ITALY

Overview

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| Population and territory | 58 983 122 (as of January 1, 2022), 302 070 km2 |
| Administrative structure | Unitary country |
| Regional or state-level governments | 19 Regions and 2 Autonomous Provinces |
| Intermediate-level governments | -- |
| Municipal-level governments | 7 904 Municipalities (*Comuni*) |
| Share of subnational government in total expenditure/revenues (2021) | 26.2% of total expenditure  30.9% of total revenues  [Source: [Subnational governments in OECD countries: key data, 2023 edition](https://stats.oecd.org/Index.aspx?DataSetCode=SNGF)] |
| Key challenges | • Large and persistent inequalities in economic performance and well-being between regions, cities and inner areas, with a particular focus on the Southern areas (Mezzogiorno)  • More recently, rising inflationary pressures and supply-side bottlenecks are challenging an already fragile and uneven recovery, with implications for regional development policies. |
| Objectives of regional policy | • Achieve socio-economic rebalancing (Constitution)  • Reduce regional disparities by re-launching public and private investments; focus on institutional capacities and access to essential services  • Invest in human capital  • Promote key factors of growth in all regions |
| Legal/institutional framework for regional policy | Italian Constitution, Article 119, paragraph 5.  Treaty on the Functioning of the European Union, Article 174 |
| Budget allocated to regional development (i.e., amount) and fiscal equalisation mechanisms between jurisdictions (if any) | • Cohesion Policy Partnership Agreement 2021-2027: €42.7 billion of EU Structural Funds (ERDF, ESF+, JTF, EMFAF) and €32.4 of national co-financing.  • Cohesion and Development Fund 2021-2027 (*Fondo Sviluppo e Coesione*): €66,5 billion (80 per cent to the Southern Regions)  • Infrastructural Equalisation Fund: €4.6 billion for the period 2022-2033 |
| National regional development policy framework | • The Partnership Agreement 2021-2027 for Italy covers 49 programmes (11 national programmes and 38 regional programmes) and 19 INTERREG programmes (concerning territorial cooperation).  Cohesion Policy investments for 2021-2027 are planned in strong coordination with the National Recovery and Resilience Plan. |
| Urban policy framework | • National programme “Metro Plus and Southern Medium-sized Cities, 2021-2027” |
| Rural policy framework | • CAP Strategic Plan 2023-2027 (Ministry of Agriculture)  • National Strategy for Inner Areas |
| Major regional policy tools (e.g., funds, plans, policy initiatives, institutional agreements, etc.) | • European Structural Funds and national co-funding.  • Development and Cohesion Fund  • Infrastructural equalisation Fund  • Regional State Aid  • Institutional Agreements and Framework Programme Agreements.  • National Plan for the Development of the South  • Strategy for Inner Areas  • Special Economic Zones  • Institutional Development Contracts (*Contratti Istituzionali di Sviluppo*)  • Policies for employment and enterprise (women and youth employment; investment-related tax credit measures in the South; SMEs)  • Plan for the valorisation of exemplary confiscated assets in Southern Regions  • Public Administration enhancement measures (e.g . Territorial planning fund; Recruitment of highly specialized professionals and personnel to be assigned to local authorities in the Southern Regions  • Special Measures for Areas affected by seismic events |
| Policy co-ordination at national level | • Department for Cohesion Policy (DPCoe), Presidency of Italy’s Council of Ministers (Prime Minister’s Office),  • Agency for Territorial Cohesion  • Inter-Ministerial Committee for Urban Policy |
| Multi-level governance mechanisms between national and subnational levels (e.g., institutional agreements, Committees, etc.) | • Institutional Agreements and Framework Programme Agreements  • National Committee for the Co-ordination and Monitoring of the Regional Policy (Partnership Agreement Committee) |
| Policy co-ordination at regional level | • Integrated regional strategies and programmes  • Inter-regional operational programmes. |
| Evaluation and monitoring | • Programming, Evaluation and Analysis Unit (within the Department for Cohesion Policy, Presidency of Italy’s Council of Ministers) and the National Evaluation System  • Regional systems of evaluation and monitoring  • System of territorial indicators and targets linked to the Partnership Agreement |
| Future orientations of regional policy | Cohesion policy funds promote economic development, well-being, environmental sustainability and resilience in all regions, while supporting the most fragile areas and vulnerable groups through targeted public investments and public service provision.  Future orientations include:  • Enhancing complementarities between the different policy instruments and funds, exploiting their characteristics to adapt them to the specific needs of regions and places.  Cohesion Policy investments for 2021-2027 are designed and planned in strong coordination with Italy’s National Recovery and Resilience Plan, placing emphasis on effective multi-level governance mechanisms in policy implementation and monitoring, and focusing on administrative and technical capacities at all levels of government.  • Ensuring policy coherence with the necessary sectoral policies (for education, health, transports) to take into account territorial needs and opportunities. |

Recent policy developments

The Cohesion Policy Partnership Agreement between the EU Commission and Italy, adopted in July 2022, sets out investment priorities for the period 2021-2027 to promote national cohesion and sustainable development, with a particular focus on the Southern Regions. Around €75 billion of EU funds and national co-financing sustain the green and digital transition, while supporting the most fragile territories and vulnerable groups. To this aim, the Partnership Agreement promotes the implementation of policies that are tailored to the relevant territorial scales and effective multi-level governance to ensure a more even distribution of essential services and economic opportunities.

In particular, the Partnership Agreement continues to support the National Strategy for Inner Areas, to make them more resilient to natural risks, developing employment opportunities, improving the quality of services (education, healthcare, mobility), and promoting municipal associations in the territories involved. The National Programme for Metropolitan Cities and Southern medium-sized Cities 2021-2027 addresses the challenges of fighting climate change and socio-economic inequalities, re-generating marginal urban areas and supporting social innovation projects, public housing and the development of digital services. The Just Transition Fund (€1,2 billion of EU and national resources) supports the diversification of the economic activities currently based on carbon intensive industries in the areas of “Sulcis Iglesiente” in Sardinia and Taranto in Apulia.

Within Cohesion Policy Partnership Agreement, the collaboration between the Italian National Institute of Statistics (ISTAT) and the Department of Cohesion Policy ensures the production of subnational statistics and indicators at the level of granularity needed to assess the contribution of policies in different places. In recent years, a significant investment has been made to expand the breadth and depth of data and indicators available for regions, cities and rural areas in many domains, including SDGs, well-being, environmental quality, business environment.

As concerns the EU Recovery and Resilience Facility (RRF), one of its key objectives is to promote social and territorial cohesion. Italy’s National Recovery and Resilience Plan (NRRP) allocates 40 per cent of investments with a territorial destination to the Southern Regions (around €82 billion out of a total of €206 billion). In particular, the Ministry for Infrastructure and Transport has allocated 55 per cent of its NRRP and complementary resources (€61,5 billion) to projects in the Southern regions (railway infrastructures, ports and logistics, sustainable urban mobilty, water infrastructures, public housing), in line with the objectives of territorial cohesion and inequality reduction. This threshold represents a relevant ambitious objective: under national public investment programmes, 34 per cent of capital resources are allocated to the South (in proportion to the resident population).

In general, the use of the RRF versus Cohesion Policy funds is guided by eligibility, national/regional competences, timing and investment scale. The Italian Government has put a significant investment in human resources within administrations at the centre of the Recovery and Resilience Plan, strengthening the capacities for effective management of public investment particularly at territorial level (including procurement processes, evaluation and project design, management of contracts and project delivery approaches).

The Infrastructural Equalisation Fund, “*Fondo perequativo infrastrutturale*” (€4,6 billion from 2022 to 2033) has the objective of rebalancing the infrastructural divide between different areas, with a particular focus on the Southern Regions.