructure. a rise in network leakages and a decline in service levels, including disruptions in supplies to end-users.

• Speed up implementation of the Galli Act By 2004, 87 out of 91 ATOs had been created and 66 had developed water supply and sanitation plans. In 2012, all but (e.g. application of user and polluter-pays one of the ATOs were operational and most had completed their planning. Following these reforms, the number of bodies in charge of providing water supply and sanitation services was reduced from over 8 000 in the late 1990s to 115 in 2009. In many ATOs the reform resulted in streamlining and better co-ordination of service provisions. However, some ATO authorities experience serious weaknesses, such as lack of expertise and authority in regard to service providers as well as conflicts of interest and influenced decision making.

> The 2006 Environmental Code and subsequent amendments unified a vast number of emission thresholds and concentration limits concerning water quality and pollution, as envisaged in the legislative Decree 152/1999. They are applied in a uniform way throughout Italy, though regional administrations may make the requirements more stringent in order to adapt them to the local environmental context.

Recommendations Actions taken

- Prepare watershed management plans, including both water quantity and water quality planning, in close consultation with the various stakeholders.
- Strengthen prevention and mitigation complete hydrogeological risk plans for all river basins
- Complete delineation of areas vulnerable to nitrate and pesticide pollution from agriculture.

The delay in identifying river basin districts and in attributing competences to the district authorities reduced the time available for developing river basin management plans (RBMPs) before the WFD deadline of December 2009. To avoid non-compliance procedures by the EU, Italy established a legal framework, with strict timetables, which would allow the competent authorities (national river basin authorities and regions) to develop the RBMPs. The first versions of eight RBMPs were adopted by the end of July 2009 and submitted for Strategic Environmental Assessment (SEA), as required measures concerning flood management; by national legislation, and for public consultation, as foreseen by the WFD and the SEA procedures. All eight RBMPs were approved in 2010. In addition, hydrogeological plans for soil protection and hydro-geological risk were developed for all river basins and delineated areas vulnerable to nitrate and pesticide pollution from agriculture.

Climate change

- Implement, monitor and develop the national programme of greenhouse gas emissions reductions to meet the Kyoto target.
- Further develop and implement a long-term strategy and medium-term action plan
- to create alternatives to road transport in long distance freight movements and in urban mobility, and to ensure an appropriate focus on transport infrastructure development.

Further to ratification of the Kyoto Protocol, a national action plan for reducing GHG emissions in the period 2003-12 was approved in 2002. It included a "reference scenario" which incorporated the impact of a range of measures to be implemented. Based on this reference scenario, indicative sectoral emission targets and a net distance to the Kyoto target of nearly 31 Mt CO2 eq were identified.

The plan was partially revised in 2007 to update projected emissions to 2010 and the Kyoto target. In 2012, MATTM submitted to the CIPE a new draft plan for achieving the Kyoto target, as well as the 2020 targets of the EU Climate and Energy Package. It integrates the measures foreseen in the national plans for renewables and energy efficiency, as well as regional actions supported by EU and national funds for regional development.

The Italian strategy to reduce GHG emissions from the transport sector has focused on measures aimed at: reducing average CO₂ emissions from the vehicle fleet; increasing the use of biofuels; and developing local public transport infrastructure and services, as well as infrastructure for long distance rail and sea shipping. However, while many national transport infrastructure plans have been developed, Italy lacks a comprehensive transport strategy aimed at rebalancing the modal split of both passenger travel and freight haulage.

Progress has been made in promoting sea shipping and upgrading railway networks. Italy has established a network of motorways of the sea, as part of the trans-European transport network, and provided financial incentives to road and rail carriers to shift their freight to sea shipping (the "Ecobonus" and "Ferrobonus").

The passenger carrying capacity of public transport increased by about 10% between 2000 and 2010. The density of cycling lanes in cities also nearly doubled in the 2000s. However, the increase in the supply of public transport services has not kept pace with demand, and supply and demand trends vary greatly across regions and cities.

Source: OECD, Environmental Performance Reviews: Italy, 2002; OECD, Environmental Performance Reviews: Italy, 2013.



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